RECAPITALISATION AND DEVELOPMENT PROGRAMME

PRESENTATION TO THE SELECT COMMITTEE ON LAND AND MINERAL RESOURCES

16 SEPTEMBER 2014

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PRESENTATION OUTLINE

1. Introduction
2. background on Recapitalisation and Development Programme (RADP)
3. Progress on RADP until March 2014
4. Plans for the current financial year and the MTEF targets
5. Budget allocation per province
6. Commodities funded
7. the impact made to date in terms of production, jobs etc

INTRODUCTION: THE MEDIUM TERM STRATEGIC FRAMEWORK (MTSF)

MTSF serves as "the principal guide to planning and resource allocation across all the spheres of government" and also sets out the country's developmental challenges, it is best viewed as a "frame of reference" designed to guide the government's policy position and programmes of action, it is informed by the election manifesto of the governing party.

The National Development Plan (NDP) identifies six policy imperatives, which will be the focus areas in this MTSF period:

1) Improved land administration and spatial planning for integrated development in rural areas;
2) Sustainable land reform (agrarian transformation);
3) Improved Food Security;
4) Smallholder farmer development and support (technical, financial, infrastructure) for agrarian transformation
5) Increased access to quality basic infrastructure and services, particularly in the education, healthcare and public transport in rural areas;
6) Growth of sustainable rural enterprises and industries characterised by strong rural-urban linkages, increased investment in agro-processing, trade development and access to markets and financial services – resulting in rural job creation.

NB: Through RADP the Department contributes to the MTSF priority 4.

BACKGROUND ON RADP

In 2009, the Department undertook an *evaluation* of the implementation of the Land Reform Programs since their inception.

- It identified that many land reform projects were not successful and thus in distress or lying fallow;
- There was a lack of adequate and appropriate post-settlement support;
- Numerous properties acquired through various sub-programs (such as the Land Redistribution for Agricultural Development (LRAD) were on the verge of being auctioned or had been sold due the collapse of the project, resulting in a reversal of the original objectives of land reform;

BACKGROUND (CONT…)

- RADP was introduced in 2010 in order to address the above challenges; RADP targets properties acquired since 1994 through Restitution and Redistribution programmes; and
- Aims to contribute to the transformation of the rural economy through establishment of enterprise and industrial development in the various agricultural value chains.
  - ✓ to ensure national and household food security
  - ✓ to promote job creation
- Implemented correctly, RADP would result in the significant reduction of the rural – urban population and resource flow.

OBJECTIVES OF THE POLICY

The policy has three strategic objectives:

- That Land Reform farms are 100% productive;
- That the class of black fledgling commercial farmers which was destroyed by the 1913 Natives Land Act is rekindled ;and
- That the rural-urban population flow is significantly reduced.

RADP ALIGNMENT WITH GOVERNMENT'S MANDATE

RADP program took cognizance of the following:

- Reversing the legacy of the 1913 Native Land Act;
- The Constitution of the Republic: Section 25,26,27 and 36;
- The Comprehensive Rural Development Plan (CRDP); and
- Alignment with the National Development Plan and Medium Term Strategic Framework.

THE INTENSIONS OF THE RADP PROGRAM

The policy seeks to:

- Provide black emerging farmers with the social and economic infrastructure and basic resources required;
- Combat poverty, unemployment and income inequality;
- Reduce tide of rural-urban migration; and
- Complements agricultural development programs of the Department of Agriculture, Forestry and Fisheries (DAFF).

The policy is not meant to:

- Substitute for, or compete with the agricultural development programs of the DAFF; and
- Create a welfare program meant to provide support to so-called beneficiaries.

THE PROGRAM DOES NOT PROMOTE

- Supporting people who have means to develop their land;
- Promote proxy farmers - people who run their own businesses in towns and cities, but employ managers to run their farms; and
- Failed commercial farmers who want to make a fortune from disbursements meant to fairly compensate strategic partners for work done.

THE POLICY STRATEGY

The new strategy has taken into account and tried to address challenges that have been identified in the old RECAP policy through the following Strategic Partnership arrangement:

a) **Mentorship of emerging farmers and/or land reform farmer;**

b) **Co-management;**

c) **Share-equity arrangements; and**

d) **Contract farming.**

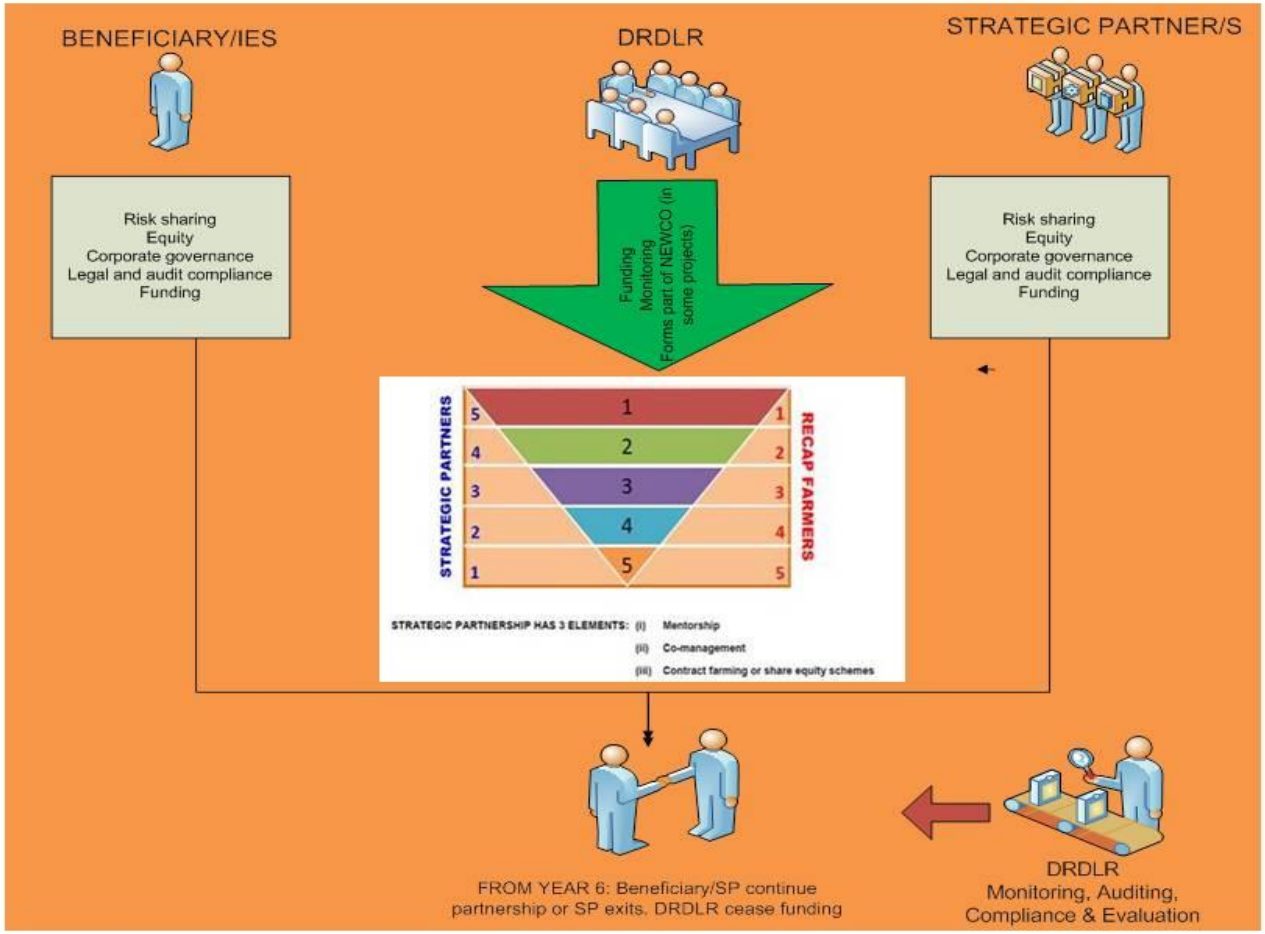
STRATEGY (CONT…)

- In the RADP policy emphasis is placed on:

✓ Assessing capability of emerging farmer;
✓ Assessing farm needs with regard to RECAP;
✓ Use outcome of the above to determine kind of partnership appropriate for the farm;
✓ Enter into milestone based performance agreement with termination clause
✓ Deploy partner and monitor performance;
✓ Analyse social and economic impact; and
✓ Close out report at the end of five years.

- The above will determine the lease termination or continuation.

RADP FARMERS SUPPORT MODEL



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RADP SUPPORT MODEL (CONTINUE…)

✓The model above demonstrates the tripartite collaboration between the DRDLR, Strategic partner/s and Farmers or Entrepreneurs;

✓The middle numbers (1-5) demonstrate the five-year involvement of DRDLR in the farm both financially and at the project management level; and

✓The contribution of the DRDLR will decrease from the first year to the fifth year whilst the contribution of both SPs and Farmers or Entrepreneurs will increase both financially and at the project management level.

RADP PROGRESS TO DATE

- Generally, the key strategic objective of the programme is to: Provide comprehensive farm development support to smallholder farmers and land reform beneficiaries for agrarian transformation by 2019.

- There are 1 459 farms are under the programme in terms of the 5 year funding model. This constitute 1,4 million hectares under the programme.

- Payment for the interventions is done in tranches based on the approved business plans.

- Expenditure of R 3, 318, 305,359 billion for recapitalization and development incurred from November 2009 to March 2014. There are 612 strategic partners currently supporting our farmers.
- The support varies from production inputs, Infrastructure, machinery and implements .

RADP PERFORMANCE TABLE

PSSC	RADP STATISTICS INCEPTION (NOVENMBER 2009) - 31 MARCH 2014				
	Farms	Hectares	Farmers trained	TOTAL Recap & Dev. R'000	Partnerships
EC	188	111,591	125	R 427 478 429	85
FS	182	134,587	67	R 385 662 220	100
GP	115	19,916	0	R 203 096 379	31
KZN	212	131,619	493	R 508 365 796	103
LP	196	79,143	197	R 338 799 465	58
MP	206	165,726	215	R 514 974 531	74
NC	81	464,914	109	R 200 897 196	51
NW	215	225,571	69	R 425 403 524	94
WC	64	47,714	614	R 133 627 819	16
TOTALS	**1,459**	**1,380,781**	**1,889**	**R 3 318 305 359**	**612**

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RADP INDICATORS AND TARGETS

- The indicator targets for Recapitalization And Development are derived around the Number of Farms Recapitalized and Developed Target (303 farm) such that poverty alleviation and skills development should be visible in all these farms as the minimum of three personnel should be employed in each farm, and these employees must at least be capacitated in agricultural related activities for provision of comprehensive farm development support to smallholder farmers and land reform beneficiaries for agrarian transformation.

- It is therefore concluded that 909 people will be employed and trained in 303 farms targeted.

- These farms will be implemented with the budget allocation of R 910 132 000 which is allocated to the Provincial Offices in line with the targeted area of achievements in terms of provincial dynamics and projects needs in terms of Farm Development and Support.

- The Project Register per province has been compiled for all these projects where projects statuses are updated regularly.

RADP TARGETS

Output	Tasks	Performance Indicator	Demands of the tasks	Activities	Cost per Task R'000	Mode of delivery		Annual Target 2014/15	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Recapitalization and development support provided to land reform beneficiaries and rural communities by 2019	Develop farms acquired since 1994. Support of existing farms under RADP	Number of land reform farms Recapitalized and Developed	Strategic partners, Agricultural Economist, Business Economist	Identify farms, appoint strategic partners, Provide agricultural and financial support to ensure sustainability of projects	R 904 891	Internal & external capacity	APP	303	75	76	76	76
							EC	59	15	12	27	5
							FS	22	0	15	7	0
							GP	21	4	0	3	14
							KZN	43	13	16	6	8
							LP	40	11	7	11	11
							MP	45	9	9	10	17
							NC	17	10	4	0	3
							NW	26	7	5	6	8
							WC	30	6	8	6	10
		Number of new farms under Recapitalization and Development Programme					Ops Plan	123	29	39	27	28
							EC	0	0	0	0	0
							FS	12	0	12	0	0
							GP	12	12	0	0	0
							KZN	16	5	1	6	4
							LP	21	4	3	6	8
							MP	22	1	3	5	13
							NC	2	1	1	0	0
							NW	14	5	2	4	3
							WC	24	1	17	6	0
		Number of existing farms under Recapitalization and Development Programme					Ops Plan	180	101	54	13	12
							EC	59	46	12	1	0
							FS	10	0	10	0	0
							GP	9	9	0	0	0
							KZN	27	12	15	0	0
							LP	19	7	4	5	3
							MP	23	8	6	5	4
							NC	15	12	3	0	0
							NW	12	2	3	2	5
							WC	6	5	1	0	0
	Provide capacity building and mentorship programmes to farmers	Number of farm personnel trained through the Recapitalization and Development Programme	Training and educational institutions.	Conclude MOU/SLA with training institutions and commodity organizations		Internal & external capacity	Ops Plan	909	227	227	227	228
							EC	177	47	35	80	15
							FS	66	0	45	21	0
							GP	63	12	0	9	42
							KZN	129	39	48	18	24
							LP	120	33	21	33	33
							MP	135	27	27	30	51
							NC	51	30	12	0	9
							NW	78	21	15	18	24
							WC	90	18	24	18	30
	Create jobs in land reform projects	Number of jobs created in land reform projects through the Recapitalization and Development Programme	Strategic partners	Develop a job creation model and implement the model.		Internal & external capacity	Ops Plan	909	227	227	227	228
							EC	177	47	35	80	15
							FS	66	0	45	21	0
							GP	63	12	0	9	42
							KZN	129	39	48	18	24
							LP	120	33	21	33	33
							MP	135	27	27	30	51
							NC	51	30	12	0	9
							NW	78	21	15	18	24
							WC	90	18	24	18	30

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ALLOCATED BUDGET PER PROVINCE FOR 2014/2015 FINANCIAL YEAR

LAND REFORM (Households)	House Hold ENE Budget Allocation 2014/15(000)	PLAS Original Budget allocation 2014/15(000)	TOTAL RADP BUDGET
Eastern Cape	R 66 858.00	R 67 509.00	R 134 367.00
Free State	R 33 541.00	R 83 133.00	R 116 674.00
Gauteng	R 49 673.00	R 39 881.00	R 89 554.00
Kwazulu Natal	R 31 177.00	R 71 598.00	R 102 775.00
Limpopo	R 46 709.00	R 31 969.00	R 78 678.00
Mpumalanga	R 70 706.00	R 86 539.00	R 157 245.00
Northern Cape	R 23 043.00	R 32 816.00	R 55 859.00
North West	R 63 510.00	R 64 428.00	R 127 938.00
Western Cape	R 20 839.00	R 26 203.00	R 47 042.00
TOTAL	**R 406 056 000.00**	**R 504 076 000.00**	**R 910 132 000.00**

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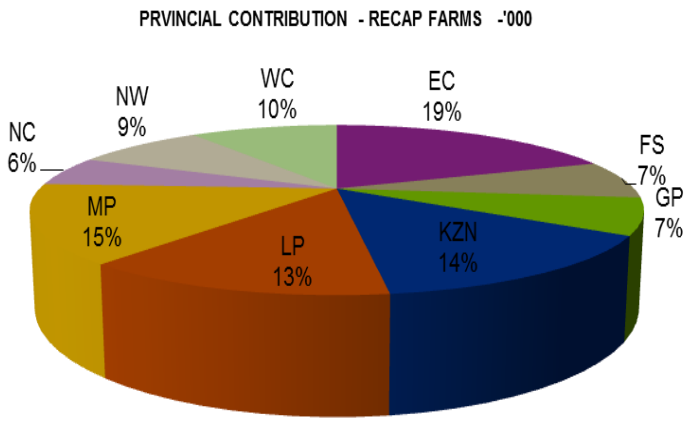
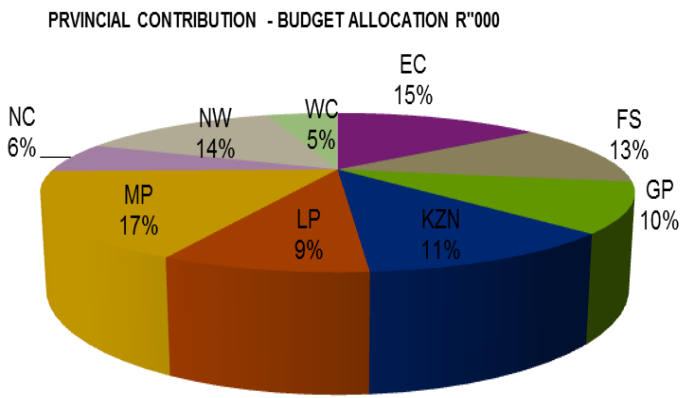
GRAPHICAL PRESENTATION OF THE PROVINCIAL CONTRIBUTIONS

RECAPITALIZATION AND DEVELOPMENT % Budget allocation

The percentage budget allocation and targets below indicates distribution of budget and targets per Province.





COMMODITIES FUNDED THROUGH RADP

- RED MEAT ;
- POULTRY ;
- GRAIN;
- CITRUS;
- VEGETABLES;
- DAIRY;
- PIGGERY; and
- GRAPES.

IMPACT ON THE FOUR KEY COMMODITIES

1. RED MEAT VALUE

Bloemfontein Abbattoir is the key SP under Red Meat Value Chain. Many of the farms have reached the 85% production levels to full production. The total number of 3,939 cattle across FS,NC and NW were acquired for 58,396 ha. The jobs created under this partnership are 132 permanent and 1,187 temporary.

2. BROILER PRODUCTION:

DRDLR has recapitalized 7 broiler projects, in North West (6) and, Free State (1) since the inception. There national poultry plan has been developed to increase poultry meat supply wherein projects from LP, MP, NW,GP and FS have been prioritised. There is a poultry value HUD being initiated in the GP Province and EIA is being done. These farmers are now commercial broiler producers and, each farm is running at least seven cycles per annum. Thus, collectively, they supply about 2,359,000 ready to slaughter broiler birds to the contract market. The highest Black Commercial producer assisted by RADP is producing 528,000 Birds per cycle.

IMPACT ON THE FOUR KEY COMMODITIES (CONT…)

3. GRAIN:

We are having 16 farms under program of Grain SA. These farmers have collectively planted 2,400 ha under Maize and Sunflower. The farmers have been assisted with machinery, implement's and inputs costs. Grain SA interventions is rolled out in MP, NW and GP in this current financial year wherein the total of 30 farms will be planted.

4. SUGAR CANE:

The land reform transfers represent 21 % of land under commercial sugar cane production in KwaZulu-Natal (371,075 hectares). Should the valid gazetted land claims be settled timeously, the 50% of land under commercial sugar production will be owned by Black Growers. The department has invested more than R 98,174,162 in sugar industry to support emerging cane growers who currently planted 4,524 ha under cane and 347 jobs (permanent and seasonal).

Thank You