

A government agriculture programme that has really worked
By Dr Sifiso Ntombela, sifiso@namc.co.za,
Article first published in Farmers' Weekly column "New Norms in Agri Economics"

The presidential employment Stimulus Initiative has proven remarkably successful, enabling many subsistence and small-scale farmers to buy the inputs they need. Along with my colleague from the National Agricultural Marketing Council, Bonani Nyhodo, I recently visited farms in KwaZulu Natal and the Eastern Cape. We were hosted by officials from the provincial departments of agriculture, and the purpose of our visits was to assess the state support provided to farmers and the extent of land planted. This was after the Department of Agriculture, Land Reform and Rural Development (agriculture department) reported that it had supported nearly 100 000 small-scale and subsistence farmers across the country through the Presidential Employment Stimulus Initiative (PESI) implemented in partnership with the Solidarity Fund, National House of Traditional Leaders (NHTL) and provincial departments of agriculture.

Some of these farmers were also supported by the expansion of the Comprehensive Agricultural Support Programme (CASAP), which targets small-scale and black commercial farmers. The total CASAP budget for the 2021/22 financial year was R1.5 billion, with approximately 38% disbursed to subsistence farmers; 60% to small-scale farmers with commercial viability, and 2% to black commercial farmers who were already sustainable, but for one reason or the other were unable to access private funding. Also, in 2021/22, the agriculture department, in partnership with the Industrial Development Corporation (IDC), launched a Blended Finance Scheme worth R1 billion grant funding that will attract no less than R2 billions of additional funds from the IDC. It targets commercially viable farming and agro-processing enterprises to broaden access to funding for black producers and agro-processors.

Findings from the oversight trip

CASAP and PESI are popular programmes among subsistence and small-scale farmers, including those on commercial and land reform farms. The majority of farmers appreciated the speed with which their PESI applications were processed, enabling them to buy seeds and fertilisers in time. The provision of vouchers directly to farmers permitted them to buy seeds and fertilizers they needed. Moreover, after purchasing seeds and inputs, farmers were able to use surplus voucher funds to hire tractors and buy diesel for planting, as some rural transport operators started recognizing the input vouchers issued by government.

Compared with PESI, CASAP provides a broader assistance such as the farm infrastructure, mechanization, technical and advisory support. In partnerships with NHTL, CASAP and PESI incentivised many households in rural areas to bring idle land back into food production. Indeed, it is estimated that CASAP and PESI enabled at least 362 000 hectares of rural and land reform areas to be planted. According to farmers, some of this land has not been planted in the past decade. This is encouraging progress. It has been estimated that 30% of sheep, 40% of cows, and 80% of goats in the country are owned by subsistence farmers. The ability of these farmers to replant fallow land with maize implies that the quality of their meat and wool will improve this year. The PESI voucher systems hands control of what and when to buy to farmers rather than government's service providers. It enhances farmers' ability to plan properly and ensure that their planting activities are aligned with the rainy season. Government (agriculture department) should consider expanding the voucher system to other farmer support programmes.

More publicity needed

Unfortunately, the good results achieved by these programmes have been poorly communicated to stakeholders in the sector. The two programmes supported close to 100 000 farmers in all provinces, helping them bring 362 000 hectares back into production, but little information on this is available in the public domain. One challenge with the voucher system is access to suppliers by the majority of subsistence farmers. Most of the farm equipment and inputs and seed suppliers are located in cities or major agricultural towns. As government expands the voucher system, large agribusinesses should be encouraged to partner with small and medium enterprises to open new branches and distribute inputs in small rural towns to reduce travelling costs for farmers.