

IMPLEMENTATION EVALUATION OF THE RECAPITALISATION AND DEVELOPMENT PROGRAMME (FROM ITS INCEPTION IN 2010 TO JUNE 2012)

FINAL REPORT

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10 October 2013

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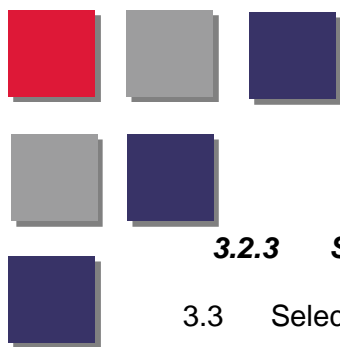
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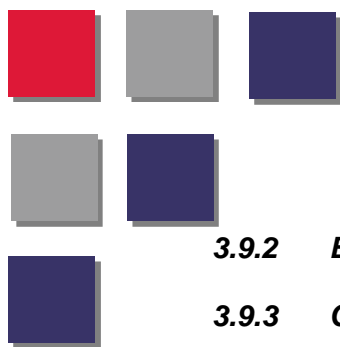


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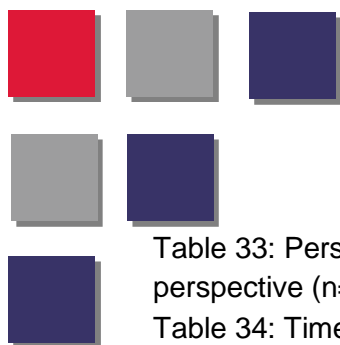


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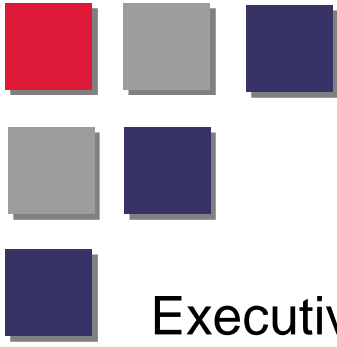
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ABBREVIATIONS AND ACRONYMS

BEE	: Black Economic Empowerment
CRDP	: Comprehensive Rural Development Programme
DAFF	: Department of Agriculture, Forestry and Fisheries
DRDLR	: Department of Rural Development and Land reform
EC	: Eastern Cape Province
FS	: Free State Province
GP	: Gauteng Province
IRRIG	: Irrigation
KZN	: KwaZulu-Natal Province
LP	: Limpopo Province
LRAD	: Land Redistribution for Agricultural Development
MP	: Mpumalanga Province
NC	: Northern Cape Province
NW	: North West Province
PLAS	: Proactive Land Acquisition Strategy
RADP	: Recapitalisation and Development Programme
RECAP	: Recapitalisation and Development Programme
SLAG	: Settlement Land Acquisition Grant
SPLAG	: Settlement Production and Land Acquisition Grant
WC	: Western Cape Province



Executive Summary

The Recapitalisation and Development Programme (RADP, henceforth abbreviated as RECAP) was launched in 2010 with the following objectives: (a) to increase agricultural production; (b) to guarantee food security; (c) to graduate small farmers into commercial farmers; (d) to create employment opportunities in the agricultural sector; and (e) to establish rural development monitors (rangers). The programme was designed to focus on struggling land reform farms acquired since 1994 that have received little or no support, but have potential to become successful, if assisted. These distressed farms were supposed to receive both technical and financial support from government (Department of Rural Development and Land Reform). Two strategic interventions, namely, strategic partnership and mentorship, have been adopted under the RECAP to ensure sustainability of assisted projects/farms.

The RECAP is to be implemented over a five-year period from 2010 to 2014. This means that the programme is now more than half way into the five-year period. Hence, an implementation evaluation of the programme was commissioned. The evaluation was undertaken in six provinces: Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo and North West. This report is based on the outcome of the implementation evaluation in the six provinces. In particular, the report focuses on addressing the following mid-term evaluation questions:

- (i) Are the two interventions (strategic partnerships and mentorship) effective in developing the projects?
- (ii) Does the RECAP effectively develop the intended beneficiaries to participate in commercial production?
- (iii) Is the RECAP reaching its targeted beneficiaries?
- (iv) Was the RECAP designed appropriately for the achievement of its objectives?
- (v) Are the resources used efficiently? Is value for money being obtained?
- (vi) What are the strengths and weaknesses of the RECAP in achieving its objectives in relation to the technical competencies of the various stakeholders?
- (vii) How can the RECAP be strengthened?
- (viii) Is the RECAP project cycle aligned to the farming operations?
- (ix) Are the intended objectives of the RECAP being achieved or likely to be achieved?
- (x) Is there a common understanding of the RECAP among all stakeholders?

To address the above questions, data were gathered from land reform beneficiaries, government officials (project, provincial and national levels) and strategic partners/mentors by means of a structured question (for beneficiaries managing the farms) and checklists (for government officials, groups of beneficiaries, and strategic partners/mentors). A total of 98 farms/projects in the six provinces mentioned above were included in the implementation evaluation.

Common understanding of RECAP

There are varying degrees of understanding among RECAP stakeholders of what RECAP is all about. The funding component of RECAP is emphasised most by stakeholders. For



example, beneficiaries associate RECAP with funding/capital to be injected into struggling farms to revitalise them. The other components of RECAP dealing with capacity-building and establishing market linkages do not seem to receive much attention. There is also an expectation among some of the beneficiaries that RECAP is there to solve all their problems and that they do not need to do much themselves to make their farms successful. Among strategic partners and mentors, it appears that some of them are in RECAP solely to benefit financially and, therefore, pay little or no attention to contributing to capacity building of the beneficiaries. In some instances the strategic partners/mentors take over the management of the farms, reducing beneficiaries to mere employees or spectators. Even among government officials, there seems to be no common understanding of RECAP, its objectives and operation. Some attribute this lack of common understanding to the ever-changing RECAP policy and procedures. Other government officials do not understand RECAP largely due to their lack of interest in the programme as they consider it to be an added responsibility.

Appropriateness of RECAP design

RECAP is not appropriately designed to achieve its intended objectives. The objectives are too ambitious, with most of them not directly linked to the programme.

There is general consensus among RECAP stakeholders that the period between conceptualisation and implementation of the programme was not sufficient. Hence, appropriate structures and procedures were not put in place in the provinces to ensure proper implementation of the programme. Hence, RECAP does not have a well-defined organisational structure and a structured monitoring and evaluation system. In addition, there are no clear selection criteria for projects, beneficiaries and strategic partners/mentors.

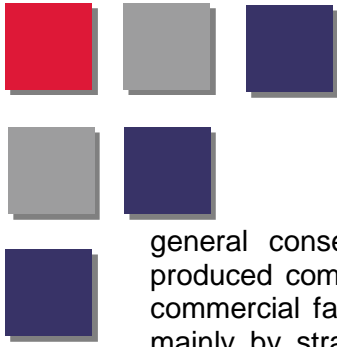
The programme remains understaffed nationally and provincially. In some of the provinces, RECAP is considered an additional responsibility and, therefore, not accorded high priority. The capacity to monitor and evaluate the programme internally is insufficient and this contributes to some of the problems experienced with strategic partners/mentors in some of the provinces.

Effectiveness of strategic interventions in developing the projects

The strategic interventions are not resulting in a broad-based capacitation of the beneficiaries. The effectiveness of strategic interventions seems to vary from province to province. Of the six provinces included in the implementation evaluation, the interventions seem to work better in Eastern Cape and Gauteng. Beneficiaries in the North West and particularly in the Free State are most dissatisfied with their strategic partners/mentors -- there appears to be serious problems with the transfer of management and technical skills to beneficiaries and establishment of market linkages, raising questions about the effective empowerment of beneficiaries. There are also many problems with regard to the management of RECAP funds, with beneficiaries having little control over the funds.

Effectiveness of RECAP in developing beneficiaries to participate in commercial production

The effectiveness of RECAP in developing beneficiaries to participate in commercial production can be assessed in terms of the number of beneficiaries/farms ready to participate or already participating in commercial production. In all six provinces, there was



general consensus among government officials that, although RECAP had not yet produced commercial farmers, many of the beneficiaries were on their way to becoming commercial farmers. The view that RECAP has produced commercial farmers was held mainly by strategic partners/mentors, mainly in the Free State (livestock projects) and KwaZulu-Natal (sugar cane sub-sector).

Reaching of targeted beneficiaries

The issue of whether RECAP is reaching the targeted beneficiaries is complicated by lack of consensus among government officials on the number of targeted beneficiaries in each province. Within provinces, project officers and provincial government officials responsible for RECAP do not seem to agree on the number of projects/beneficiaries targeted for recapitalisation. This difference of opinion on the number of targeted beneficiaries also exists between provincial and national government officials.

In terms of whether RECAP is assisting deserving beneficiaries, it can be stated that the lack of clarity on the selection criteria for beneficiaries/projects has resulted in the inclusion of beneficiaries/farms that did not really need to be assisted. There were instances where it was difficult to understand how some farms came to be included in RECAP because the owners seemed to be financially strong and could afford to provide their own funds. This aspect is of great concern to the review team and suggests a considerable wastage of public funds. There are a number of cases where beneficiaries benefitted from RECAP funds when their own net asset position seemed to be much more than the value of the farms.

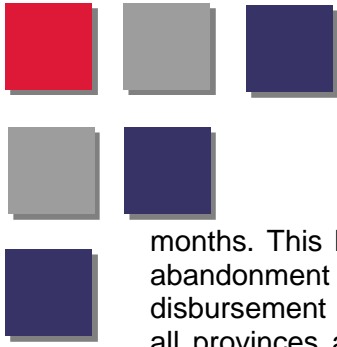
Resource use efficiency and value for money

The efficiency of the RECAP programme, measured in terms of investment expenditure against results, is overall rather low. This is the case when the spending per project, per beneficiary and per job created is considered. On average for the six provinces included in the study, R2.8 million is spent per project (however, only 70% of the RECAP projects were productive at the time of the evaluation, with a few of these projects being sustainable as yet), R463 284 is spent per beneficiary or R588 284 is spent to create one job. These results are particularly weak for the Free State, where more R3.8 million is spent per project (with only 54% of the projects recapitalised being productive), R1.02 million is spent per beneficiary and where RECAP spending is not associated with the creation of a single full-time job.

Of greater concern, from a national policy perspective, is the fact that the RECAP programme has basically been introduced to deal with the lack of formal agricultural support to land reform beneficiaries, which should have been provided by provincial departments of agriculture. None of these support systems kicked in in a timely fashion at the transfer of land to beneficiaries. As a result, RECAP is duplicating failed efforts of agriculture departments, resulting in an extra drain on the state fiscus, which should be a major point of concern for Treasury.

RECAP project cycle alignment to farming operations

The RECAP project cycle is not aligned to farming operations. Beneficiaries have indicated that the approval process for RECAP funding is lengthy and bureaucratic. Furthermore, the average time between funding approval and disbursement of funds was more than five



months. This has resulted in delays in undertaking farm operations and, in some cases, abandonment of projects. Often, funding for projects is approved but the actual disbursement of funds is delayed by one or more years due budget constraints. Although all provinces are affected by this, the problem was more serious in KwaZulu-Natal and Eastern Cape provinces.

Progress towards achieving RECAP objectives

We are of the opinion that most of the objectives are too ambitious and secondary in nature and involve aspects that are normally outside the control of the programme. The overall objective of RECAP should have been stated simply as “to help distressed or financially struggling land reform farms to reach their full production capacity and become commercially viable”. This objective should be pursued in a manner that ensures that the projects contribute to employment creation, food security and rural livelihoods.

The current RECAP objective of “graduating small farmers into commercial farmers” ignores the fact that nearly all the farms being assisted or intended to be assisted through RECAP are independent commercial farming units that used to be farmed as family farms to their fullest commercial and production potential. These farms are all of substantial sizes and are much larger than any smallholding in the former homeland areas. The challenge is thus not to graduate small scale farmers to commercial farmers but rather to “graduate” the new occupants/owners of the farms to a position where they can farm independently on a commercially viable scale.

Despite the shortcomings in the formulation of RECAP objectives, we were still able to perform some assessment of the progress towards reaching the intended objectives of RECAP. This assessment is presented below.

Production

A positive aspect of RECAP is that farming operations are on-going on 69 of the 98 projects included in the review. This alone is a great achievement, considering the relatively large number of land reform projects that were found to be non-operational in previous evaluations of land reform projects in the country. Furthermore, both crop and livestock production has increased after RECAP was implemented on the farms. Although it is not easy to attribute the increase to RECAP, it is reasonable to conclude that RECAP has made a significant contribution to the increase in production. All RECAP stakeholders also agree that RECAP has had a positive effect on agricultural production on most farms across the six provinces.

Food security

Although it is difficult to quantify the contribution of RECAP to food security, all stakeholders in most of the provinces included in the review believe that the programme has increased both the quantity and variety of food available to the beneficiaries and their families.



Employment



RECAP investment in the six provinces covered in this report has contributed to an increase in the number of people employed. A total of 540 additional jobs (111 full-time and 429 part-time) were created on the 98 projects covered in the review after RECAP was implemented. In addition, indirect employment opportunities were created in neighbouring communities. However, the number of employment opportunities is too small to justify the amount of RECAP investment. There does not seem to be enough emphasis on job creation as a condition for receiving RECAP assistance on the part of beneficiaries.

Commercialisation

Perhaps an area in which RECAP does not appear to have made satisfactory progress is with regard to facilitation of market access for both inputs and output. Only 47% of the respondents effective benefitting from RECAP funds (i.e. 39% of all respondents) confirmed that their access to markets had improved as a result of RECAP. This, together with the fact that most RECAP stakeholders stated that RECAP had not yet produced commercial farmers, indicates slow progress towards commercialisation of RECAP farms.

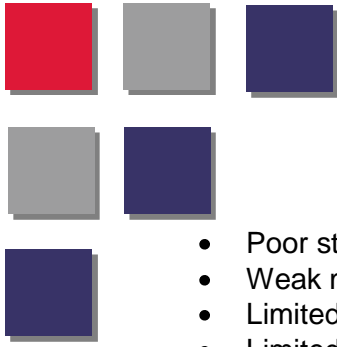
Strengths and weaknesses of RECAP

The strengths of RECAP are as follows:

- RECAP remains relevant in all the provinces in terms of aims and objectives, although the design may not necessarily be appropriate.
- RECAP has a long-term view and the farming model is comprehensive, focusing on the development the farm as a whole.
- Farmers are paired with experienced and well qualified industry players, ensuring that agricultural activities take place on the farm.
- RECAP provides the necessary infrastructure and equipment for sustainable commercial production. Access to farm inputs ensures that farms are back into production.
- RECAP has improved access to farm inputs through discounted inputs resulting from bulk-buying by strategic partners.
- Previous land reform processes had more beneficiaries on the farm. RECAP has fewer beneficiaries, making farm enterprises more viable.
- To a larger extent, RECAP has restored/improved the confidence of beneficiaries.
- There is transfer of skills even though it has been minimal.
- RECAP brings DRDLR closer to the farmers and industry players through the tripartite agreements.

The weaknesses of RECAP are as follows:

- In terms in the current funding model and lack of clarity on distressed farms, the programme target of recapitalising 1807 farms by 2014 does not seem reachable.
- Objectives are not clear and too ambitious and not to the point.
- Insufficient budget, particularly per province.
- Insufficient capacity to implement and monitor the programme.
- The RECAP project cycle is not aligned to farming operations.



- Poor strategic partner/mentor-beneficiary relationship.
- Weak market linkages.
- Limited employment generating capacity.
- Limited understanding of RECAP.
- Limited skills transfer.
- Strategic interventions not achieving intended objectives of RECAP.
- Strategic partners/mentors allocated too many projects to handle.
- Poor screening of business plans.
- Lack of a clear exit strategy in relation to different farming enterprises.
- The grant funding approach has encouraged inflated budgets, overcapitalisation and lack of personal commitment by beneficiaries.
- Poor selection criteria have resulted in the selection and funding of undeserving farmers.
- RECAP is implemented in isolation from other government departments (e.g. Agriculture).

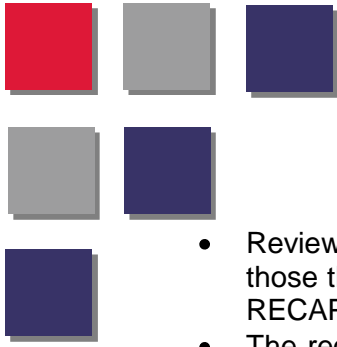
RECAP strengthening

Although we present recommendations for strengthening RECAP, we wish to point out that the recommendations should be considered as a 'second best solution'. In our view, the best and lasting solution would entail a redesign and overhaul of all public agricultural support programmes and doing away with existing silos of funding agricultural support services, including post-settlement support. This would entail the establishment of an all-inclusive fund to support land acquisition, extension and mentorship, agricultural finance and market access. Implementing our proposed 'best solution' would render RECAP and similar programmes unnecessary as they would be subsumed under a single programme for agricultural support.

With the realisation that the provision of adequate agricultural support services for land reform beneficiaries is not possible in the foreseeable future without programmes such as RECAP, there is justification for the programme to continue in the interim (i.e. until the best and lasting solution is found). Hence, the following recommendations are meant to strengthen RECAP whilst a lasting solution is sought:

The following measures are recommended to strengthen RECAP:

- Review the objectives of RECAP to make them more clear and specific.
- Ensure common understanding of RECAP among its stakeholders by engaging in an all-inclusive process discuss the nature, operation, purpose and objectives of RECAP.
- Establish a separate organisational structure for RECAP and ensure that the programme has its own full-time staff and do away with the current arrangement of seconding staff from other units of DRDLR to work for RECAP part-time.
- The Monitoring and Evaluation Unit of DRDLR should establish a structured and systematic monitoring and evaluation programme for RECAP.
- Review the suggested RECAP logical framework and the theory of change for future use.
- Develop clear and specific selection criteria for beneficiaries and land reform farms for recapitalisation and development in line with the objectives of RECAP.



- Review selection criteria for strategic partners and mentors to ensure that only those that are competent with appropriate qualifications and skills and committed to RECAP objectives are selected.
- The requirement to have a strategic partner or mentor to qualify for participation in RECAP should be applied selectively to exempt beneficiaries with adequate experience and capacity to manage their farms.
- Review the funding model to make it more flexible and adjustable to the enterprise production cycle and the identified funding needs.
- Replace the current RECAP grant funding with loan funding.
- DRDLR should investigate the possibility of delegating or handing over the responsibility of handling RECAP funds to an entity that is non-bureaucratic.
- Establish guidelines to limit the amount of RECAP funding for various enterprises, in order to widen the coverage of the programme and ensure value for money.
- The lease period for land reform farms should be reviewed in relation to the varying characteristics of enterprises to encourage farmers and strategic partners to invest in the farm. In addition, the project cycle should depend on the condition of the farm, farm needs and type enterprise.
- Improve on the quality of business plans by preparing clear guidelines.
- Increase focus on capacitation of beneficiaries/farmers to ensure effective skills transfer.
- Provide adequate and appropriately qualified personnel dedicated to RECAP to improve its administrative and functional efficiency.
- Improve coordination with the Department of Agriculture, Forestry and Fisheries with respect to the provision of technical support to beneficiaries to ensure long-term project sustainability.
- Increase focus on local development and employment creation for RECAP, in order to increase its overall intended multiplier effects in the local community.
- Establish delegations of authority to decentralise decision making and delegate provinces to approve applications for RECAP support within delegated amounts.



1. Introduction

This report is based on data collected from land reform beneficiaries, government officials, strategic partners and mentors in six provinces: Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo and North West. An attempt was made to address all the evaluation questions as agreed with the client. We believe that the results of the evaluation will be useful in informing policy processes on land reform, especially what needs to be done to ensure that Recapitalisation and Development Programme (RADP, henceforth abbreviated as RECAP) implementation is improved.

The report is organised as follows: The next section provides background information on the RECAP, including its objectives, purpose and scope of the evaluation study. This is followed by a section outlining the methods and procedures for data collection. The results of the study are presented next. The final section of the report summarises the study findings and presents conclusions and recommendations.

1.1 Background on the Recapitalisation and Development Programme

Land reform is an important priority for the South African government and constitutes a critical component of the Comprehensive Rural Development Programme (CRDP). The land reform programme was intended to contribute to the CRDP's main objective of deracialising the rural economy, ensuring democratic, equitable land allocation and sustainable production discipline for food security.

South Africa has implemented land reform since 1994 when the Land Redistribution Programme was introduced to enable individuals and groups to obtain a Settlement Land Acquisition Grant (SLAG). The grant was for the purchase of land from a willing seller and could be used for both residential and agricultural production purposes. Seven years later, the Land Redistribution for Agricultural Development (LRAD) grant was introduced to establish and promote emerging farmers. However, the slow pace of land reform, as highlighted at the 2005 Land Summit, led to the introduction of the Proactive Land Acquisition Strategy (PLAS) meant to accelerate the pace of land reform.

The use of grants for land acquisition was discontinued after consultations with land reform beneficiaries in 2009. Consequently, the focus shifted to the acquisition of strategically located land through PLAS. Such land was leased rather than transferred to land reform beneficiaries.

Although the land reform programme has achieved some success, in terms of improving access to land and contributing to improved livelihood for beneficiaries, its sustainability has been questioned, both within and outside government circles. In particular, some of the transferred farms have not reached the desired levels of productivity while others are not operational at all. It was partially as a result of the above that the Recapitalisation and Development Programme (RECAP) was implemented in 2010 (DRDLR, 2011a; DRDLR, 2012b).



1.1.1 Objectives and focus of RECAP

At the time of undertaking the implementation evaluation, the objectives of the RECAP were to:

- a) increase agricultural production;
- b) guarantee food security;
- c) graduate small farmers into commercial farmers;
- d) create employment opportunities within the agricultural sector; and
- e) establish rural development monitors.

The above objectives are meant to contribute to the achievement of Outcome 7: Vibrant, equitable and sustainable rural communities and food security for all. The RECAP also contributes to the achievement of Outcomes 4 and 10: Creation of decent employment opportunities through economic growth and ensuring sustainable natural resource management, respectively (DRDLR, 2011a).

1.1.2 Operation of RECAP

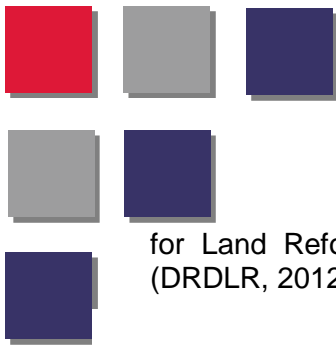
The RECAP was designed to focus on land reform farms acquired since 1994 that have received little or no support, but have a potential to be sustainable. These farms, considered to be in distress, are offered technical and financial support. About 1807 distressed farms have been targeted for recapitalisation and development by 2014. The number of farms recapitalised from the inception of RECAP up to June 2012 was 640 and this is the universe from which the sample for the implementation evaluation was selected. According to DRDLR (2013b), 1269 farms had been recapitalised by the end of the 2012/2013 financial year. Two strategic interventions have been adopted under the RECAP to ensure the sustainability of land reform projects. These interventions are strategic partnership and mentorship.

At the inception, RECAP projects were funded based on a five-year funding model and no request for assistance is supposed to be approved without a comprehensive business plan. The initial funding model is depicted in Figure 1.

In the RADP policy document (DRDLR, 2011a), the funding model was based on a five-year cycle as indicated below:

- a) Year 1: 100% funding for infrastructure and operational costs;
- b) Year 2: 80% funding for development needs;
- c) Year 3: 60% funding for development needs;
- d) Year 4: 40% funding for development needs; and
- e) Year 5: 20% funding for development needs.

In terms of this initial funding model, profits from the operations of the previous year are to contribute towards 20% of the business plan needs for the following year. However, to take into consideration the differences in agricultural enterprises in terms of their nature and incubation periods, the model was changed from a five-year cycle to five development phases. Phase one was then to focus on the infrastructure and operational needs whilst phases two to five focused on value change developments. In terms of the DRDLR guidelines for RECAP implementation, as approved by the Acting Deputy Director General



for Land Reform on 24 January 2012, the new RECAP funding model is as follows (DRDLR, 2012a):

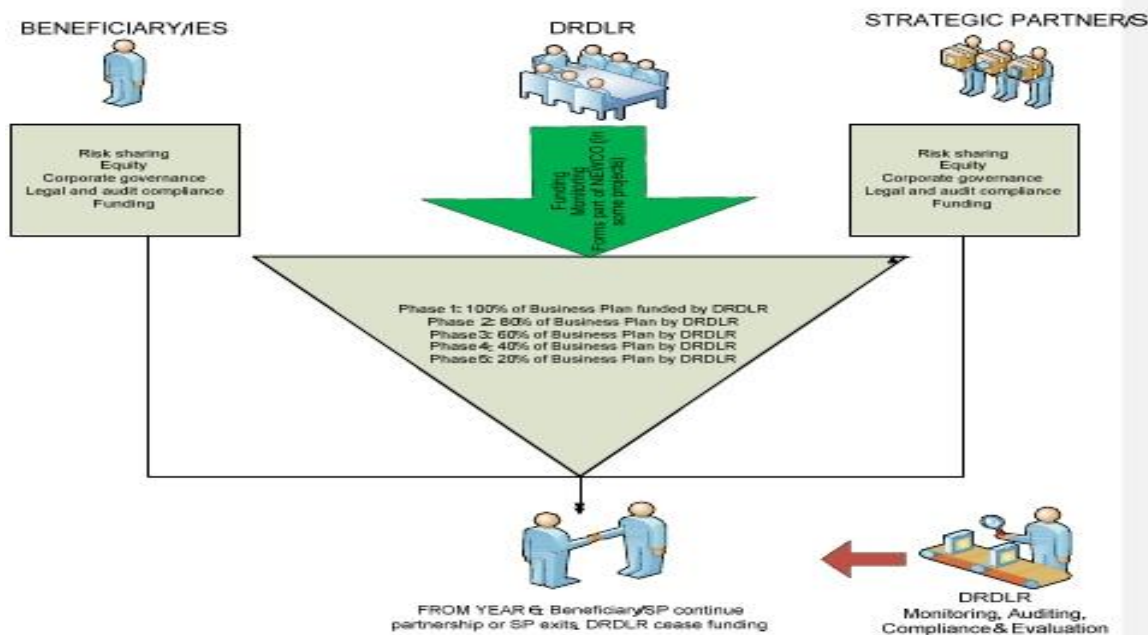


Figure 1: RECAP funding model

Source: DRDLR (2012)

Phase 1: 100% funding

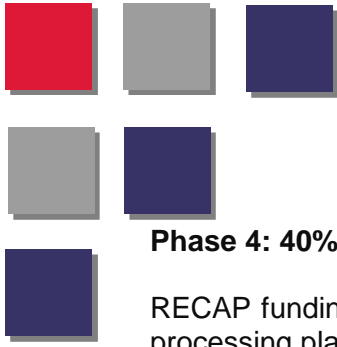
The funding in this phase covers 100% of the developmental needs (i.e. infrastructural and operational inputs) identified in the business plan to turn around the deficiencies of the farm under RECAP on the primary value chain (e.g. on livestock production adopting Weiner production systems, all infrastructural and production inputs, including animals, should be funded).

Phase 2: 80% funding

The application of phase 2 should be guided by the business plan and be applicable to value adding developments (e.g. development of the feedlot). In this case, RECAP funding should cover 80% of the development needs. The remaining 20% should be derived from the proceeds of the primary chain (phase 1 proceeds).

Phase 3: 60% funding

Funding in phase 3 should be applicable to value adding developments (e.g. development of an abattoir). In this case, RECAP funding should cover 60% of the development needs. The remaining 40% should be funded from the proceeds of the previous developments (phases 1 and phase 2).



Phase 4: 40% funding

RECAP funding in phase 4 is for value adding developments (e.g. development of a meat processing plant). Only 40% of the development needs should be covered by RECAP. The remaining 60% should be covered from the proceeds of the previous developments (phases 1, 2 and 3).

Phase 5: 20% funding

In phase 5, RECAP funding covers 20% of the value adding development (e.g. development of a meat outlet). The remaining 80% of the development needs should be funded from the proceeds of the previous developments (phases 1, 2, 3 and 4).

The change in the funding model from a five-year cycle to phases meant that RECAP funding for projects did not necessarily cease after five years. Instead, the funding period will be dependent on the stage of development of the funded project. This constituted a major change in the funding model.

In terms of the utilisation of RECAP funds, the guidelines stipulate that the funds should be released in tranches to the strategic partners and mentors and each tranche should not be more than 25% of the approved amount. The guidelines further state that the transferred funds should be spent within 120 days and any unspent funds must be returned to DRDLR. Investment of transferred funds in any markets or investment accounts is forbidden. According to the RECAP guidelines, the transfer of funds must be preceded by a financial and impact report from the strategic partner/mentor, detailing how the amount transferred was utilised, including supporting documents.

The total area of the 640 farms that were placed under RECAP at the time of conducting the implementation evaluation was 530 934 ha. Of these farms, 264 were attached to strategic partners and 117 to mentors¹. Most of the remaining 259 farms were being considered for direct sourcing as there were no interested strategic partners. About 38 strategic partners and 50 mentors had been appointed (DRDLR, 2011b). Table 1 provides information on the RECAP projects by land reform type and province. Most of the projects are PLAS and LRAD farms. SLAG and restitution projects are few, although many such projects would be described as financially struggling and thus qualify for RECAP support. This reflects clear preference on the part of DRDLR to work with projects other than SLAG and restitution projects. This may be considered as a weakness of RECAP in that it seems to avoid SLAG and restitution projects which often require more assistance than PLAS and LRAD projects. It is also worth noting that RECAP support seems to be limited to land reform projects to the exclusion of other types of projects/farms that may be considered to be financially struggling.

¹ According to DRDLR (2013a), a mentor or strategic partner is “a person or juristic person appointed by DRDLR to provide services in accordance to the RADP policy”.

Table 1: RECAP projects by land reform type and province

	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
SLAG	2	5	0	3	2	0	2	2	0	16
SPLAG	0	0	1	1	0	0	0	0	0	2
LRAD	5	30	2	54	40	2	13	43	1	190
IRRIG/LRAD	1	0	0	0	0	0	0	0	0	1
PLAS	4	77	106	47	24	52	19	34	11	374
Restitution	1	2	2	0	1	1	0	22	0	29
Communal	0	0	0	0	0	0	0	1	0	1
LRAD/SLAG	0	0	0	1	0	0	0	0	0	1
State	0	0	0	0	0	0	4	3	0	7
Other	0	1	0	0	1	0	0	0	0	2
Unknown	1	0	6	4	2	4	0	0	0	17
Total	14	115	117	110	70	59	38	105	12	640

EC=Eastern Cape Province, FS=Free State Province, GP=Gauteng Province, KZN=KwaZulu-Natal Province, LP=Limpopo Province, MP=Mpumalanga Province, NC=Northern Cape Province, NW=North West Province, WC=Western Cape Province, SLAG=Settlement Land Acquisition Grant, SPLAG= Settlement Production and Land Acquisition Grant; IRRIG=Irrigation, LRAD=Land Redistribution for Agricultural Development, PLAS=Proactive Land Acquisition Strategy

1.2 Purpose and scope of the implementation evaluation

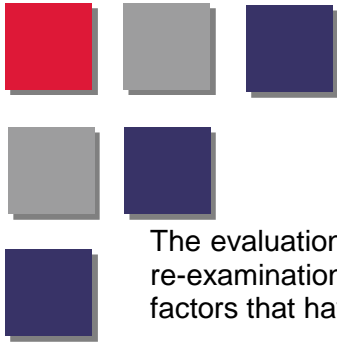
1.2.1 Aims and objectives of the implementation evaluation

The evaluation aimed to:

- provide strategic information on the implementation of the RECAP since its inception in 2010;
- assess stakeholders' effectiveness during the implementation of the RECAP; and
- draw lessons learned and make recommendations.

The evaluation was designed to provide the Department of Rural Development and Land Reform (DRDLR) and the intended beneficiaries of RECAP with information and recommendations on how to improve the implementation of RECAP in line with its targets and objectives. Hence, it is an implementation process evaluation as opposed to a summative evaluation. The purpose of a process evaluation is to enable the direct stakeholders to the project to review the progress of the project at or close to the mid-term in the project lifecycle, to reappraise the objectives and likely outputs from the project. The implementation evaluation aims to (a) provide strategic information on the implementation of the RECAP since its inception in 2010; (b) assess stakeholders' effectiveness during the implementation of the programme; and (c) compile lessons learned and recommendations. The evaluation will provide the Department and the intended beneficiaries of RECAP with information and recommendations on how to improve the implementation of this program in line with its targets and objectives.

While a thorough review of the past is in itself important, the in-depth evaluation, as far as was possible within the time and resource constraints of the terms of reference, also provides recommendations and lessons learned for the future.



The evaluation assesses the achievements of the project against its objectives, including a re-examination of the relevance of the objectives and of the project design. It also identifies factors that have facilitated or impeded the achievement of the objectives.

1.2.2 Scope of the implementation evaluation

The evaluation covers the implementation process of the RECAP from its inception in 2010 until June 2012 and addresses the following key evaluation questions:

- (i) Are the two interventions (strategic partnerships and mentorship) effective in developing the projects?
- (ii) Does the RECAP effectively develop the intended beneficiaries to participate in commercial production?
- (iii) Is the RECAP reaching its targeted beneficiaries?
- (iv) Was the RECAP designed appropriately for the achievement of its objectives?
- (v) Are the resources used efficiently? Is value for money being obtained?
- (vi) What are the strengths and weaknesses of the RECAP in achieving its objectives in relation to the technical competencies of the various stakeholders?
- (vii) How can the RECAP be strengthened?
- (viii) Is the RECAP project cycle aligned to the farming operations?
- (ix) Are the intended objectives of the RECAP being achieved or are likely to be achieved?
- (x) Is there a common understanding of the RECAP among all stakeholders?

Specific aspects to be covered in the evaluation include the following:

- a) Criteria used in identifying distressed projects and land reform beneficiaries.
- b) The two strategic interventions adopted: strategic partnership and mentorship.
- c) Level of funding released for the RECAP.
- d) Stage of implementation as per the business plan (i.e. infrastructure, production or marketing).
- e) Comprehensive farm business plan that was approved versus support provided by RECAP.
- f) Contractual agreements entered into by partners (service level agreements, tripartite agreements and social contracts).
- g) Commodities produced and levels of production, including contribution to commercial agriculture.
- h) Market access for commodities and integration into the relevant value chains.
- i) Financial and environmental sustainability of the projects.
- j) Transformation of beneficiaries to commercial farmers.
- k) Number of jobs created by projects.
- l) Level of involvement of beneficiaries in the farm operations.
- m) Capacity building and skills transfer to beneficiaries.

1.3 Proposed theory of change

At the time of undertaking the evaluation, there was no existing theory of change for RECAP. Therefore, a theory of change was developed and used to guide the evaluation. This is depicted in Figure 2.

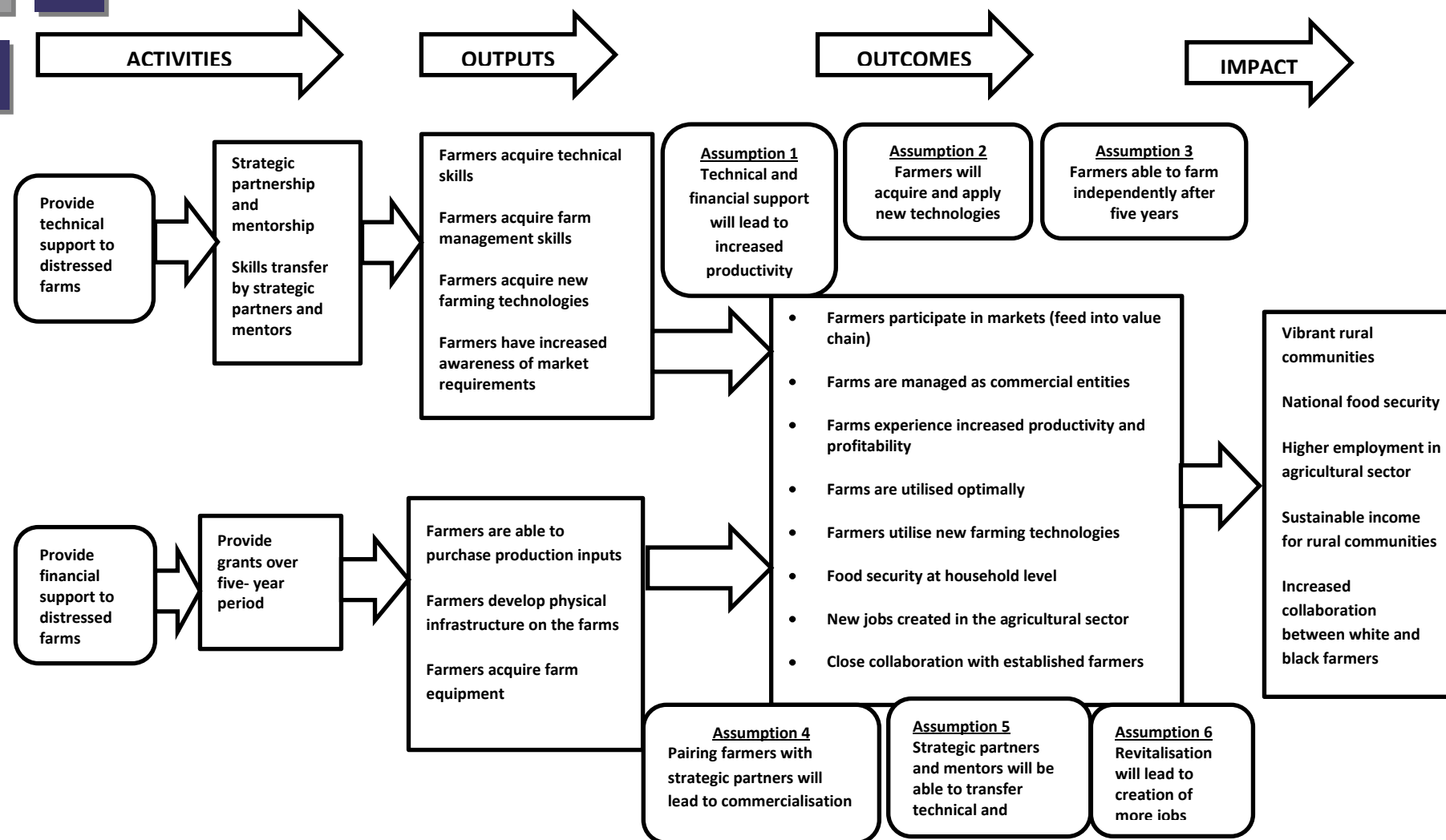
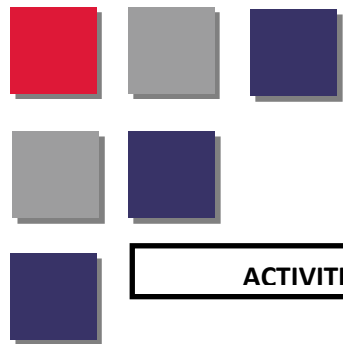


Figure 2: Theory of change prior to the implementation evaluation



A revised theory of change was developed after the implementation evaluation was conducted as depicted in Figure 3.

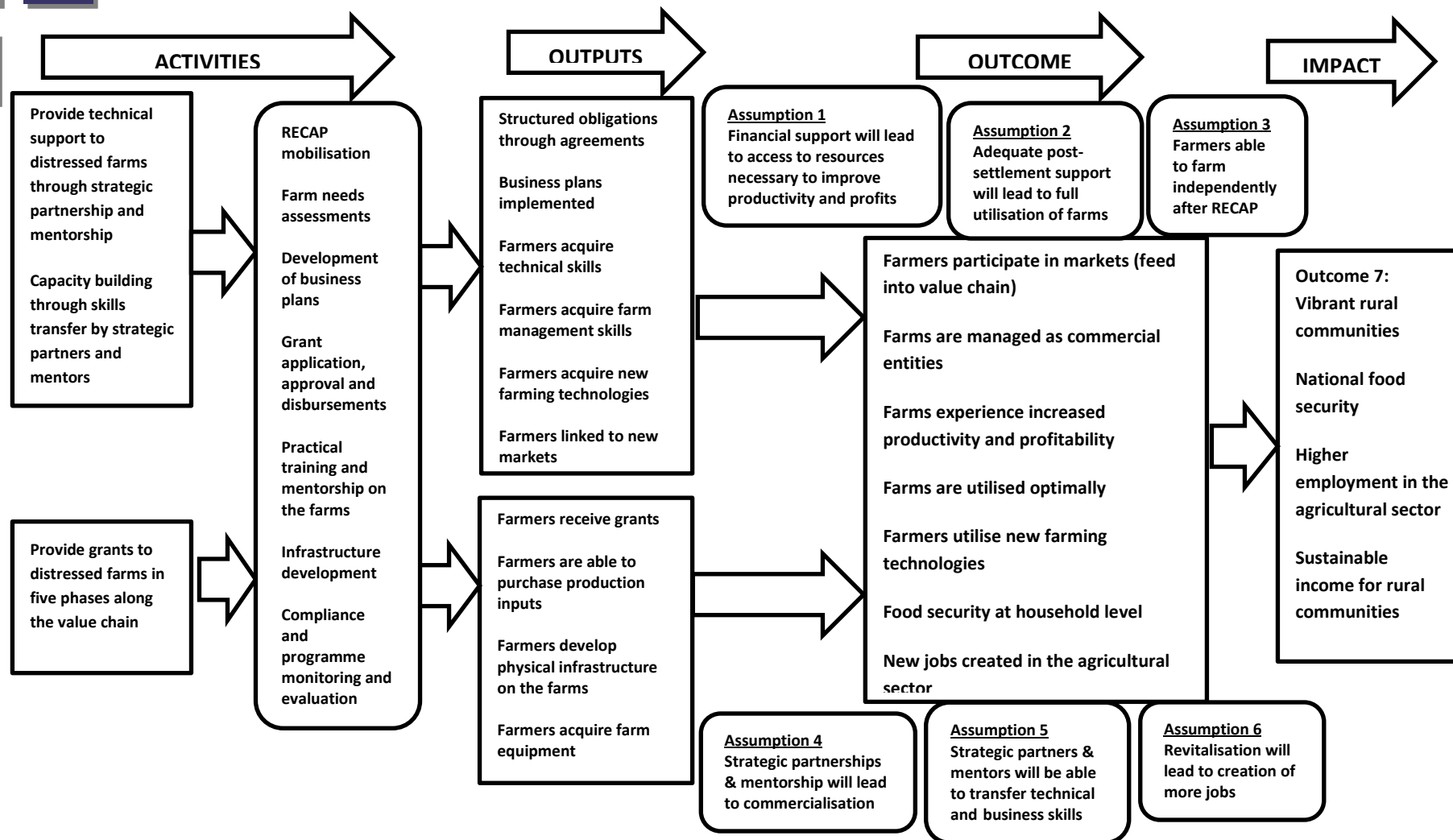
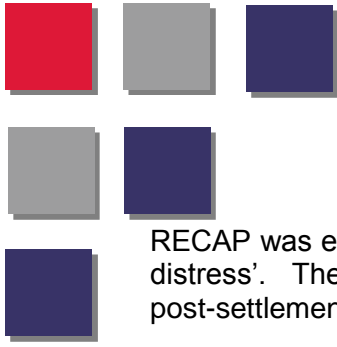


Figure 3. Theory of change after the implementation evaluation



RECAP was established to revitalise and develop failing land reform projects or projects 'in distress'. The failure of these projects is largely attributed to inadequate or absence of post-settlement support (e.g. finance, extension services, markets, infrastructure, etc.)

The absence of or inadequate post-settlement support meant that land reform beneficiaries did not have the necessary (a) skills and knowledge; and (b) financial resources to operate their farms as productive and profitable commercial entities. Over time, many of these farms either collapsed or continued to be operated at low levels of productivity. Hence, some of these farms could no longer meet their financial obligations and risked being repossessed.

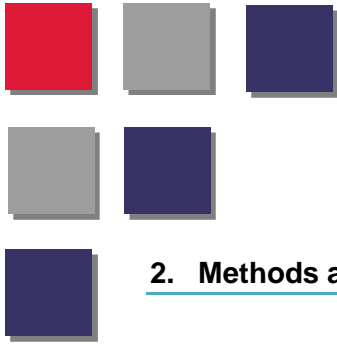
Therefore, the RECAP theory of change was based on the major assumption that if land reform beneficiaries (projects) were provided with appropriate and adequate post-settlement support, they will fully utilise their farms and increase their production to the level where they can participate fully in output markets. Post-settlement support under RECAP was to be implemented through two major interventions: (a) providing financial support to distressed farms through grants and (b) providing technical support through strategic partnership and mentorship. Provision of technical support was expected to lead to capacity building through skills transfer to land reform beneficiaries.

The theory of change diagrams (Figures 2 and 3) depicts the various result levels of RECAP and the causal relationships among the various activities, outputs, outcomes and impact. By implementing the activities, it was expected that RECAP would achieve its goal of contributing towards vibrant rural communities (Outcome 7). The underlying assumptions were that:

- Technical and financial support will lead to increased productivity;
- Adequate post-settlement support will lead to full utilisation of farms;
- Farmers will acquire and apply new technologies;
- Farmers will be able to farm independently after five years of RECAP support;
- Pairing farmers with strategic partners will lead to farmers participating fully in markets;
- Strategic partners and mentors will transfer technical and business skills; and
- Revitalisation of farms will lead to creation of more jobs in the agricultural sector.

Some of these assumptions were modified revised in the revised theory of change (Figure 3) as follows:

- Financial support will lead to access to resources necessary to improve productivity and profits;
- Adequate post-settlement support will lead to full utilisation of farms;
- Farmers able to farm independently of RECAP;
- Strategic partnerships & mentorship will lead to commercialization;
- Strategic partners and mentors will be able to transfer technical and business skills; and
- Revitalisation will lead to creation of more jobs.



2. Methods and procedures

This section outlines the methods and procedures adopted for the evaluation. This includes a description of the data collected, data collection instruments, details of the sample and data analysis.

Both quantitative and qualitative data were collected through direct interviews with key informants and focus group discussions. In some instances, follow-up discussions were conducted through telephone interviews to gather more information/data from respondents or for clarification purposes. In addition to interviews, observations on the state of the farms visited were also made. Data were also gathered from secondary sources, mainly documents obtained from DRDLR.

2.1 Data collection instruments

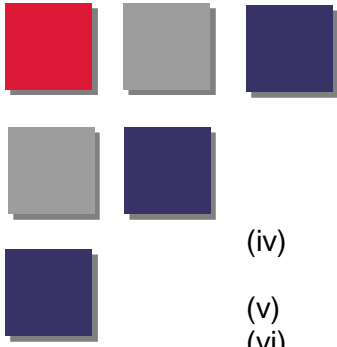
The respondents/stakeholders were classified into various categories, depending on their roles and responsibilities, and a different data collection instrument was used for each category. The categories and types of data collection instruments were as follows.

- a) **Project/farm management:** A structured questionnaire was administered to the management (beneficiaries) of the farms/projects.
- b) **Focus Groups (beneficiaries other than project managers):** A checklist was used in cases where, in addition to the project manager, there were other beneficiaries.
- c) **Strategic partners and mentors:** Interviews with strategic partners and mentors were conducted using a checklist.
- d) **Project officers:** DRDLR officials responsible for RECAP project facilitation and coordination with strategic partners and mentors were interviewed using a checklist.
- e) **Provincial leadership (provincial government officials):** A checklist was used for interviews with DRDLR provincial managers (Directors and Deputy Directors) responsible for land reform and RECAP.
- f) **National leadership (national government officials):** A DRDLR official (Director) at the national level responsible for RECAP was interviewed using a checklist.

2.2 Project selection

Stratified sampling and purposive sampling were used to select the projects and respondents. These methods ensured that projects from each sub-group are included in the final sample. The following criteria were identified for selecting the projects:

- (i) Geographic distribution to ensure that regional climatic variations are taken into consideration and both urban and rural areas are included.
- (ii) Type of enterprise to ensure that both livestock and crop projects are included.
- (iii) Size of project to ensure that small and large projects are included in the sample.



- (iv) Stage of project to ensure that projects in all stages (planning, implementation and production) are included.
- (v) Project performance to include both successful and failed projects.
- (vi) Strategic initiative to include projects with and without a strategic partner/mentor.
- (vii) Number of RECAP projects per province to ensure that provinces with large and reasonably small number of projects are included.
- (viii) Type of land reform program (SLAG, LRAD, SPLAG, PLAS, Commonage, and Restitution).
- (ix) Type of strategic partner/mentor to include the various types of strategic partners/mentors.

All of the criteria listed above were applied in the selection of the projects included in the evaluation, with the exception of project performance. This criterion could not be used as there was no information or data to determine project performance prior to the implementation of the evaluation.

Based on the above sampling methodology and criteria, the following provinces were selected for fieldwork: Eastern Cape, Gauteng, Free State, KwaZulu-Natal, Limpopo and North West. A total of 100 from the 640 projects that were identified as recapitalised by DRDLR were included in the initial sample. The number of projects selected and included in the initial sample in each province is shown in Table 2.

Table 2: Projects selected and visited by province

Province	RECAP farms	Number of projects selected initially	Number of projects visited
Gauteng	119	10	10
Eastern Cape	14	9	9
Limpopo	69	13	13
Free State	115	25	22
KwaZulu-Natal	108	23	24
North West	105	20	20
Total	530	100	98

During the implementation of the study, some adjustments had to be made to the number of projects initially selected and this resulted in the sample being reduced to 98 projects as shown in the third column of Table 2.

The reasons for the changes in the number of projects visited are as follows:

- In the Free State Province, the original number of projects selected was based on the number of projects recapitalised, according to list received from DRDLR of 116. However, the number of recapitalised projects, according to the information provided by officials in the province, was only 70. In addition, one of the projects was listed as four projects on the list of RECAP projects provided by DRDLR. Hence, the change from the initial 25 to 22 projects.
- In KwaZulu-Natal, it was realised that the list from the national office was not updated, leaving out some districts with RECAP projects. Adjustments were made to include projects in districts that were excluded from the initial sample. This resulted in one additional project being included in the revised sample.

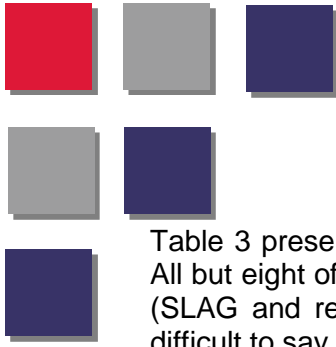


Table 3 presents details of projects visited according to type of land reform and province. All but eight of the projects are PLAS (48) or LRAD (42) farms. The other types of projects (SLAG and restitution) are not adequately represented in the sample and this makes it difficult to say anything about these projects in the report.

Table 3: Number and proportion of projects visited by land reform grant type and province

Province	LRAD		PLAS		Private		Restitution		SLAG		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Eastern Cape	3	33,33	4	44,44		0,00	1	11,11	1	11,11	9	100,00
Free State	5	22,73	16	72,73		0,00		0,00	1	4,55	22	100,00
Gauteng	2	20,00	8	80,00		0,00		0,00		0,00	10	100,00
KwaZulu-Natal	15	62,50	8	33,33		0,00		0,00	1	4,17	24	100,00
Limpopo	5	38,46	7	53,85	1	7,69		0,00		0,00	13	100,00
North West	12	60,00	5	25,00	3	15,00		0,00		0,00	20	100,00
Total	42	42,86	48	48,98	4	4,08	1	1,02	3	3,06	98	100,00

Information on the size of the projects included in the evaluation is presented in Table 4. The majority of the projects fall within the size category of 101 to 500 hectares. The average project size is 672 hectares, whilst the smallest and largest project sizes are 2.7 and 12215 hectares, respectively. The smallest and largest projects are in Gauteng and Eastern Cape, respectively.

Table 4: Size of projects visited by province (ha) (n=98)

Project size (ha)	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Number of projects							
1-20		1	3		3	1	8
21-50	1			1	2	4	8
51-100	4		2			1	7
101-500	1	4	4	18	5	5	37
501-1000		9	1	3	3	3	19
1001-5000	1	7		2		6	16
5001+	1						1
No answer	1	1					2
Total	8	21	10	24	13	20	98
Average size (ha)	1742,25	901,79	200,36	394,17	249,25	823,94	672,19
Maximum size (ha)	12215,00	2310,00	623,00	2296,00	937,00	3900,00	12215,00
Minimum size (ha)	24,00	19,00	2,70	40,00	5,10	12,40	2,70
Standard deviation size (ha)	4247,65	621,04	230,68	514,37	302,99	1107,43	1390,84



Tables 5 to 10 provide details of the selected projects by province.



Table 5: Details of selected projects in the Eastern Cape

District Municipality	Local Municipality	Project	Rural/urban	Strategic partner	Mentor	Type of mentor/strategic partner	Enterprise	Implementation status
Cacadu	Sunday River	Kommando Kraal	Rural	Bono (Pty) Ltd		Corporate	Citrus (oranges)	Planning
	Sunday River	Nebraska	Rural	Bono (Pty) Ltd		Corporate	Citrus (oranges)	Production
Amatole	Amahlati	Jojo Farming	Rural		University of Fort Hare	Academic	Poultry	Production
	Buffalo city	Portion 4 of Montra Farm	Urban		Farmer	Individual	Tomatoes	Planning
	Buffalo city	Siyavuselela Agricultural Cooperative	Urban		Farmer	Individual	Tomatoes	Production
OR Tambo	Ngquza Hill	Magwa Tea Cooperative	Rural	None	None		Tea	Planning
Ukhalamba	Sengu	Lanflo Project	Rural		Imbumba Beef Production (Pty) Ltd	Cooperative	Beef cattle sheep	Production
		Malibuye farmers Trust	Rural		Imbumba Beef Production (Pty) Ltd	Cooperative	Beef cattle, sheep	Production
	Maletswai	Vezemafa CPA	Rural		Imbumba Beef Production (Pty) Ltd	Cooperative	Beef cattle, sheep	Production


Table 6: Details of selected projects in the Free State

District Municipality	Local Municipality	Project	Rural/Urban	Strategic partner/mentor	Type of mentor/strategic partner	Enterprise	Status of implementation
Xhariep	Kopanong	Pro-Active Brandewynskuil	Rural	Dipalemo	Corporate	Cattle, sheep	Production
	Kopanong	Pro-Active Vlakwater	Rural	Dipalemo	Corporate	Cattle, sheep	Production
Lejweleputswa	Masilonyana	Pro-Active Fonteinloop	Rural	Dipalemo	Corporate	Maize	Production
	Matjhabeng	Thakamakgoa	Rural	Grain SA	Corporate	Maize, sunflower	Production
	Tokoloko	Pro Active Kroomspruit	Rural	Two Roads	Corporate	Beef cattle,	Implementation
	Tokoloko	Pro Active Korrelkop	Rural	Two Roads	Corporate	Maize	Implementation
	Tswelopele	Dabulamanzi	Rural		Individual	Maize, potatoes, cattle	Production
	Nala	Mafabatho	Rural	Grain SA	Corporate	Maize, sunflower	Production
	Matjhabeng	Gelukspan	Rural	Agridelight	Corporate	Poultry (broilers)	Production
		Pro-Active Uitkyk	Rural	Dipalemo	Corporate	Beef cattle	Production
Motheo	Mangaung	Pro-Active Vergezicht	Urban	Grain SA	Corporate	Maize, Sunflower	Production
		Pro Active Gelukshoek	Urban	Bloemfontein in Abattoir	Corporate	Maize Sunflower	Production
		Pro Active Cecilia	Urban	Bloemfontein in Abattoir	Corporate	Beef cattle	Production
	Thaba Nchu	Pro Active Eaton	Urban	Dipalemo	Corporate	Maize Sunflower	Production
	Mangaung	Swartkoppies	Urban	Bloemfontein in Abattoir	Corporate	Beef cattle	Production
Thabo Mofutsanyana	Setsoto	Pro Active Astoria	Rural	Grain SA	Corporate	Maize, sunflower	Production
	Setsoto	Zoopjefontein farm	Rural	Bloemfontein in Abattoir	Corporate	Beef cattle	Production
	Dihlabeng	Pro Active Spioenkop	Rural	VKB	corporate	Beef cattle	Implementation
	Nketoana	Pro Active Bronkhorstfontein	Rural	VKB	Corporate	Maize, sunflower	Production
Fezile Dabi	Moqhaka	Pro Active Zandfontein	Rural	Dipalemo	Corporate	Maize, Sunflower	Production
	Ngwathe	Heilbron	Rural	Renosterriever	Corporate	Poultry	Production
	Ngwathe	Itekeng	Rural	Agridelight	Corporate	Livestock	Production



Table 7: Details of selected projects in Gauteng

District Municipality	Local Municipality	Project	Rural/ Urban	Type of mentor/strategic partner	Enterprise	Status
Ekurhuleni Metro	Boksburg	Siyavuna	Urban	Individual	Vegetables	Planning
Sedibeng	Mid-Vaal	African Plant Biotechnologies	Rural	None	Vegetables	Planning
	Vanderbijl Park	Vlakplaas 53	Rural	None	Maize, layers	Production
	Emfuleni	Blesbokfontein	Rural	Individual	Maize, Pigs	Production
	Lesedi	Leeuwfontein (Portion 11)	Rural	Individual	Beef Cattle	Planning
City of Tshwane	Tshwane North	Kromdraai portion 38	Urban	Individual	Pigs	planning
Metsweding	MakengBadi mane	Bubis Trading	Rural	Individual	Maize, Sweet potatoes	Production
	Kungwini	Vaalbank occupiers (Inkanyiso Trust)	Rural	Individual	Maize, Sweet potatoes	Planning
West Rand	Randfontein	Daba	Rural	Individual	Beef Cattle, sheep and goats	Production
	Westonaria	Bambanani Fruits BEE	Rural	Individual	Peaches, plums and apples	Production


Table 8: Details of selected projects in KwaZulu-Natal

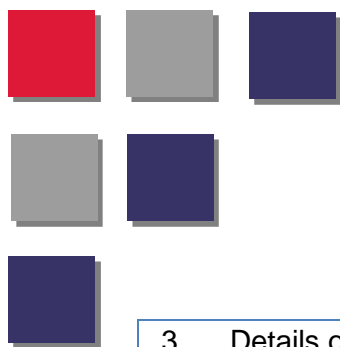
District Municipality	Local Municipality	Project	Rural/Urban	Strategic partner/mentor	Type of mentor/strategic partner	Enterprise	Status
Sisonke	Ingwe	Kwazamani farm	Rural	Illovo Sugar Company	Corporate	Sugarcane	Production
	Ubuhlebesia	Mjila	Rural	Illovo Sugar Company	Corporate	Sugarcane	Production
Umgungundlovu	Mpofana	Hlanganani	Rural	Agribusiness Development Agency	Corporate	Vegetables	Planning
	Mkhambathini	Valsch River	Rural	Farmer		Citrus	Planning
	Ndwendwe	Malungisa Sugar farm	Rural	Tonga Hulett Sugar Company	Corporate	Sugarcane	Production
		Kwabinda/Ptn 13&15 Sprowston	Rural	Tonga Hulett Sugar Company	Corporate	Sugarcane	Production
		Aubrey Laing cc	Urban	Tonga Hulett Sugar Company	Corporate		Production
	Kwadukuza	Sentara Investment CC	Rural	Tonga Hulett Sugar Company	Corporate	Sugarcane	Production
		Gumbi and Family Cane Farm CC	Rural	Tonga Hulett Sugar company	Corporate	Sugarcane	Production
	Umlazi	Khanya Kude Sugar Estate	Rural	Gledhow Sugar company	Corporate	Sugarcane	Production
Ugu	Vulamehlo	Equeefa-Majola	Rural	Illovo Sugar Company	Corporate	Sugarcane	Production
		Nqobile Sugar Estates	Rural	Illovo Sugar Company	Corporate	Sugarcane	Production
		Dlala Farm	Rural	Illovo Sugar Company	Corporate	Sugarcane	Production
		Thembinkosi Farm	Rural	Illovo Sugar Company	Corporate	Sugarcane	Production
		Zwide Sugar Estate	Rural	Illovo Sugar Company	Corporate	Sugarcane	Production
Zululand	Abaqulusi	Liberty farmers co-op	Urban	Farmer	Individual	Maize, dairy cattle	Production
Amajuba	Newcastle	Nizenande	Urban	Farmer	Individual	Poultry	Implementation
	Ntambanana	Needmore project	Urban	Tonga Hulett Sugar Company	Corporate	Sugarcane	Production
		Isibusiso Project	Rural	Tonga Hulett Sugar company	Corporate	Sugarcane	Production
	Umlalazi	Magalela farm	Rural	Umfoloji Sugar company	Corporate	Sugarcane	Production
	Umfoloji	Ekusasalet hu/Jengro Estate	Rural	Umfoloji Sugar Company	Corporate	Sugarcane	Production
	Mbonambi	Nsombosi	Rural	Umfoloji Sugar Company	Corporate	Sugarcane	Production
Umkhanyakude	Mtubatuba	Mokana	Rural	Umfoloji Sugar Company	Corporate	Sugarcane	Production
Uthukela	Umtshezi	Sunnyside farm	Rural	Farmer	Individual	Sugarcane	Production


Table 9: Details of selected projects in Limpopo

District Municipality	Local Municipality	Project	Rural/urban	Strategic partner/mentor	Enterprise	Status
Capricon	Polokwane	African Indian vegies	Rural	Individual	Vegetables , goats	Production
		Nakatha	Rural	Joint Education Project	Broilers	Production
	Blouberg	Matlabeke	Rural	Farmer	Beef cattle, goats, game, poultry	Production
Waterberg	Lephalalele	Ditlou le Dinare	Rural	Farmer	Layers, vegetables , lucerne	Production
	Lephalalele	Babirwa	Rural	None	Vegetables , beef cattle and layers	Production
	Belabela	Molefi Trust	Rural	None	Beef cattle, goats	Production
	Mookgopong	Ndilo – Muthathe	Rural	Farmer	Beef cattle and game	Production
Vhembe	Makhado	Kharishume Poultry	Rural	None	Poultry, maize, vegetables	Planning
Mopani	Greater Tzaneen	Kwena Projects	Rural	Farmer	Maize, goats, bananas, mangoes (sub-tropical)	Production
		Makatleni Trust	Rural	Farmer	Mangoes and avocadoes	Production
		Machimana Trust	Rural	Farmer	Broilers, mangoes	Production
	Letaba	Modderspruit Forestry Project	Rural	Farmer	Forestry	Production
Sekhukhune	Elias Motsoaledi	Kopano disabled primary cooperative	Rural	Farmer	Vegetables	Production


Table 10: Details of selected projects in North West

District Municipality	Local Municipality	Project	Rural/urban	Strategic partner/mentor	Type of mentor/strategic partner	Enterprise	Status
Bojanala	Madibeng	Hartbeespoort 166	Rural	Stanford Holdings	Corporate	Beef, maize, poultry and vegetables	Implementation
		Hartbeespoort 780	Rural	Stanford Holdings	Corporate	Beef cattle, vegetables	Planning
		Hartbeespoort 876	Rural	Farmer		Broilers, vegetables	Implementation
		Mosaikwena	Rural	Stanford Holdings	Corporate	Horticulture	Production
	Koster	Shumani Broiler Production	Rural	Agri-delight	Corporate	Poultry	Production
	Kgetleng	Khuphuka-Salga Projects	Rural	Agri-delight	Corporate	Poultry, beef cattle	Production
Dr Kenneth Kaunda	Matlosana	Tshwaragana ng	Rural	Stanford Holdings	Corporate	Beef cattle	Planning
		Mojakhomo Project	Rural	Agri- delight	Corporate	Poultry	Production
	Ventersdorp	Morgenzon	Rural	Stanford Holdings	Corporate	Maize and beef cattle	Production
Ngaka Modiri	Ditsobotla	Kliplaagte	Rural	None		Beef cattle, sheep, maize and sunflower	Production
		Nkaikela	Rural	None		Maize, sunflower	Production
		Vaalbank	Rural	Stanford Holdings	Corporate	Maize, sunflower, beef	Production
	Tswaing	Bamboo Rock	Rural	Farmer	Individual	Maize, sunflower	Planning
		Vukandukuze mpi Security	Rural	None		Maize, sunflower, beef cattle	Production
		Batuka Farming Project	Rural	Farmer	Individual	Beef cattle	Production
Dr. Ruth S. Mopati	Molopo	Montana	Rural	Bloemfontein Abattoir (terminated)	Corporate	Beef cattle, game	Production
		Rochele	Rural	None		Beef cattle, sheep, goats and horses	Planning
		Soetasbes	Rural	Farmer	Individual	Beef cattle	Implementation
	Taung	Reilvilo	Rural	Agri-delight (after terminating Bloemfontein Abattoir)	Corporate	Beef cattle, sheep and goats	Production
		Kgomo Bokamoso Coop (Panfontein)	Rural	Agri-delight (after terminating Bloemfontein Abattoir)	Corporate	Beef cattle, sheep and goats	Production



.3 Details of the interviews and group discussions

A total of 176 interviews were conducted. These included 98 beneficiaries, 26 project officers, 26 strategic partners and mentors, eight deputy directors, six provincial directors, one national RECAP director and 11 focus groups.

2.3.1 Project management interviews

The interviews involved project managers of the 98 selected projects and were conducted on an individual basis. The purpose of the interviews was to obtain data to gain a better understanding of the operation of the project/farm, its management and results. Other important objectives were to assess the project managers' understanding of RECAP and its operation, and solicit their views on the overall impact of RECAP on the project/farm. The managers' views with respect to their engagement in the project and the contribution of strategic partners and mentors were also solicited. Where possible, a tour of the project/farm was undertaken at the conclusion of the interview.

2.3.2 Focus group discussions

The purpose of the focus group discussions was to establish the level of involvement of other beneficiaries beyond the project manager. These discussions were also meant to gauge the level of understanding of RECAP and its operation, establish the level of participation in project design and decision-making, and solicit beneficiaries' views on the impact of RECAP on production as well as on their livelihoods through job creation and household food security. The beneficiaries' views with respect to the role and contribution of strategic partners/mentors were also solicited. Another important purpose of the focus group discussions was to validate the outcome of interviews with the relevant project manager.

Eleven focus group discussions involving 60 participants were conducted (Table 11).

Table 11: Focus groups by province

Province	Project	Number of focus groups	Number of participants
Eastern Cape	Green Gables – Nebraska	2	12
	Magwa Tea Estate		
Free State	Dabulamanzi	2	13
	Spioenkop		
Gauteng	Vaalbank Occupiers (Nkanyiso Trust)	1	2
KwaZulu-Natal	Hlanganani	2	13
	Khanyakude Sugar Estate		
Limpopo	African Indian Veggies	2	7
	Kopano Disabled Primary Cooperative		
North West	Nkaikela CPA	2	13



2.3.3 Key informant interviews



The purpose of these interviews was to get clarity on RECAP conceptualisation, design and implementation. Furthermore, the interviews sought to establish whether there was common understanding among the various stakeholders as regards RECAP objectives and expected outputs.

Data gathered related to role players' views of the role of RECAP, the state of readiness for implementation and level of consultation among various stakeholders, programme design and relevance of objectives, selection criteria for projects and strategic partners/mentors, programme impact in terms of achieving the intended objectives, as well as its sustainability.

Information on government officials and strategic partners/mentors interviewed is provided in Table 12.

Table 12: Officials and strategic partners/mentors interviewed

	Director	Deputy Director	Project Officer	Strategic partner/ mentor
National	1			
Eastern Cape	1	1	3	3
Free State	1	1	2	7
Gauteng	1	1	5	1
KwaZulu-Natal	1	3	4	8
Limpopo	1	1	4	3
North West	1	2	8	4
Total	7	9	26	26

2.4 Data processing and analysis

Two approaches, quantitative and qualitative, were used to process and analyse the data.

2.4.1 Quantitative analysis

The in-depth project questionnaires were analysed through descriptive quantitative analyses, using Excel (and SPSS, where necessary).

Data from the questionnaires were captured into Excel databases. After cleaning and verifying the first draft databases, an overall final database was prepared. This database was subjected to extensive descriptive quantitative analysis, including basic statistics (averages, means, standard deviations, etc.), cross-tabs, pivot tables, etc.

2.4.2 Qualitative analysis

Data gathered from the other interview instruments (key informant interviews, focus groups) were analysed qualitatively and did not involve any statistical analysis.



3. Results of the evaluation

This section presents and discusses the outcome of the evaluation according to the evaluation questions and key themes, as far as was possible. The results of the evaluation are presented by province, where necessary, and for all provinces combined to provide a national picture of RECAP status and performance. It is worth noting that, due to the sampling methods used and the size of the sample, the results may not necessarily apply to all RECAP projects in the country.

3.1 Programme design

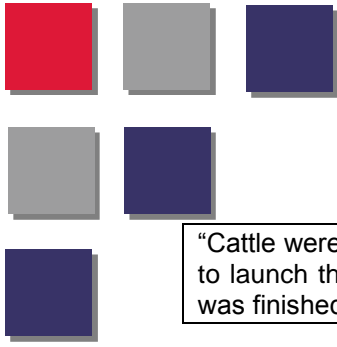
3.1.1 Conceptualisation and implementation of RECAP

RECAP was conceptualised at the national level and promoted in the provinces among RECAP stakeholders through workshops, imbizo's and road shows. Although there is nothing wrong with conceptualising the programme at national level, the view expressed by most provincial government officials was that its implementation was hasty. This view is supported by the fact that, although RECAP was introduced in 2010, the final version of the Policy Framework for the Recapitalisation and Development Programme of the Department of Rural Development and Land Reform" was only approved by the minister on 24th March 2011. Furthermore, the first version (version 1) of the RECAP implementation manual was only approved by the Acting Deputy Director General on 24 January 2012, two years after RECAP started. As at 16 January 2013, DRDLR was still working on the fourth draft of the implementation manual. This is a consequence of the fact that the institutional framework for RECAP implementation was not well prepared at the time of programme implementation. This can be equated to drawing a house plan only once the house is nearly half built.

In some provinces, there was a general feeling among provincial government officials that they were not adequately consulted by the DRDLR on the design and implementation of RECAP. The provincial government officials also stated that they were not well prepared for the implementation of RECAP. Some of the project officers felt that the implementation of the programme was 'hurried' as implementation proceeded before proper structures were put in place, and with staff constraints. In some provinces, government officials indicated that the programme was 'imposed', although briefings on the programme were done at a later stage.

The general view of provincial government officials was that the time between conceptualisation and implementation of RECAP was insufficient. Their expectation was that proper training and orientation on RECAP would occur prior to implementation, particularly because there were various interpretations of the RECAP policy. Some provincial government officials admitted that some training and orientation did take place, but mentioned that this was not adequate.

A strategic partner/mentor in one of the provinces stated the following to illustrate the 'hasty' implementation of RECAP:



“Cattle were bought before there was enough water and fence because the Minister was coming to launch the programme and when some of the important things were to be done, the money was finished”.

One of the questions asked of provincial government officials regarding the design of RECAP was “If there was an opportunity to re-design RECAP, what would you do differently and why?” One of the responses to the question was as follows:

Proper consultations (with provincial government officials) would have to be implemented right from the planning phase to enable proper monitoring and evaluation from an informed position and also ensure the 100% funding for infrastructure (as, often, less than the required amount for infrastructure is provided) and encourage beneficiaries to get loan funding for production from other sources such as commercial banks (currently, beneficiaries dependent on RECAP funding). The funding period would be shortened to one year (from the current five years) to lessen dependency on state funding, improve criteria for identifying qualifying beneficiaries to ensure commitment, strict guidelines for funding, selection of qualified beneficiaries and not just job seekers, and also ensure delegation of authority to approve applications at the provincial level as a way to speed up the approval process.

The opinions of provincial government officials expressed above suggest that they were not afforded sufficient opportunity to participate in the design of RECAP. Furthermore, they felt that RECAP was implemented hastily before they were ready for the programme. This explains why some of the provincial government officials expressed the view that the programme was ‘imposed’ on them.

3.1.2 Procedure followed in launching RECAP in the provinces

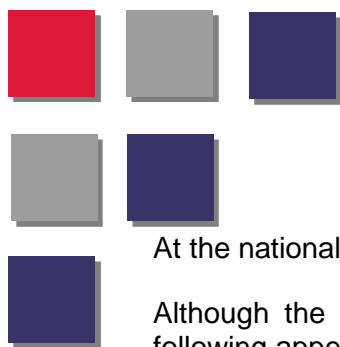
This section outlines the procedure which was followed in launching RECAP in the provinces covered in the evaluation as expressed by the various RECAP stakeholders.

Various methods were used to launch RECAP in the provinces. This ranged from advertisement in national and local newspapers, inviting land reform beneficiaries and potential strategic partners to participate in workshops where they were introduced to RECAP. In addition, DRDLR staff conducted a number of workshops and briefing sessions with strategic partners and beneficiaries at the provincial and district levels to publicise RECAP. In some instances, DRDLR staff visited farmers or made direct contact with them.

The Minister of Rural Development and Land Reform also held imbizo’s/meetings with farmers in the provinces to launch RECAP. In addition, some land reform beneficiaries and strategic partners were invited by the Minister to meetings in Pretoria. In the Free State Province, the sensitisation and mobilisation of farmers (beneficiaries) was done largely by strategic partners who held meetings and braai sessions with beneficiaries allocated to them after they realised that farmers didn’t understand RECAP. In KwaZulu-Natal, DRDLR staff used road shows to publicise RECAP and meetings were held with all stakeholders (land reform beneficiaries, farmers’ unions, NGOs and municipalities).

Organisational structure, staff and their qualifications

The organisational structure of RECAP in the provinces varied as indicated in Table 13.



At the national level, RECAP is managed by a director, assisted by three staff.

Although the organisational structure for RECAP varies from province to province, the following appear to be the main characteristics:

- RECAP does not have a separate delivery structure with its own staff, but relies on staff from other units within DRDLR.

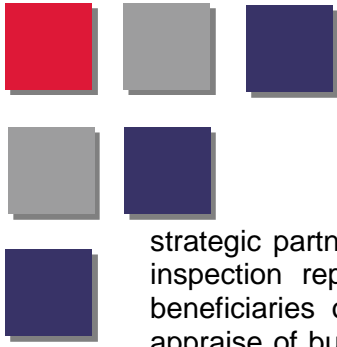
Table 13: RECAP staffing by province

Province	Full-time staff	Part-time staff*	Total
Eastern Cape	1	19	20
Free State	1	5	6
Gauteng	3	17	20
KwaZulu-Natal	0	21	21
Limpopo	0	20	20
North West	1	8	9
Total	6	90	96

* These are full-time employees of DRDLR responsible for duties other than RECAP and assigned to RECAP on a part-time basis.

- All staff dealing with RECAP in the provinces are accountable to the Director for Land Reform in the relevant province. The Provincial Land Reform Director is responsible for overall implementation of RECAP. He/she is assisted by a RECAP Manager and/or RECAP Coordinators or District Project Officers.
- In most provinces, there is a RECAP Manager, reporting directly to the Director for Land Reform in the province. The RECAP Manager is often assisted by a few RECAP Coordinators. In some provinces, he/she is assisted by District Project Officers, who are responsible for RECAP coordination at the district level.
- The RECAP staff complement ranges from three to 20, but a maximum of about three persons are employed on a full-time basis to implement RECAP – the rest have other responsibilities within the DRDLR besides those of RECAP (Table 12).
- The reporting line between provincial RECAP staff and the national RECAP director is not clear. The provincial person responsible for RECAP officially reports to the Director for Land Reform in the province but also has reporting responsibilities to the national RECAP office.
- The Monitoring and Evaluation Directorate at the national level is responsible for monitoring and evaluation of RECAP among other programmes

The academic qualifications of the staff dealing with RECAP at the provincial level range from matric plus additional professional qualification (e.g. diploma or short course) to a master's degree. Areas of specialisation include agriculture (agricultural economics, animal science, plant science, rural development and environmental science), social sciences (humanities, public administration, development economics) and statistics. It is our view that some of the officers, especially those responsible for RECAP at district level, have neither the relevant qualification nor the experience to carry out their responsibilities satisfactorily. Their responsibilities include (a) evaluating of applications and or identification of projects for funding; (b) monitoring project implementation progress and writing of inspection reports; (c) linking beneficiaries with strategic partners/mentors; (d) inform beneficiaries on RECAP policies; (e) facilitation of the drafting of business plans; (f) appraisal of business plans; (g) compiling submissions for funding; (h) monitoring of



strategic partners and mentors (i) monitor project implementation progress and writing of inspection reports; (j) linking beneficiaries with strategic partners/mentors; (k) inform beneficiaries on RECAP policies; (l) facilitating of the drafting of business plans; (m) appraise of business plans; (n) compile submissions for funding; and (o) monitor strategic partners and mentors. To execute these responsibilities requires some agricultural background and substantial skills in terms of project management, financial management, etc. The evaluation established that these skills were generally not in place. As such, it is logical that this will compromise the implementation and success of RECAP.

3.2 Understanding of RECAP

An important objective of the evaluation was to establish whether there is common understanding of RECAP. This section presents the perspectives of the various RECAP stakeholders on RECAP.

3.2.1 Government officials' and project officers' perspective

Overall, government officials interviewed are of the view that there is no common understanding of RECAP and its objectives among all stakeholders. There is agreement among most government officials that there is lack of common understanding of RECAP amongst RECAP staff, beneficiaries and mentors or strategic partners.

The following response from one of the government officials to the question asking whether there was common understanding of RECAP illustrates the point:

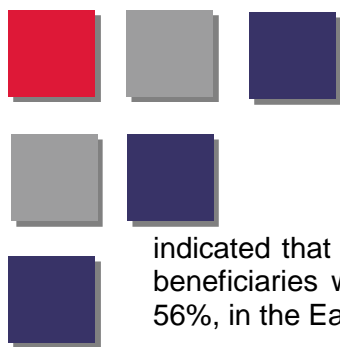
"Absolutely not. Even our own staff don't understand RECAP. Managers in the districts don't understand RECAP due to lack of interest and acceptance as RECAP is an added responsibility".

Those who believe there is no common understanding of RECAP argue that DRDLR is the cause of the misunderstanding as RECAP requirements/instructions are always changed and project officers find themselves having to always go back to beneficiaries to explain and/or update them. Some of the confusion regarding RECAP among its stakeholders may be attributed to failure in the design of the programme to clearly specify the meanings of key concepts used in official documents on RECAP. These include terms like 'farms in distress', 'recapitalisation', 'development', 'commercial farmer', etc.

In some of the provinces, project officers seemed to have a common understanding that RECAP is about making struggling farms become more productive, ensuring sustainability through food production, and creating sustainable jobs. Although many officers emphasized RECAP's role as one of helping distressed farms so that they can improve food production and contribute towards food security, they could not clearly articulate the meaning of "distressed farms".

3.2.2 Beneficiary perspective

Most beneficiaries indicated that they understood RECAP and its funding model (Table 14). Overall, 78% of all beneficiaries indicated that they understood RECAP and 74% of them stated that they also understood the RECAP funding model. The responses of beneficiaries varied from province to province, with Eastern Cape recording 89% of beneficiaries who



indicated that they understood RECAP and North West recording 63%. The proportion of beneficiaries who indicated that they understood the RECAP funding model varied from 56%, in the Eastern Cape, to 87%, in KwaZulu-Natal.

Table 14: Understanding of RECAP – Beneficiary perspective

		Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Total respondents	Number	9	22	10	24	13	20	98
Have not heard about RECAP	Number	0	0	0	1	0	1	2
Understand RECAP	Number	8	18	7	20	10	12	75
	%	88,9	81,8	70,0	87,0	76,9	63,2	78,1
Understand RECAP's funding model	Number	5	17	7	20	9	13	71
	%	55,6	77,3	70,0	87,0	69,2	68,4	74,0

Although most beneficiaries stated that they understood RECAP and its funding model, their responses to specific questions, meant to assess their understanding of RECAP and its funding model, indicated that there is little understanding of these issues. About 89% of the beneficiaries interviewed associate RECAP with funding/capital to be re-injected to revitalize struggling land reform farms (Table 15). Only 12% of the beneficiaries associated RECAP with capacity building and mentorship.

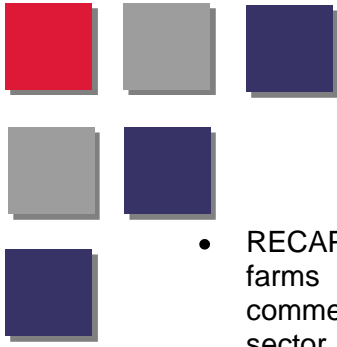
Table 15: Beneficiary perspective on what RECAP is about

		Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Finance	No.	7	20	9	22	11	18	87
	%	77,78	90,91	90	91,67	84,62	90	88,78
Capacity building	No.	0	2	2	0	1	0	5
	%	0	9,09	20	0	7,69	0	5,10
Mentorship	No.	1	3	3	0			7
	%	11,11	13,64	30	0	0	0	7,14
Other	No.	3	3	7	7	1		21
	%	33,33	13,64	70	29,17	7,69	0	21,43
Total		9	22	10	24	13	20	98

3.2.3 Strategic partner/mentor perspective

Generally, strategic partners/mentors seem to have a good understanding of RECAP, as demonstrated by some of their responses to the question of what they thought RECAP was about:

- RECAP is there to fund black-owned farms to make them more viable and profitable.



- RECAP is meant to upgrade and support infrastructure development or land reform farms through financial support, promoting small-scale farmers to become commercial farmers, increasing productivity and creating jobs in the agricultural sector.
- RECAP is funding to make farms productive, profitable and sustainable through promoting partnerships with commercial players.
- The main RECAP objectives are to revitalise struggling farms, enhance production, increase market access, build capacity and make farms sustainable.
- The objective and expected outcomes of RECAP are to find a shorter way of doing proper business in a commercially feasible way and to enhance the knowledge of beneficiaries and improve their skills and the operation of the project.
- The main objectives of RECAP are to empower the beneficiaries through capacity building, achieve sustainability of farms through productivity enhancement and farm commercialisation.

3.3 Selection criteria for participation in RECAP: Beneficiaries and projects

3.3.1 Criteria for identifying and selecting projects

In the RECAP policy document, it is envisaged that the programme will apply to all emerging farmers needing and deserving support. The policy document emphasises that strict conditions will apply to those that qualify to avoid a culture of dependence. However, the document does not tell who qualifies. This seems to be one of the major weaknesses in the programme design in that this was not clearly spelled out and left to the interpretation of officials. Both the policy document and the implementation guidelines are shy in providing detailed criteria for project selection. The only guideline for the selection of projects was specified as follows:

“The RADP will apply to all land reform projects needing support as well as future land acquisitions. This will also cover all categories of property acquired and to be acquired for land reform purposes (including state and public land such as communal areas). It must also be noted that no project will be funded where there are any internal conflicts.”

It is not clear why this is the only detail provided on selection of projects as this suggests that the only criterion for participation in RECAP is that the farm should be a land reform project needing support and there should not be any conflict on the project. Firstly, it may be argued that all land reform farms need some form of support. Therefore, the implication is that all land reform farms qualify and the only selection criterion is whether there is conflict or not. Secondly, it is precisely projects that have experienced conflict that often collapse and, therefore, they are the ones needing the greatest support. Hence, it may be argued that RECAP is avoiding dealing with one of the greatest challenges for land reform in the country.

Having identified a fundamental design flaw in the RECAP, our field work proceeded to understand how government officials in the various provinces operationalised the rather vague selection criteria. The questions related to selection and funding criteria were not only posed to the provincial leadership of DRDLR, but also to strategic partners and beneficiaries. The following sections reflect their perspectives on this matter.



Government officials

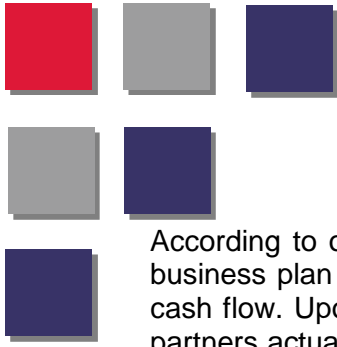


The general conclusion from the interviews with provincial government officials of DRDLR in the Free State was that there were no clear-cut selection and funding criteria – thus, confirming our own assessment presented earlier. According to them, projects for RECAP funding were introduced to DRDLR by strategic partners who had prior contact with land reform beneficiaries in their development programme (e.g. Grain SA). This suggests that strategic partners selected the projects and presented these to DRDLR. In some cases, interested land reform beneficiaries, having heard about RECAP, approached DRDLR regional offices to argue for their inclusion in RECAP. Some projects were identified by DRDLR staff based on their knowledge of the projects.

Some strategic partners indicated that they were provided with a list of potential RECAP farms by DRDLR from which they selected farms to support. The list seems to have included all PLAS projects, suggesting that these may have been selected on the basis of being PLAS projects to the exclusion of other selection criteria. The strategic partners also confirmed that there were no formal selection criteria for the projects. Consequently, it often happened that farmers who should not have been included in RECAP were selected. For example, some of the farmers selected for participation in RECAP were said to be uninterested in becoming commercial, which defeats one of the objectives of RECAP (to graduate small farmers into commercial farmers). This process has created competition among strategic partners for progressive ‘emerging’ farmers as the more farmers they worked with, the more money they generated. In addition, strategic partners preferred not to work with communal farms as they were deemed problematic to work with.

The problem of selecting ‘wrong’ farmers for participation in RECAP is illustrated in the following statement by a Bloemfontein Abattoir mentor:

“RECAP funding is not reaching the target population. It is about who knows who. Most of the beneficiaries really didn’t need support as they are already established while some have no interest in becoming commercial farmers.”



According to other strategic partners, funding was based on a sound business plan. The business plan was prepared by strategic partners, based on a sound feasibility study and cash flow. Upon examining some of the business plans, we observed that some strategic partners actually inflated the budget in their business plans in order to earn more money in the form of the 10% administration fee they qualified for. This observation was also made by some provincial government officials.

All but one of the four provincial government officials in KwaZulu-Natal agreed that projects were selected using a set of criteria which included: distressed farms, black farmers, agricultural assessment, and review of business plans. According to these officials, all land reform projects qualified for RECAP. Therefore, all PLAS farms also qualified. Within the sugar industry, selection was done through strategic partners.

One provincial DRLDR official was of the opinion that the selection of projects was demand driven. Project beneficiaries applied to the DRDLR in the province who assessed the application. In some instances, selection was done by the strategic partners such as sugar millers.

The provincial government officials confirmed that there were clear funding criteria emanating from the RECAP policy document, specifying how funds should be used for input costs, equipment and infrastructure. Farms are assessed before business plans are developed. The allocation of funds to a specific project is dependent on the feasibility and potential of the business plan.

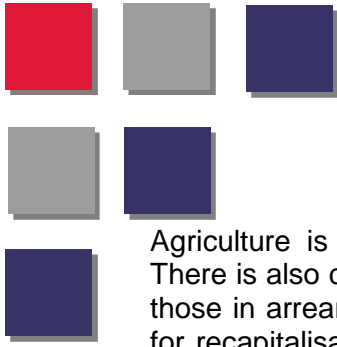
Despite these officials being fairly certain about the funding criteria, they did, however, note that both the selection and funding criteria were not well understood by all stakeholders. For example, selection is done at the provincial level with strategic partners without the involvement of the district officials. The district officials felt that while the criteria for selection and funding were understood by all stakeholders, the farmers ignored them and bypassed the local office and applied directly to the national office. Cases were cited of politicians issuing instructions for farms to be recapitalised without any assessment being done.

A deputy director in KwaZulu-Natal made the following statement to illustrate the problem of farmers communicating directly with politicians to seek their intervention:

“Even though we have sensitised the farmers and they understand RECAP selection and funding criteria, some of them bypass the district and provincial RECAP offices and phone politicians, resulting in ‘pressure from above’.”

The general feeling amongst the project officers in Limpopo was that, initially, the process of identifying and selecting projects for recapitalisation was done in a haphazard manner, but has since improved as assessments are now done in collaboration with the Department of Agriculture. The provincial government officials also shared these sentiments and indicated that, some farms, especially those in distress, are identified through monitoring and evaluation reports rather than only through applications. The mentors were, however, not sure whether these selections were on merit, but believe that the process of identification and selecting farms for participation in RECAP can be improved.

In North West, provincial government officials indicated that RECAP projects are identified based on their (project) needs. In this process, coordination with the Department of



Agriculture is ensured, with district offices also identifying projects for recapitalisation. There is also contact with the Land Bank, to identify financially distressed farms, especially those in arrears. However, some of the officials did not know how projects were identified for recapitalisation, but expressed the view that the RECAP funding criteria are clear and relevant. This was however in contrast with the view of most officials that the criteria are not clear and relevant

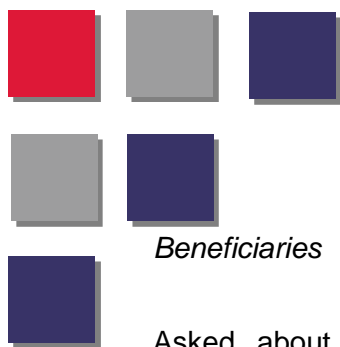
When asked how projects were identified for recapitalisation, the project officers in North West did not demonstrate a common understanding of the selection process. In some of the responses, it was indicated that projects in arrears with the Land Bank and threatened with repossession were given priority for RECAP funding. This is a sensible approach, provided that the assessment was done thoroughly and that there is also a clear analysis of the reasons for being in arrears with the Land Bank commitments. In some cases, it was indicated that the provincial Department of Agriculture played a role in the identification process. A view was also expressed that the identification process is just random, with no specific criteria used and that the decision varies depending on the discretion of the director of land reform in the province. Project officers also expressed a concern that some of the recapitalised projects were identified via instructions from the national DRDLR office, whilst others were identified via district offices. In some cases, project officers do identify the projects for potential RECAP funding during their project visits. There were, however, cases where farmers also made applications for RECAP funding based on their farming needs.

The above clearly shows that there are serious problems with the selection process for beneficiaries and their farms for participation in RECAP. Furthermore, there does not seem to be uniformity in the selection processes for farms and beneficiaries among the provinces included in the evaluation. It is also a concern that some decisions to include farms in RECAP may be made by a government official through processes that are not necessarily transparent. This poses great risks for RECAP in that projects may be selected for reasons other than being in financial distress. Indeed, it is claimed above (by a Bloemfontein Abattoir mentor) that some of the selected beneficiaries did not deserve to be assisted as they were already well established (i.e. they were financially strong).

Strategic partners

The various strategic partners in the RECAP projects were also tested on their knowledge of the selection criteria. Although the majority of the strategic partners/mentors thought the selection was done according specific criteria, only a few could list these criteria and the responses were, in any case, not consistent. One strategic partner responded by saying that projects are identified through an examination of the past history (five years) of the farms. Those showing a decline in production and close to financial collapse are selected and emphasis is given on the farm's needs. Again, this is line with what one would have expected the programme to do but it was never clearly spelled out in the programme design.

There was agreement among all the strategic partners and mentors that the funding criteria were well understood by all the stakeholders. The funding was based on the assessment of business plans by strategic partners. The criteria were well understood by all the stakeholders as they are part of the business plan development.



Beneficiaries

Asked about the criteria used for selecting their farms to participate in RECAP, beneficiaries' responses varied across the provinces as presented in Table 16.

According to the responses of the beneficiaries, the most important criterion was the financial state of the farm and the potential to become successful, if assisted financially. This accounted for 26% of the respondents. It is important to mention that there is a large number (45%) of beneficiaries that indicated that they either did not know the selection criteria or believed such criteria did not exist. This suggests that, for a significant number of respondents, the selection process for projects to participate in RECAP remains unclear. This is particularly the case in Free State and North West.

Table 16: Criteria for selecting farms to be funded by RECAP (as perceived by the beneficiaries)

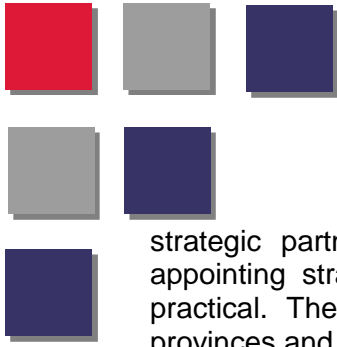
		Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Because it is a PLAS farm	No.	0	1	2	4	2	2	11
	%	0,00	4,55	20,00	16,67	15,38	10,00	11,22
Farm had a good business plan	No.	3	1	3	1	1	0	9
	%	33,33	4,55	30,00	4,17	7,69	0,00	9,18
Farm promised to generate jobs	No.	0	0	1		1	0	2
	%	0,00	0,00	10,00	0,00	7,69	0,00	2,04
Farm struggled financially, showed potential	No.	4	6	0	8	4	3	25
	%	44,44	27,27	0,00	33,33	30,77	15,00	25,51
No criteria	No.	1	8	1	2	1	6	19
	%	11,11	36,36	10,00	8,33	7,69	30,00	19,39
Other	No.	0	6	3	6	4	6	25
	%	0,00	27,27	30,00	25,00	30,77	30,00	25,51
No answer	No.	1	0	0	3	0	3	7
	%	11,11	0,00	0,00	12,50	0,00	15,00	7,14

3.4 Strategic interventions: Strategic partners and mentors

This section evaluates the role of the strategic partners and mentors in the implementation of the RECAP and how they contributed to the success or failure of the programme. The assessment of the selection of strategic partners/mentors and their role will be made against the rules and principles presented in the RECAP guideline documents.

3.4.1 Criteria for identifying and selecting strategic partners/mentors

In contrast to the selection criteria for beneficiaries/farms, the RECAP guideline document was much more specific as to the criteria and the process of selecting and appointing



strategic partners. The document highlights a number of steps and procedures for appointing strategic partners and mentors, which are all fairly clear, to the point and practical. The issue is to determine whether these procedures were followed in all provinces and in all cases.

In the Eastern Cape, potential strategic partners were invited to a meeting in East London and asked to apply for the role of strategic partner for RECAP farms. Those that were interested in taking up this role filled out application forms and those who passed the screening process were appointed and given a list of farms to manage.

Strategic partners in the Free State were selected on the basis of their financial ability and experience in the agricultural sector or in managing a big business. After selection, these companies had to sign a tripartite agreement with DRDLR and the beneficiaries. Mentors, on the other hand, were recruited by the strategic partner based on their qualifications and experience in crop and animal husbandry.

The process of becoming a strategic partner was easy and done through a formal tender process, which involved a briefing meeting and received an invitation to apply. However, the tendering process was loosely applied as was noted by one strategic partner as follows:

"The tendering process was loosely applied as we were not evaluated and there was no timely feedback as to whether we had been successful or not. When we finally heard from the department, we had to sign and amend their (government) pro-forma invoices several times."

In some instances, strategic partners were referred to or just walked into DRDLR offices and submitted applications. Bloemfontein Abattoir, for example, submitted a proposal directly to the Minister on how to get beneficiaries into the red meat value chain. This proposal was accepted. It was also established during the evaluation that most of the strategic partners actually resided and had their offices and beneficiary accounts in Gauteng.

According to the provincial government officials in KwaZulu-Natal, the DRDLR initially followed the normal government procurement process, but were unable to get strategic partners and mentors. DRDLR then resorted to direct sourcing where they approached potential strategic partners like sugar mills, commodity organisations, etc.

As for mentors, they were identified by beneficiaries, through farmer associations and by DRDLR officials. Names of those selected are also forwarded to the national office for accreditation.

In some instances, strategic partners, like Illovo, already had an existing working relationship before RECAP was introduced. In these cases, the impression was that accreditation was just a formality. This was corroborated with information from the strategic partners.

In Limpopo Province, the majority of project officers were of the view that RECAP lacks clear guidelines regarding the selection of strategic partners and mentors, with most mentors or strategic partners being those people who developed the business plans for the



selected farms. Subsequently, they were also appointed as the strategic partners to implement the business plan. This, it is argued, usually results in over-inflating of the business plans because the strategic partner qualifies for 10% of the value of the business plan.

According to the North West provincial government officials, there are two ways of selecting and identifying strategic partners and mentors. The first system is the one where the potential strategic partner or mentor applies for accreditation with the DRDLR and then assigned to projects in line with their fields of specialisation. The second system is where the beneficiaries identify their potential strategic partner or mentor and submit the name to the DRDLR for registration and signing of the assignments.

When we analysed the detailed responses of the project officers around the selection of mentors and strategic partners, 62.5% of the respondents indicated that tenders are usually invited by the national department (i.e. DRDLR) for potential strategic partners and mentors to apply for accreditation. After accreditation, a tender system is used to allocate the strategic partners to specific projects, resulting in such strategic partners being imposed on beneficiaries. Project officers believe this procedure to be the main cause of conflicts between beneficiaries and strategic partners. Some of the project officers indicated that strategic partners and mentors are selected in terms of proximity and expertise, also taking into account their business plans.

3.4.2 Procedure for recruitment and appointment of strategic partners/mentors

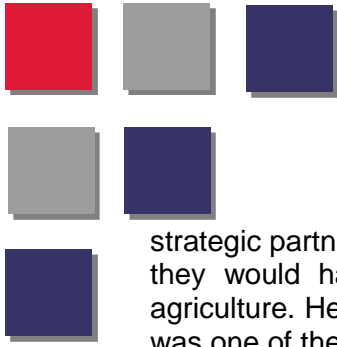
The response by beneficiaries to the question on how strategic partners/mentors were appointed confirmed that a large majority of respondents were of the view that the mentor/strategic partner was 'imposed' by the DRDLR and that the beneficiaries did not have a choice. This was the case for a majority of the respondents in four of the six provinces: 79% in KwaZulu-Natal, 59% in Free State, 54% in Limpopo and 50% in North West (Table 16). It was also mentioned that, in these provinces, the process of appointing mentors/strategic partners was not transparent. It is worth noting that, when RECAP started, strategic partners/mentors were recruited through tenders and their appointment was done by DRDLR, without the involvement of the beneficiaries. This could explain the relatively high percentage of respondents, in some provinces, indicating that strategic partners/mentors were 'imposed' by DRDLR. Currently, beneficiaries participate in the selection and appointment process for strategic partners/mentors.

In Gauteng and Eastern Cape, the process of appointing the strategic partner/mentor appeared to be more open. In the Eastern Cape, 77% of the respondents indicated that the appointment of strategic partners/mentors was their own responsibility. In Gauteng, 60% noted that it was their own responsibility, and 40% emphasised that it was a joint exercise between them and the DRDLR (Table 17).

Based on these responses, there seems to be a problem related to the transparency of the selection process for strategic partners/mentors in some of the provinces. For example, about 50% of the strategic partners and mentors in North West Province did not know how they were selected.

3.4.3 Qualifications and experience of strategic partners/mentors

The RECAP policy and guideline documents are not specific regarding the required minimum qualifications and experience of strategic partners/mentors. However, for



strategic partners/mentors to perform their RECAP duties successfully, it was expected that they would have a good track record as farmers and some formal qualifications in agriculture. Hence, assessing the qualifications and expertise of strategic partners/mentors was one of the areas addressed in the evaluation.

The evaluation established that some of the strategic partners/mentors had a good track record and relevant farming experience, including supporting new black farmers. However, there were many with limited farming experience and with hardly any agricultural qualifications – for example, one of the strategic partners was a dentist, with neither farming experience nor agricultural qualification. However, when it came to the implementation of business plans, both the established and non-established companies/individuals had mixed results. They both recruited mentors to implement business plans. These mentors, in some cases, did not inspire confidence in the farmers that they had the required expertise to advise farmers technically and financially.

The academic qualifications of strategic partners/mentors in some provinces include matric, Diploma in Farm Management, Diploma in Industrial Relations, BTech in Agricultural Management as well as Diploma in Project Management. However, there were provinces in which strategic partners/mentors had relevant expertise and academic qualifications. For example, in KwaZulu-Natal, most of the strategic partners are established sugarcane millers with a good track record in the development of small-scale cane growers. All staff assigned to RECAP projects by strategic partners had tertiary qualifications in agriculture and rural development. In North West province, some of the strategic partners had good managerial experience as well as solid farming experience in various enterprises, such as sheep, cattle, dairy, maize and pastures, cheese making, sunflower, groundnuts and broiler production.

3.4.4 Roles and responsibilities

Following from the interviews with the provincial government officials, it was established that the roles and responsibilities of strategic partners/mentors include assisting farmers in decision making, day-to-day operation of the farms, fund management and transfer of technical skills. Other roles include transfer of financial expertise, disease control, performance monitoring and providing advice. They view the role of strategic partners/mentors as important as they have to capacitate the beneficiaries with skills and knowledge. Although the role of strategic partners/mentors is appreciated, the officials do, however, acknowledge that some of the strategic partners/mentors do not deliver on this role as expected.

In contrast to the positive views of government officials, most of the project officers felt that the role of the strategic partners and mentors was not important as many of them do not have enough experience and basically serve only as procurement agents. It was clear that, in some cases, the beneficiaries were more knowledgeable than their strategic partners and mentors. Again, this reflects a failure in selecting the correct mentor or strategic partner. In reality, some of the strategic partners have been identified as the source of many complaints and are also not coming up with any strategic contribution.

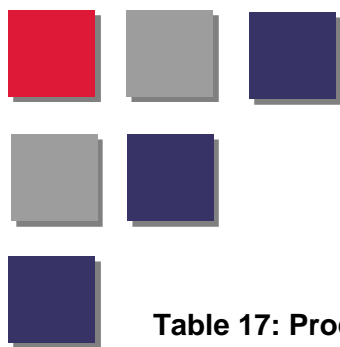


Table 17: Procedure for mentor/strategic partner selection

		Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
By beneficiaries/ participants	No.	4	0	0	1		2	7
	%	44,44	0,00	0,00	4,17	0,00	10,00	7,14
Imposed by DRDLR	No.	1	13	0	19	7	10	50
	%	11,11	59,09	0,00	79,17	53,85	50,00	51,02
Proposed by DRDLR, but we had a choice	No.	0	1	0	0	0	1	2
	%	0,00	4,55	0,00	0,00	0,00	5,00	2,04
My own choice	No.	3	1	6	0	6	2	18
	%	33,33	4,55	60,00	0,00	46,15	10,00	18,37
Open tender	No.	0	2	0	0	0	0	2
	%	0,00	9,09	0,00	0,00	0,00	0,00	2,04
Other	No.	0	5	2	2		0	9
	%	0,00	22,73	20,00	8,33	0,00	0,00	9,18
No answer	No.	1	0	2	2	0	5	10
	%	11,11	0,00	20,00	8,33	0,00	25,00	10,20

A majority of the project officers, in some provinces, are of the view that the terms and conditions of strategic partners and mentors are tilted in favour of the strategic partners. They also indicate that the terms are too lenient and also do not make it easy to challenge the strategic partners in case of maladministration. There are, however, project officers that argue that the terms and conditions are good and clear, giving the beneficiaries an opportunity to participate in the farming operations. There is, however, a feeling amongst project officers that the terms and conditions are not enforced.

Strategic partners/mentors believe that their role is important to the success of RECAP. They believe that their role is to guide the beneficiaries to grow and become independent farmers. They believe that their role is important, especially because beneficiaries do not have the necessary knowledge and would not be able to manage the RECAP funds. Strategic partners/mentors identify the following as their roles and responsibilities: implementation of RECAP according to business plans, capital investment through contribution of own resources, linking farmers to markets, provide access to commercial best practices (technology transfer), empower beneficiaries through technical skills transfer, monitor expenditure according to business plans and ensure sustainability of the farms.

The above indicates that provincial government officials and project officers hold contrasting views about the role of strategic partners. Although this may not be the case in all provinces included in the study, it indicates that there are problems with the roles played by some strategic partners. Their contribution does not seem to be appreciated by some of the project officers and beneficiaries. However, strategic partners themselves and some provincial government officials believe that strategic partners play an important role.



3.4.5 Partner/mentor-beneficiary relationship



Although about a quarter of the beneficiaries considered their relationship with the mentor/strategic partners as equal (this is mainly the case in Limpopo and Gauteng), about a quarter of the projects' beneficiaries emphasised that it was a very hierarchical one, comparing it to an employer-employee relationship. The latter is mainly the case in the Free State where 50% of the beneficiaries note that the mentor/strategic partnership – beneficiary relationship is top-down. Important to pinpoint is a large number of beneficiaries that mentioned that it was purely an advisory relationship (particularly in Limpopo and Eastern Cape) (Table 18).

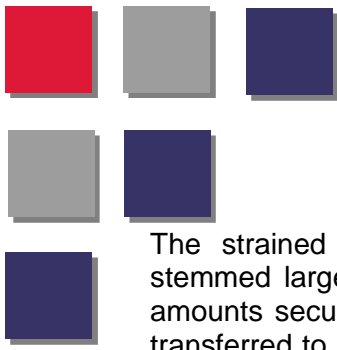
Table 18: Partner/mentor-beneficiary relationship, from a beneficiary perspective

		Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Employer-employee relationship	No.	1	11	1	6	2	1	22
	%	11,11	50,00	10,00	25,00	15,38	5,00	22,45
Equal partners	No.	3	4	4	4	6	6	27
	%	33,33	18,18	40,00	16,67	46,15	30,00	27,55
Advisory/Other	No.	4	6	1	13	4	7	35
	%	44,44	27,27	10,00	54,17	30,77	35,00	35,71
No answer or not applicable	No.	1	1	4	1	1	6	14
	%	11,11	4,55	40,00	4,17	7,69	30,00	14,29

From the beneficiaries' perspective, the employer-employee relationship between beneficiaries and strategic partner/mentor, particularly in the Free State, is related to a transfer of decision making power towards the mentor/strategic partner 'imposed' by the provincial DRDLR. Several beneficiaries complained about this by emphasising that this transfer resulted in inflexibility and loss of autonomy from the beneficiaries' side. Hence, they believe that this has not resulted in their empowerment. One of the beneficiaries stated the following:

"I am not a farmer – I am just keeping the land. The mentor is the farmer and does not even consult me. One day, I found him ploughing a certain section of my land – or should I say his land? I wasn't sure what it was for, how big it would be, and what the costs were – as I am totally excluded from these decisions. It is the same for the project's bank account. I do not have any say regarding the bank account – I cannot even access it. He controls it. I have to sign the cheques – as we both are the signatories – but often I do not even know what I am signing or for how much the cheques are."

The relationship between strategic partners and beneficiaries can be described in many ways and depends, to a large extent, on the specific case and context. Beneficiaries cited cases where they were consulted during the development of business plans in terms of identifying their needs, but afterwards, during the implementation phase, the relationship between strategic partners and beneficiaries tended to be strained and mistrustful in most cases. The relationship with mentors appointed by strategic partners, in most cases, was cordial, friendly, social and informal.



The strained relationship and mistrust between strategic partners and beneficiaries stemmed largely from financial management. Some strategic partners are not disclosing amounts secured. Funds are first deposited in a strategic partner's account before being transferred to a joint account, if there is one. Financial decisions remain the domain of the strategic partner while the farmer mainly rubberstamps the decisions. Many farmers complained that they only see strategic partners when they have to sign cheques.

There seems to be differences between provinces in how the beneficiary/strategic partner relationships develop between provinces. For example, all the strategic partners and mentors in North West province share the view that, on average, the relationship between themselves and the beneficiaries is good. They, however, also concede that there are pockets or cases of serious disagreement which, from time to time, affect the relationship. These are cases where beneficiaries believe that the strategic partners should not monitor financial expenses as this is their grant money from government that they are entitled to. Some beneficiaries believe that the strategic partners or mentors should not enforce compliance to the business plan regarding financial expenditure.

The level of satisfaction of the beneficiaries regarding the present mentors and strategic partners is rather low. On average, only 46% of the beneficiaries are satisfied with their strategic partners/mentors. The proportion of satisfied beneficiaries varies significantly from province to province. For example, the proportions for Free State and Eastern Cape are 32% and 78%, respectively (Table 19).

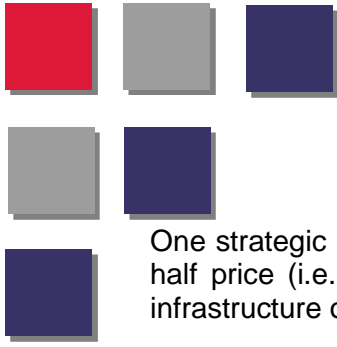
Table 19: Satisfaction of beneficiaries with mentorship/strategic partnership

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Number of beneficiaries satisfied	7	7	4	10	7	10	45
Proportion of beneficiaries satisfied (%)	77,78	31,82	40,00	41,67	53,85	50,00	45,92

3.4.6 Resource contribution by strategic partners

An important component of the philosophy and approach of RECAP was for strategic partners to also make a contribution. This is in addition to their roles of skills transfer to the beneficiaries, establishment of market outlets and linking farmers to their networks, where they are considered to have made a significant contribution in some provinces.

In Free State, while strategic partners were expected to contribute financial resources, there was little evidence that they had done so. Most of the contribution of the strategic partners involved paying salaries of farm workers and mentors. Others provided equipment and other facilities for use by farmers. The biggest contribution is the value-added services provided by the strategic partners, which have a direct bearing on the farm produce and contributed to the value chain and market linkages. These included weighing, packaging and shipping, milling and abattoir services.



One strategic partner in the Free State claimed that his contribution was to sell his land at half price (i.e. an 800 hectare farm at R11 million). However, this piece of land had no infrastructure on acquisition.

In KwaZulu-Natal, within the sugar industry, the strategic partners who are established millers have contributed through bridging finance (interest free), to ensure continuity and productivity on the farms. They have invested in training, increased employment of RECAP staff and intensified extension services. The Gledhow Mill, for example, indicated that they spent R2 million on training and their actual cost of running RECAP is estimated at R4 million. Other resource contributions by strategic partners and mentors are related to administration and transport (extension services).

3.4.7 Remuneration for strategic partners/mentors

Strategic partners in the Free State province were remunerated in different ways based on their service level contracts. They however all received a 10% cost recovery on funds received per project. Some strategic partners (e.g. Grain SA) shared profits equally with the farmers at 35% each and retained 30% for reinvestment.

In the Eastern Cape, Imbumba Beef Production Company gets a management fee and receives dividends from the cooperative. Mentors receive a monthly salary of R2500–R5000 from the government.

There is a general feeling among strategic partners in North West province that the remuneration they are getting is not enough. It is felt that the travelling involved is too much and, although there is no problem with the 10% recovery on costs, strategic partners felt that the 10% share of profits was too little.

According to the beneficiaries, the main reason for strategic partners and mentors to participate in RECAP is the remuneration they receive for engaging in RECAP. Out of 98 respondents, 55 of them or 56% mentioned the financial incentive as the main reason for strategic partners and mentors to participate in RECAP (Table 20). This is particularly the case in the Free State, where 91% of the beneficiaries stated that the mentors/partners strictly engage in RECAP for financial reasons. The financial incentive is stronger in the Free State as mentors are responsible for several farms and have signed five-year agreements with DRDLR. Also, in the Free State, Grain SA received R3.6 million as their 10% cost recovery from R36 million secured for 16 farmers in 2012.

In KwaZulu-Natal, 50% of the beneficiaries stated that a guaranteed supply of produce was the main reason for strategic partners to participate in RECAP. This is related to the sugar cane industry and the necessity for the millers (who in the majority of the cases are the strategic partners) to guarantee their supply of sugar cane.

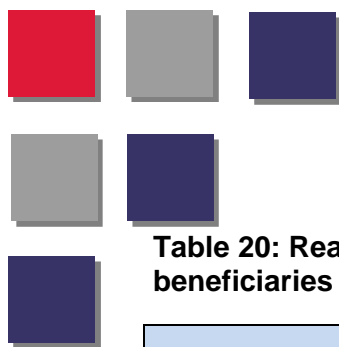


Table 20: Reason for mentor/partner engagement in RECAP, according to beneficiaries

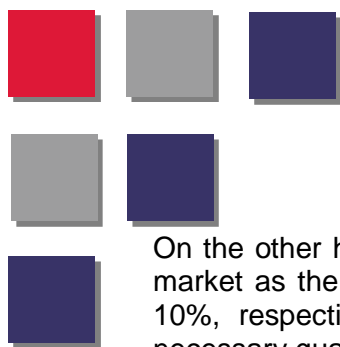
		Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Benefits from Agri-BEE	No.	0	1	2	1	2	0	6
	%	0,00	4,55	20,00	4,17	15,38	0,00	6,12
Financial payment	No.	3	20	4	9	7	12	55
	%	33,33	90,91	40,00	37,50	53,85	60,00	56,12
No benefits	No.	3	0	0	0	1	1	5
	%	33,33	0,00	0,00	0,00	7,69	5,00	5,10
Other	No.	3	0	1	12	3	1	20
	%	33,33	0,00	10,00	50,00	23,08	5,00	20,41
No answer/not relevant	No.	0	1	3	2	0	6	12
	%	0,00	4,55	30,00	8,33	0,00	30,00	12,24

Table 21: The roles of the mentors/strategic partners, according to beneficiaries

		Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Funding	No.	1	3	1	9	1	1	16
	%	11,11	13,64	10,00	37,50	7,69	5,00	16,33
Providing technical expertise	No.	7	11	4	11	8	4	45
	%	77,78	50,00	40,00	45,83	61,54	20,00	45,92
Farm management	No.	3	8	3	3	2	2	21
	%	33,33	36,36	30,00	12,50	15,38	10,00	21,43
Provide output markets	No.	2	3	3	12	3	0	23
	%	22,22	13,64	30,00	50,00	23,08	0,00	23,47
Providing input markets	No.	0	1	1	8	0	0	10
	%	0,00	4,55	10,00	33,33	0,00	0,00	10,20
Other roles (monitoring, etc.)	No.	1	9	0	11	0	5	26
	%	11,11	40,91	0,00	45,83	0,00	25,00	26,53

3.4.8 Beneficiary views on the role of strategic partners/mentors

Beneficiaries were requested to indicate what they considered to be the main roles of strategic partners and mentors in RECAP. As expected, the main roles identified by the beneficiaries were to transfer skills and training: 46% of all the interviewed beneficiaries noted the role of the mentor/strategic partner was related to technical skills transfer, 21% of all the interviewed beneficiaries linked them to farm management capacity and training (Table 20). Another 23% of the interviewed beneficiaries considered provision of output markets as the main role of strategic partners and mentors.



On the other hand, the proportions of beneficiaries indicating provision of funds and input market as the main roles of strategic partners and mentors were rather low, at 16% and 10%, respectively. Again, this is related mainly to the sugar cane industry and the necessary guaranteed provision of raw sugar cane.

Beneficiaries were also asked to indicate their level of satisfaction with regard to the roles played by strategic partners and mentors. Overall, the level of satisfaction is low: 67% of the beneficiaries were satisfied with the role played by strategic partners and mentors (Table 22). There is, however, a high degree of variability between the provinces regarding the satisfaction of beneficiaries with the role of mentors/strategic partners. For example, only 27% of beneficiaries in the Free State were satisfied with the role of mentors/strategic partners while the proportions for Eastern Cape and Gauteng were 80% and 100%, respectively.

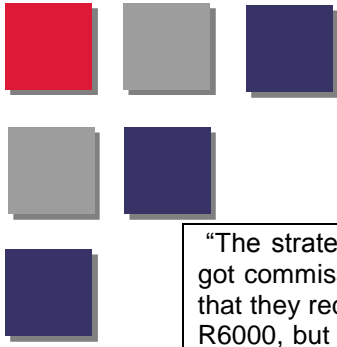
Table 22: Beneficiaries' satisfaction level regarding mentor/strategic partners' role (in percentage)

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Funding	100	0	100	80	100	-	76,00
Providing technical expertise	100	30,77	100	42	50	75	66,24
Farm management	100	50	100	75	50	50	70,83
Provide output markets	100	66,67	100	75	100	-	88,33
Providing input markets	-	0	100	88	-	-	62,50
Other skills (monitoring, etc.)	0	16,67	-	57	-	28,57	25,59
Overall satisfaction	80,00	27,35	100,00	69,00	75,00	51,19	67,15

*Blank cells mean that the strategic partner/mentor did not perform the particular role in the province and, therefore, no satisfaction level for beneficiaries was indicated.

An analysis of the responses of beneficiaries to the question of whether they were satisfied with strategic partners and mentors with regard to specific roles (e.g. funding, provision of markets, etc.), shows that they were least satisfied with the role of mentors and strategic partners in providing input markets (Table 22). Again, provincial differences in the level of satisfaction are evident, especially regarding technical and managerial skills transfer. Beneficiaries in the Free State seem to have the lowest level of satisfaction with regard to technical skills transfer and management training, scoring only 30% and 50% respectively. These results reflect the dissatisfaction of beneficiaries with the dominant role played by mentors and strategic partners in the Free State (i.e. total transfer of decision making and management to strategic partners/mentors).

Some beneficiaries in the Free State indicated that they could not trust their strategic partners as they never disclosed the amount of RECAP funds received and were rarely on the farms unless they wanted cheques signed. According to some beneficiaries, some mentors were not qualified and had little to offer in terms of skills transfer. Some beneficiaries simply viewed strategic partners as playing the role of agents. One farmer had the following to say:



“The strategic partner is behaving like an agent, getting commission on everything. They first got commission on the amount I was awarded. Then when they were buying cattle, I found out that they received R2500 for every cow they bought. The seller told me that the actual price was R6000, but they told me it was R8500. I stopped them from buying animals for me. Since then, they don’t come to my farm anymore.”

Some farmers feel trapped within RECAP through the strategic partners and believe their full potential is not being realised.

“I can’t plant unless I ask them but, at the same time, I have signed cheques and agreed on the planting schedule but the strategic partner has disappeared. Hence, I was not able to plant this year.”

Other beneficiaries were not happy with the ‘communal’ farming approach employed by some strategic partners, where farming equipment was owned communally. They indicated that the availability of such equipment was not reliable and beneficiaries/farmers were either delayed or missed farming seasons as they waited for their turn.

“Last year, I missed a whole planting season because the tractor came late after the moisture had dried, so I couldn’t till the land. This year I have impounded the tractor. This one now belongs to me. Surprisingly, no one has come to claim it. I now use it for my other farming activities.”

Cases of intimidation and threats by strategic partners were reported by some of the beneficiaries, where farmers were threatened to be thrown out of RECAP by strategic partners. This was common with some strategic partners in the Free State. Hence, farmers felt so trapped and, because they needed help, could not raise their concerns lest they are kicked out of RECAP. One of the farmers had the following to say:

“I’m just waiting for the five years to finish so that I can be on my own again. Every time I go to bed, I pray that I can wake up and find this RECAP process completed.”

3.5 Business plan development and implementation

3.5.1 *Process of business plan development*

Results regarding the development and design of the business plan, and ultimately of the project, vary according to province as indicated in Table 23. Although about 26% of the beneficiaries noted that they did engage in the development of their business plan and project, this was not the case for all the provinces.


Table 23: Process of developing business plans

		Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Myself	No.	1	1	5	1	2	5	15
	%	11,11	4,55	50,00	4,17	15,38	25,00	15,96
Beneficiaries/participants	No.			1	1	2	2	6
	%	0,00	0,00	10,00	4,17	15,38	10,00	6,38
Myself and DRDLR	No.				1			1
	%	0,00	0,00	0,00	4,17	0,00	0,00	1,06
Myself and mentor/strategic partner	No.		5	1	2	2	1	11
	%	0,00	22,73	10,00	8,33	15,38	5,00	11,70
Negotiated between all parties, including the beneficiaries	No.	6	5	1	5	1	2	20
	%	66,67	22,73	10,00	20,83	7,69	10,00	21,28
DRDLR beforehand and imposed	No.	1	2	2	1	5	7	18
	%	11,11	9,09	20,00	4,17	38,46	35,00	19,15
Mentor/strategic partner	No.		3					3
	%	0,00	13,64	0,00	0,00	0,00	0,00	3,19
DRDLR and the mentor/strategic partner and imposed	No.		6		3		1	10
	%	0,00	27,27	0,00	12,50	0,00	5,00	10,64
Mentor/strategic partner and consultant	No.				3			3
	%	0,00	0,00	0,00	12,50	0,00	0,00	3,19
Consultant	No.				5	1		6
	%	0,00	0,00	0,00	20,83	7,69	0,00	6,38
Department of Agriculture	No.						1	1
	%	0,00	0,00	0,00	0,00	0,00	5,00	1,06
Other/No answer	No.	1			2		1	
	%	11,11	0,00	0,00	8,33	0,00	5,00	0,00
Total	No.	9	22	10	24	13	20	94
	%	100,00	100,00	100,00	100,00	100,00	100,00	100,00

In the Eastern Cape, business plans were prepared by strategic partners or mentors, in consultation with beneficiaries in all the farms, except Magwa Tea Factory, where beneficiaries were not aware of RECAP.

In the Free State, business plans were mainly prepared by the strategic partners. The level of consultation was limited to the farmer being asked about his/her farming needs. In some instances, strategic partners just developed proposals for the farmers without involving them. Some farmers couldn't tell how much they had been awarded or what they had requested in the proposal as they had not been part of the process.

The business plan development process within the sugar industry in KwaZulu-Natal was a consultative process between the stakeholders. The identification of projects was done by the millers while the assessment and development of business plans was done by the South African Cane Growers Association, who engaged with the beneficiaries. The implementation of the business plans is done by the millers, who are the strategic partners. In other enterprises, business plans were developed by the strategic partners or mentors.



3.5.2 Quality of business plans



Although there have been varying approaches to the development of business plans, from full participation by the beneficiary to complete dominance by mentors or strategic partners, the quality of the business plans leaves much to be desired. A review of the business plans approved for funding of the “recapitalised” projects or farms revealed glaring omissions. Almost all business plans approved did not meet the minimum requirements expected of a funding business plan, and it is not clear how, and the basis on which funding was approved. Apparently, DRDLR does not have a sample template business plan to guide the development and approval of business plans “for their funding”. Amongst others, the following key decision making aspects are generally not addressed in the business plans:

- Critical success factors: Any business plan aimed at addressing the “distress” position of a business entity must clearly identify the critical success factors that must be corrected or put in place to unlock the “blockage” or potential of the business in order to ensure recapitalisation and ultimate development of production activities. These constitute the pre-condition to take-off and the ultimate business sustainability.
- Break-even analysis: It is important and, in fact, a must that any business plan intended to recapitalise any operation and or farming enterprise should identify the break-even point as this is the only measure that will guide the level of effort needed to get the undertaking “out of distress”. Recapitalisation is only achieved when the income is able to cover the operations costs. Any rescue mission or recapitalisation effort should lay a foundation that ensures the achievement of a break-even point within a reasonable space of time, depending on the various farming enterprises.
- Sustainability and risk analysis: there is no effort in the approved business plans to conduct sensitivity analysis, so as to guide the level of contingency allowances and risk measures to be taken. Any deviation from expected yields or market prices may greatly affect the overall profitability and ultimate recovery of the funded projects. Dry land maize farming in North West is a case in point. Similarly, export oriented enterprises may be affected by various international treaties or protectionist practices in the importing countries.
- Cash-flow analysis: It is of utmost importance that the cash flow and the farm budgeting be indicated to substantiate funding as most of the agricultural enterprises have long incubation periods. Livestock and subtropical production are cases in point, let alone forestry plantations. A cash-flow analysis will thus guide farm budgeting as well as identify periods needing “bridging” finance and the subsequent implications for interest and/or other bank charges, etc.
- Farm profits: The business plans as approved seem to treat enterprise gross margins and farm profits as synonyms. This is a serious mistake, creating false impressions and may raise unrealistic expectations. It is imperative that fixed and other overhead costs, such as farm rentals or lease, be accounted for in order to establish the true farm profit. This aspect becomes extremely important when viewed against the fact that the RECAP funding model that the projects will make a profit of not more than 20% of the second year’s requirements in year one, and 40% profit contribution towards the third-year funding requirements, etc.



3.5.3 Business plan approval process



In some provinces, proposals are screened by a selection committee. Approval varied in terms of the waiting period. Some approvals were faster while others took long. Some farms were still awaiting approval of their RECAP proposals as their initial funding had been the 25% of the approved budget. According to one strategic partner, it took six months to complete the approval process.

Currently, all business plans or funding appraisals are handled at the national level. The provincial administrations are limited to the processing and verification of beneficiaries' needs and also guiding in respect of certain aspects of the business plans or funding requirements and thereafter a recommendation is made to the national office. Although this seems to be the responsibility of the RECAP deputy director at the provincial level, who is assisted by project officers, not all the provinces have deputy directors for RECAP (e.g. Limpopo and KwaZulu-Natal). This seriously affects the capacity of the provinces to handle the workload, both in terms of quantity and quality, especially where the majority of the staff seconded to RECAP do not have the necessary expertise to review business plans.

Referral to the national office for funding approvals, irrespective of the amounts involved, usually results in delays. This affects RECAP's ability to respond to farming needs. Lack of delegation to the provinces with respect to funding approvals does, therefore, bring into question the issue of responsibility and accountability over RECAP performance and overall efficiency.

3.5.4 Support requested vs support provided

Besides the beneficiaries who were not affected by the question (because their projects were not recapitalised yet or business plan not yet processed) a large number did not provide the information on whether they received the financial support requested (25.51% in total). This was particularly the case in the Free State (41%) (Table 24).

Table 24: Outcome regarding requested funding

		Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
No	No.	4	9	7	11	9	13	53
	%1	44,44	40,91	70,00	45,83	69,23	65,00	54,08
	%2	66,67	69,23	77,78	55,00	90,00	86,67	72,60
Yes	No.	2	4	2	9	1	2	20
	%1	22,22	18,18	20,00	37,50	7,69	10,00	20,41
	%2	33,33	30,77	22,22	45,00	10,00	13,33	27,40
No answer/does not know	No.	3	9	1	4	3	5	25
	%	33,33	40,91	10,00	16,67	23,08	25,00	25,51

* %1 = Percentage of total number of beneficiaries interviewed (in the province)

* %2 = Percentage of number of beneficiaries affected by RECAP funding

Of all beneficiaries who received funding, representing about 20% of all beneficiaries interviewed, only 27% of them received all the financial support requested. The proportion



of beneficiaries receiving the full amount requested ranged from 8% in Limpopo to 37.5% in KwaZulu-Natal. The large majority of beneficiaries (54% of total sampling or even 73% of those affected by RECAP funding) did not receive the total amount of the financial support requested. In most, if not all, of the cases, a business plan is prepared but the amount requested is reduced (often without consultation with the beneficiaries). Out of those who did not receive the total amount requested, four (all in Limpopo) responded that they did not receive any funds (although their project was approved). The reasons given for the latter were (i) a lack of funding in Limpopo; and (ii) administrative inefficiency in North West. This issue regarding not receiving the full amount requested questions the efficiency and capacity of the RECAP project; it also links up with questions related to the financial feasibility of the projects funded as the latter are not based on solid business plans and financial/economic perspectives.

Table 25: Requested and received capacity building or mentorship

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Capacity building requested*	0	2	2	0	1	0	5
	0	10,53	22,22	0	16,67	0	6,41
Capacity building received**	-	1		-		-	1
	-	50	0	-		-	20
Mentorship requested*	1	3	3	0	0	0	7
	16,67	14,29	33,33	0	0	0	8,86
Mentorship received**	1	2	1	-	-	-	4
	100	66,67	33,33	-	-	-	57,17

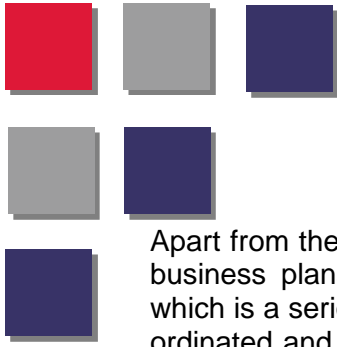
* Percentage per total interviewees;

** Percentage per beneficiaries requesting capacity building or mentorship support

The contrast with other types of support requested is significant, as only a few beneficiaries did effectively request for capacity building support or mentorship in their business plans. Only 12 out of the 98 (i.e. 12%) beneficiaries interviewed effectively mentioned requesting technical and managerial support (Table 25). The large majority of these requests were in Gauteng. Out of these 12, only five indicated that they had received the technical and managerial support requested.

3.5.5 Business plan implementation

The strategic partners and mentors are responsible for implementing business plans. They manage RECAP funds. Mentors are signatories to bank accounts and are responsible for financial reporting to the DRDLR. Mentors implement business plans together with beneficiaries. In some instances, strategic partners appointed farm managers to be based on the farm full time while, in most cases, they visited the farms regularly. There are varying levels of consultation with beneficiaries by strategic partners and mentors in the implementation of business plans across the provinces. In all the provinces, late disbursement of funds was cited by farmers and strategic partners to have caused delays in the implementation of business plans.



Apart from the delays in the approval of funding and ultimate impact on disbursement, the business plans as approved do not have implementation schedules or GANTT charts, which is a serious omission. A well-defined implementation plan does not only ensure a co-ordinated and structured approach to project implementation, but forms the basis for cash flow budgeting as much as it guides the release of funds. The identification of the critical path ensures a timeous and successful implementation of the project whilst ensuring that the first-things-first principle is observed and thus avoiding an all-dressed-up-but-nowhere-to-go situation. It ensures that all ducks are lined up in a row.

The business plans do not differentiate recapitalisation funding requirements from development and growth funding requirements. This situation creates a high risk for either under-capitalisation or over-capitalisation of projects and possible wasteful expenditure. It is of utmost importance that any request for funding clarifies the intended use for funding, that is, whether it is for recapitalisation or farm development purposes.

3.6 Capacity building for beneficiaries

3.6.1 *Technical (farming) knowledge and skills*

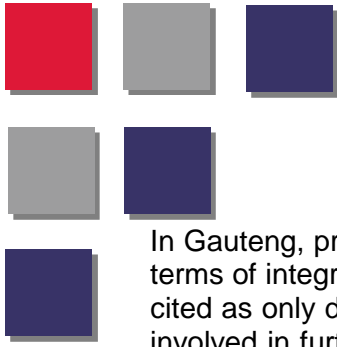
Most of the skills transferred to beneficiaries were technical skills. In the Eastern Cape, technical skills transferred were in citrus, maize, tomato, cattle and small stock farming. Also transferred were financial management skills. In the Free State, the technical skills transferred to beneficiaries were in both livestock and crop production. Other skills transferred included daily planning, stock count and income and expenditure capturing. Mentors also played advisory roles advising farmers on their financial expenditure.

In terms of farm management, the majority of project officers in Limpopo province feel that mentors have not made a significant improvement as the level of skills transfer is low. The provincial government officials are also of the view that impact on farm management is not good enough, although there is a continuous transfer of skills, albeit to a lesser level. However the mentors believe that there has been an improvement, although not everything went according to plan. They maintain that beneficiaries are beginning to realise that they must also get involved. The enhancement of ownership, enabling the small-scale emerging black farmer to compete with established white commercial farmers as well as enabling control over funds by the beneficiaries, together with the mentor, has been identified by the mentors as the unique contribution of RECAP compared to the preceding land reform process.

There is a unanimous agreement amongst the North West provincial government officials, that beneficiaries have had their technical farming skills improved. It has been indicated that most of the farms which were lying fallow have now come into production whilst committed beneficiaries have increased agricultural productivity.

3.6.2 *Marketing knowledge and skills*

Beneficiaries received practical skills in buying and selling, including record keeping. In some cases, they accompanied strategic partners to auctions and acquired negotiation skills.



In Gauteng, provincial government officials were of the opinion that little had taken place in terms of integrating the beneficiaries into the value chain. Maize farmers/beneficiaries were cited as only delivering their produce to Senwes and, thereafter, they are no longer getting involved in further processing. On the other hand, most project officers in Gauteng believe that, albeit to a lesser extent, beneficiaries have access to markets for their products and are also being integrated into the value chain.

Provincial government officials in Limpopo are of the view that beneficiaries of RECAP have succeeded in having their products integrated into the value chain, although the access was limited. Project officers had varying views. Some officers felt that integration of beneficiaries' products into the value chain was still low. Others stated that integration had not yet been realised, although some beneficiaries were preparing to enter the dried fruit market. Other project officers were of the view that integration had taken place to a greater extent as some broiler farmers are already delivering to Rainbow Chickens, although the mentors are the ones who are collaborating and integrating with the markets.

Provincial government officials in North West indicated that none of the beneficiaries has so far had access to markets for their products to be integrated into the value chain as these beneficiaries are still at the primary production level.

3.6.3 *Involvement in decision making*

The level of beneficiary participation in decision making varies according to province, type of partnership and activity. In the Eastern Cape, some strategic partners (e.g. Bono) make all decisions regarding production and financial management. Beneficiaries are farm workers who receive a salary and are, therefore, not consulted or involved in decision making. For example, in the case of Bono, even though two of the beneficiaries are members of the management board, they are not involved in the day-to-day decision making. However, there are cases where beneficiaries are consulted by strategic partners on production matters, although there is little consultation on financial issues (e.g. Imbumba Beef Production Company). Mentors in the Eastern Cape involve beneficiaries in decision making on both production and financial issues.

Farmers were involved in crop and animal production decisions in the Free State. However, financial decisions remained the domain of the strategic partners. There were cases where strategic partners acknowledged the expertise of the beneficiaries and mandated them to work independently, such as purchasing of cattle.

There is a divided opinion among mentors in Limpopo as regards collaboration and participation in activity planning among DRDLR, partners and beneficiaries. The majority of mentors are of the opinion that activity planning is both participative and collaborative, whereas a minority view exists to the effect that there is too much hurry to spend on the part of DRDLR.

Although there is common understanding that the RECAP has achieved an average to high level of participation and collaboration among DRDLR, partners and beneficiaries, there is also an acknowledgement that there is still room for improvement as cases of some beneficiaries complaining that there was no participation have been reported in North West province.

The beneficiaries who participated in focus group discussions in North West province indicated that they do participate in decision making. They participated in decisions



regarding financial expenses, execution of tasks on the farm, as well as the leasing of the farm to other users. But the beneficiaries indicated that there was no participatory and collaborative process in activity planning, especially with regard to getting quotations for purchases, and that they were only expected to sign invoices.

3.7 Contractual arrangements

In order to ensure proper implementation of RECAP and improve its effectiveness, DRDLR established a set of contractual agreements binding the various stakeholders and/or role players involved in RECAP implementation. These agreements are intended to specify and clearly outline the role and obligations of the various partners.

3.7.1 *Tripartite agreements*

The relationship between the different partners is formalized between the DRDLR, the beneficiary and the mentor/strategic partner. The latter is also paid by the DRDLR (sometimes directly, at other times this was budgeted in the framework of the projects' business plan) and, in some cases, only for the first year.

The tripartite agreement is insufficient as it doesn't specify roles and responsibilities (code of conduct) for the various parties.

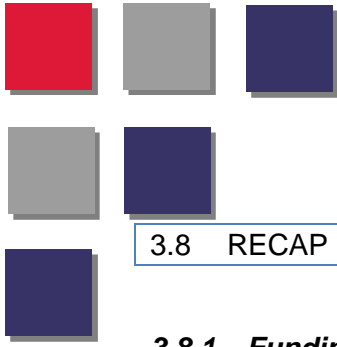
Most of the project officers are of the view that the terms and conditions of mentors and strategic partners need to be reviewed with the view of having mentors on a full-time basis. On the other hand, the provincial leadership expressed satisfaction with the terms and conditions of mentors and strategic partners, although they expressed a concern over the non-adherence in terms of implementation.

Generally, strategic partners and mentors did not have any problems with the partnership/mentorship agreements, but would like the spending periods of funds granted to be relaxed so that there can be sufficient time for beneficiaries and strategic partners/mentors to know each other. This would avoid situations in which funds are not used appropriately due to mistrust. Funding should also be aligned to the production cycles and mentors allowed to do necessary adjustments.

The view of some strategic partners is that the contracts are unilaterally drawn to protect the government. They claim that the contracts even make it impossible for strategic partners to replace their staff assigned to RECAP projects without government approval.

Some strategic partners mentioned that the contracting process took too long to be completed. One strategic partner mentioned the following:

"Contracting took six months and was not a clear-cut process. Some strategic partners received good contracts. Beneficiaries were made to sign and re-sign several contracts before the final one."



3.8 RECAP Funding and Spending

3.8.1 Funding of RECAP

The annual budget for RECAP is equivalent to 25% of DRDLR's baseline land redistribution and restitution of land rights budget (2013a). During the 2012/13 financial year, the RECAP budget amounted to R821 038 million (i.e. 25% of R3 284 152 million). Information on RECAP spending per province, excluding the amount for land acquisition, for 2009 to 2013 is presented in Table 26. The largest proportion (19%) of the total RECAP spending between 2009 and 2013 was on projects in North West, followed by Mpumalanga (18.5%), Free State (14%) and KwaZulu-Natal (11.5%). Western Cape had the smallest share (4.4%) of total RECAP spending during 2009-2013.

Table 26: RECAP spending by province for 2009 to 2013, excluding land acquisition (Rands)

	2009/2010	2010/2011	2011/2012	2012/2013	Total	Percentage
Eastern Cape	2 463 090	17 456 755	16 393 746	77 715 406	114 028 999	9.88
Free State	1 636 328	52 550 018	28 994 778	80 822 434	164 003 560	14.21
Gauteng	404 380	8 633 211	2 301 770	50 691 793	62 031 156	5.57
KwaZulu-Natal	1 518 822	46 126 869	31 645 657	53 285 158	132 576 507	11.49
Limpopo	2 294 080	54 542 419	20 255 127	66 600 497	143 692 125	12.45
Mpumalanga	2 226 153	21 267 700	37 734 033	152 044 240	213 272 128	18.48
Northern Cape	713 361	8 269 336	15 231 829	31 346 933	55 561 461	4.81
North West	1 709 682	23 381 285	107 983 961	85 156 298	218 231 227	18.91
Western Cape	4 032 885	22 552 473	R 1 561 951	22 332 235	50 479 545	4.37
National	16 998 7857	254 780 070	262 102 857	619 994 998	1 153 876 712	100

Source: DRDLR (2013b)

Table 27: RECAP spending per project by province, excluding amounts for land acquisition

Province	Expenditure of Year 2009/2010	Expenditure for Year 2010/2011	Expenditure of Year 2011/2012	Expenditure for Year 2012/2013
Eastern Cape	R 153 943.17	R 306 258.86	R 482 169.02	R 1 942 885.17
Free State	R 272 721.41	R 625 595.46	R 1 208 115.77	R 1 719 626.27
Gauteng	R 67 396.81	R 128 853.91	R 230 177.08	R 1 126 484.30
KwaZulu-Natal	R 253 137.05	R 542 669.06	R 2 218 593.99	R 1 973 524.37
Limpopo	R 208 552.73	R 404 017.93	R 495 722.20	R 1 707 705.06
Mpumalanga	R 318 022.00	R 295 384.72	R 1 986 001.78	R 3 620 100.96
Northern Cape	R 101 908.83	R 250 585.95	R 13 451 912.06	R 1 253 877.34
North West	R 81 413.44	R 281 702.23	R 1 882 646.51	R 3 702 447.78
Western Cape	R 310 221.92	R 683 408.29	R 223 135.94	R 1 395 764.69
National	R 196 368.60	R 390 941.82	R 2 464 274.93	R 2 049 157.33

Source: DRDLR (2013b)



The average spending per project for all RECAP projects since 2009/10 is outlined in Table 27. Average spending per project, nationally, was about R2 million for 2012/13, increasing from about R390 000 in 2010/11. Average spending per project for 2012/13 was highest in Mpumalanga (R3.6 million) and lowest in Gauteng (R1.1 million). The amount spent per project has been rising since 2009/10 for most provinces and the increase was particularly significant between 2011/12 and 2012/13.

Table 28: RECAP expenditure per programme/grant type for financial years 2009/10-2012/13 by province

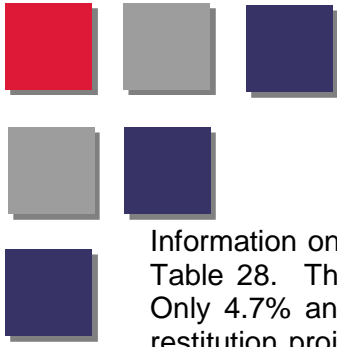
Programme/Grant type	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	Northern Cape	North West	Western Cape	National	%
LRAD	25840935	36289123	10758668	45197064	107542548	25275750	27164725	128928403	30900216	437897435	37.95
PLAS	39054424	107773929	46807012	57174252	19545430	98183800	20577153	25733482	19362341	434211826	37.63
Commonage	3300000					1522964		15003148		19826112	1.72
State land	0						4720365	0		4720365	0.41
Irrigation schemes	33248235			2016480	2780434					38045149	3.30
LRAD/SLAG			2508831	4052967						6561798	0.57
LASS				436431						436431	0.04
Private					230003					230003	0.02
PG	424125									424125	0.04
SPLAG	177953		1553850	5982087				472205		8186096	0.71
SLAG	941246	8153050	388795	3790620		36830695	3099217	976257	216987	54396870	4.71
Restitution	11000000	10298126			6516500	46709102		0		74523728	6.46
TBC	42080	1489330	14000	13926603	7020664	4749815		47117730	0	74360224	6.44
Total	114028999	164003560	62031156	132576507	143635581	213272128	55561461	218231227	50479 545	1153820168	100
%	9.88	14.21	5.38	11.49	12.45	18.48	4.82	18.91	4.37		

Source: Compiled based on DRDLR (2013b)

Table 29: Number of RECAP projects funded by province and funding category for 2009-2013 (excluding amounts for land acquisition)

Funding category (R)	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	Northern Cape	North West	Western Cape	Total
0	14	43	30	24	15	49	13	55	7	250
1 - 99 999	37	41	40	31	33	25	27	55	15	304
100 000 - 200 000	15	26	20	7	18	20	4	17	5	132
>200 000 - 500 000	18	27	9	36	53	18	10	18	5	194
>500 000 - 1 000 000	19	3	10	28	33	16	2	11	11	133
>1 000 000 - 2 000 000	15	11	11	12	8	19	5	7	6	94
> 2 000 000 - 5 000 000	9	19	9	11	12	12	12	23	7	114
>5 000 000 - 10 000 000	2	3	1	4	5	7	1	5	1	29
> 10 000 000	2	3	0	3	1	6	0	4	0	19
Total	131	176	130	156	178	172	74	195	57	1269

Source: Compiled based on DRDLR (2013b)



Information on RECAP expenditure by land reform grant type and province is provided in Table 28. The bulk of expenditure is on LRAD (37.95%) and PLAS (37.63%) projects. Only 4.7% and 6.5% of the total funding for RECAP projects was spent on SLAG and restitution projects, respectively. PLAS projects seem to receive preferential treatment in terms of funding. For the 2013/14 financial year, North West province was allocated R86 million for funding of PLAS farms and an initial allocation of R70 million for LRAD farms, which has since been readjusted down to R40 million. On the other hand, during the financial year 2012/13, Gauteng province received a R60 million allocation for LRAD and R93 million for PLAS but ended up overspending by R24 million on LRAD and R127 million on PLAS projects. Understandably, for the 2013/14 financial year, Gauteng province has allocated only R35 million for LRAD farms as against R93 million for LRAD farms. This policy bias may partly explain why PLAS farms or projects have spent almost the same amount of funds as LRAD projects (37.95% and 37.63%) nationally despite the fact that PLAS projects are 36.5% of land reform projects portfolio as against 47.4% of LRAD farms.

Table 29 presents information on RECAP projects funded and not funded for the period 2009/10-2012/13 in all provinces. The amount of funding does not include funding of land acquisition. Out of the 1269 RECAP projects, 250 did not receive any funding during 2009/10 to 2012/13 for recapitalisation and development. Therefore, it is not clear why such projects are regarded as RECAP projects. Excluding these projects from the list of RECAP projects leaves only 1019 projects that have been recapitalised since RECAP's inception. Of the 1019 projects, 304 received funding of less than R10 000 since RECAP was launched.

In the case of RECAP projects included in our sample, the average amount requested from DRDLR per project as per the business plans is R5.653 million (Table 30). A total of R373 million was requested for the farms in the sample. However, the average amount requested per project varies widely among the six provinces included in the evaluation. This reflects significant differences in how the funds are managed or the type of enterprises that are being focused on in the provinces. The six provinces can be divided into three categories on the basis of the average amount requested per project: (1) Eastern Cape and KwaZulu-Natal have requested the smallest amount per project (between R1.5 and R2.9 million, on average per project, respectively); (2) North West and Limpopo requested amounts similar to the overall average of R5.02 and R6.79 million per project, respectively; and (3) Gauteng and Free State have requested between R7.92 million and R8.43 million, on average, per project, respectively. This means that, on average, a project in the Free State requested about six times (i.e. 600%) more than one in the Eastern Cape.

Also important to note is the maximum amount of funding requested per project in each of the six provinces. This varies between R3.2 million in the Eastern Cape (lowest) and R48 million in North West (highest) per project. These amounts are relatively large and need to be evaluated against the activities undertaken and the returns on investment achieved.

3.8.2 Spending of RECAP funds

In comparison to the funds requested by beneficiaries in the framework of RECAP, the funds actually disbursed for farm assets and production inputs are much lower. These figures have to be considered cautiously as (1) few beneficiaries (23 in total), had complete information on expenses incurred in the framework of RECAP (in many cases, as has been described above, decision making power and fund management lie with the mentor/strategic partner); and 2) expenses covered are mainly related to farm assets and



production inputs present on the project (other costs, such as rent, and costs related to mentor/strategic partner, etc. are not taken into consideration) (Table 31).



Table 30: RECAP funds requested according to business plan by province

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Total respondents	9	22	10	24	13	20	98
No. of respondents requested funds	3	12	9	16	10	16	66
Average amount requested per project (R)	1 566 667	8 426 444	7 922 222	2 983 399	6 788 000	5 021 705	5 652 711
Minimum amount requested per project (R)	600 000	1 400 500	1 300 000	1 000 000	900 000	1 200 000	600 000
Maximum amount requested per project (R)	3 200 000	9,000,000	27 000 000	7 500 000	30 000 000	48,000,000	48,000,000
Beneficiaries without information	4	8	0	6	0	0	18
Beneficiaries not responded	2	2	1	2	3	4	14

The average amount per project actually disbursed through RECAP is R2.8 million (i.e. only for the projects that received funding in the sample) (Table 31). This is about 37% lower than the average amount requested per project in the framework of RECAP. The average amount disbursed per project varies significantly by province. The province receiving the lowest funding, on average per project, is Eastern Cape (R1.067 million per project on average). Free State is the province with the highest amount received per project (i.e. R6.21 million per project on average). Consistent with the average amount requested per project, the average amount disbursed per project is significantly higher in the Free State than in the other provinces. For example, the average amount disbursed per project in the Free State is more than five times the amount disbursed per project in the Eastern Cape and almost three times the average for all provinces. As regards the maximum amount of funds disbursed per project in the six provinces included in the evaluation, this varies from R3 million in the Eastern Cape to R16 million in North West.

3.8.3 Management and expenditure of RECAP project funds

The majority of the beneficiaries mentioned that the funds are managed by the mentor/strategic partner. This view was expressed by 47% of the respondents. This is particularly the case in the Free State and KwaZulu-Natal, where, 82% and 79% of the respondents, respectively, indicated that they were excluded from the management of the funds. About 12% of the respondents indicated that the funds were managed by themselves or their board. The proportion of respondents indicating that the management of funds was performed by themselves in collaboration with the mentor/strategic partner was 16% (Table 32).

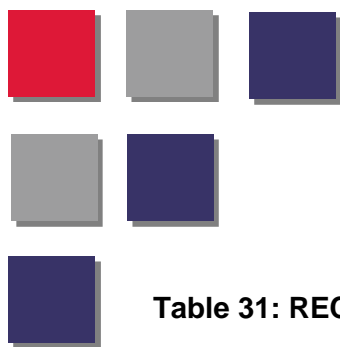


Table 31: RECAP funds received per project by province (n=48)

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Number of projects	3	11	4	15	7	8	48
Total amount received (R)	6 400 000	42 720 000	15 000 000	30 562 059	13 833 000	32 700 000	141 215 059
Average amount received per project (R)	2 133 333	3 883 636	3 750 000	2 037 471	1 976 143	4 087 500	2 941 980
Maximum amount per project (R)	3 200 000	9 000 000	10 000 000	7 500 000	3 600 000	16 000 000	10 000 000

Table 32: Person or entity managing RECAP funds – beneficiary perspective (n=98)

		Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Farm manager/beneficiary	Respondents	4	2	1	0	1	3	11
	%	44,44	9,09	10,00	0,00	7,69	15,00	11,22
Board	Respondents	0	0	0	0	1	0	1
	%	0,00	0,00	0,00	0,00	7,69	0,00	1,02
Strategic partner	Respondents	2	18		19	1	6	46
	%	22,22	81,82	0,00	79,17	7,69	30,00	46,94
In collaboration with farm manager/beneficiaries/strategic partner	Respondents	1	2	3	3	4	3	16
	%	11,11	9,09	30,00	12,50	30,77	15,00	16,33
No answers/not applicable	Respondents	2		6	2	6	8	24
	%	22,22	0,00	60,00	8,33	46,15	40,00	24,49

As regards decision making on spending of RECAP project funds, about 56% of the respondents indicated that they were involved in decision making -- on their own (30%), their board (4%) or in collaboration with the strategic partner (22%). This suggests that beneficiaries play a greater role in decision making on spending of funds than in their actual management. Eastern Cape and North West had the largest proportions of respondents indicating involvement in decision making on spending of their funds (67% and 65%, respectively). Overall, strategic partners seem to be playing a limited role in decision making on spending of funds (28%), except in the Free State where 55% of the respondents indicated that the strategic partner was responsible for decisions on spending (Table 33).

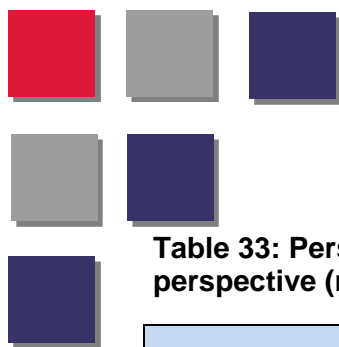


Table 33: Person or entity making decisions on RECAP fund spending – beneficiary perspective (n=98)

		Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Farm manager/beneficiary	Respondents	5	6	1	5	3	9	29
	%	55,56	27,27	10,00	20,83	23,08	45,00	29,59
Board/trust	Respondents	0	1		1	1	1	4
	%	0,00	4,55	0,00	4,17	7,69	5,00	4,08
Strategic partner	Respondents	1	12	0	9	1	4	27
	%	11,11	54,55	0,00	37,50	7,69	20,00	27,55
Farm manager/beneficiaries and strategic partner	Respondents	1	3	3	7	4	4	22
	%	11,11	13,64	30,00	29,17	30,77	20,00	22,45
No answer/not applicable	Respondents	2	0	6	2	4	2	16
	%	22,22	0,00	60,00	8,33	30,77	10,00	16,33

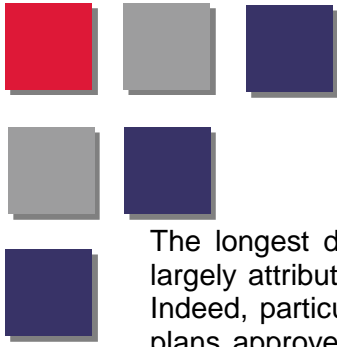
3.8.4 Timing of project fund allocation in relation farming operations

The administrative process of RECAP regarding allocation of funds to projects is described as rather lengthy and non-transparent. This has resulted in long delays in undertaking important farming operations and, in some cases, abandonment of projects.

Only 22% of the beneficiaries considered the arrival of funds as timely, in relation to the timing of agricultural activities (Table 34). The back and forth process between the beneficiaries and DRDLR leads, on average, to a time lapse of 5.4 months between the time the agreement between the beneficiaries and DRDLR was signed and the disbursement of funds. This time lapse between disbursement of funds and the start of the farming cycle is seven months. The longer time lapse between disbursement of funds and the start of the farming activities results mainly from the fact that funds arrive out-of-season. This often necessitates waiting for the next season before the funds can be spent (e.g. dryland farming). These delays occur in all the provinces, with the Free State doing slightly better.

Table 34: Timely arrival of funds according to business plan/farming activities (n=98)

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Proportion of respondents receiving funds on time (%)	33,33	33,33	0,00	15,00	12,50	33,33	22,03
Time lapse between agreement and disbursement (months)	5,60	4,33	2,00	7,43	6,56	3,50	5,42
Time lapse between disbursement and agricultural activities (months)	7,00	3,33	5,75	8,54	6,71	6,50	6,95



The longest delay in disbursing funds occurred in KwaZulu-Natal and Limpopo. This is largely attributable to a lack of budget for the number of RECAP projects to be serviced. Indeed, particularly in Limpopo, several projects were assessed which had their business plans approved, but which never received the planned funding. The reason given to the potential beneficiaries relates to the lack of funding available to RECAP for a particular financial year. The potential beneficiaries are then requested to wait until the following financial year. In the process, they are often also required to lower their financial requests in the business plan, jeopardising the economic and financial feasibility of the project.

In one case assessed in Limpopo, after being retransferred a second time to the next financial year, the beneficiary pulled out. The project is now being re-advertised. The farmer noted that after two years and three different business plans (with the requested amount decreasing significantly from R1.5 million to R875 000), he got not only frustrated with the process, but more importantly questioned the feasibility and legitimacy of the RECAP as he started investing in the infrastructure needed, using his own funds. He did this without getting reassurance from the DRDLR that his lease would be renewed or that he would be reimbursed if it was not.

3.9 Impact on RECAP objectives

This section provides an indication of whether RECAP is meeting its various objectives, namely, to increase agricultural production, guarantee food security, graduating small farmers into commercial farmers and creating employment within the agricultural sector.

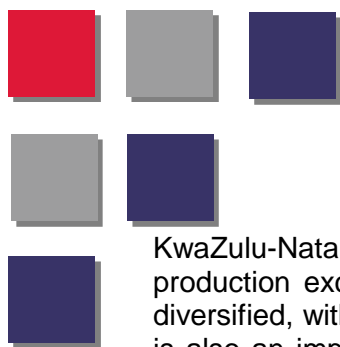
Prior to addressing the question of whether RECAP is meeting its stated objectives, it is worth examining the objectives themselves. We are of the opinion that most of the objectives are too ambitious and secondary in nature and involve aspects that are normally outside the control of the programme. The overall objective of RECAP should have been stated simply as “to help distressed or financially struggling land reform farms to reach their full production capacity and become commercially viable”. This objective should be pursued in a manner that ensures that the projects contribute to employment creation, food security and rural livelihoods.

The current RECAP objective of “graduating small farmers into commercial farmers” ignores the fact that nearly all the farms being assisted or intended to be assisted through RECAP were independent family farming units that used to be operated on a commercial basis. These farms are all of substantial sizes and are much larger than any smallholding in the former homeland areas. The problem is that many of these farms are no longer operated as viable commercial farms producing mainly for the market. The challenge is thus not to graduate small-scale farmers to commercial farmers but rather to “graduate” the new occupants/owners of the farms to a position where they can farm independently on a commercially viable scale. Providing the necessary financial means, farming/technical and management skills is essential for this graduation process to be accomplished.

3.9.1 Agricultural production

Choice of enterprise

The largest RECAP investment is on field crops, which account for 55% of the disbursed funds (Table 35 and Figure 4). The predominance of field crops applies in most provinces, with the exception of Free State and Gauteng. About 91% of all RECAP investment in



KwaZulu-Natal is on field crops, mainly sugar cane. In Free State, investment in cattle production exceeds crop production investments. Gauteng's RECAP investment is more diversified, with horticultural and piggery production being the most important ones. Poultry is also an important enterprise within RECAP (12% of total expenses), particularly in the North West province and, to a lesser degree, in Limpopo.

Table 35: Proportion of RECAP investments by province and enterprise (percentage) (n=98)

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Cattle	0,00	47,62	14,29	0,00	10,00	28,57	19,23
Field Crop	71,43	38,10	14,29	90,91	40,00	35,71	55,13
Horticulture	14,29	0,00	28,57	0,00	0,00	0,00	1,28
Other	0,00	0,00	28,57	4,55	30,00	0,00	8,97
Poultry	0,00	9,52	14,29	4,55	20,00	35,71	12,82
Small stock	14,29	4,76	0,00	0,00	0,00	0,00	2,56
Total	100	100	100	100	100	100	100

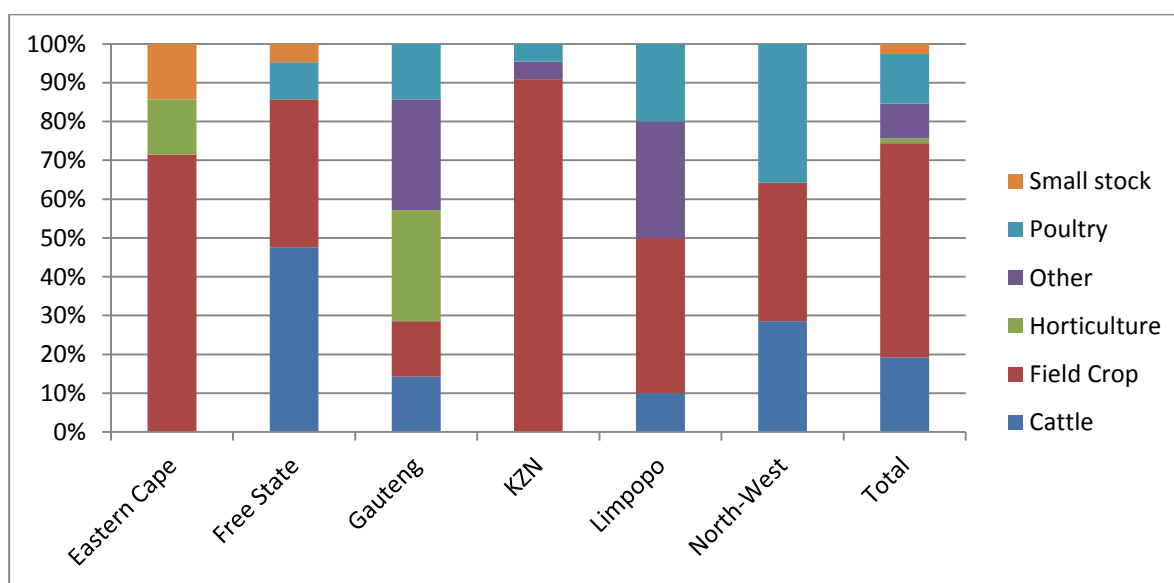
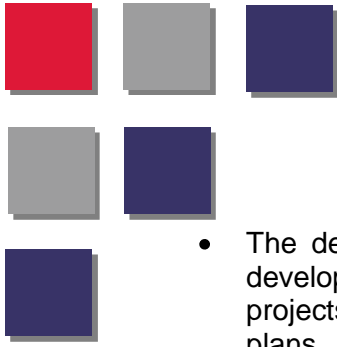


Figure 4: Proportion of RECAP investments by enterprise and province (%)

The choice of enterprise in which RECAP funds are invested is questionable in some of the provinces, especially in view of the poor quality of some of the business plans. The following factors seem to be the most influential in the choice of an enterprise:

- Number of projects covered by a single mentor/strategic partner. Mentors/strategic partners often prefer an enterprise within their field of expertise. Hence, such enterprises are often selected without questioning or taking into consideration the suitability of the farm or other factors, such as preferences of the beneficiaries, previous farm activities, etc. That is, the business plans developed are often not informed by feasibility study results.



- The development process of the business plans. In cases where business plan development was outsourced to a company or done by the mentor/strategic partner, projects covered by the same entity/person will often be based on similar business plans.

Example: In municipalities covered by one mentor/strategic partner, RECAP projects focused on the same enterprise, proposing identical business plans. The business plan was not based on comparative advantages of the farms or regions, but on the expertise and engagement of the mentor/strategic partner/department. This was the case for cattle in some municipalities in the Free State, for poultry in Gauteng (covered during the piloting of the questionnaires). In such cases, business plans are slightly adapted versions (often adapted according to the size of the projects) of a standardized, one-size-fits-all business plan. For example, in one case, the name of the project was not changed in a subsequent duplicated business plan. Not only can the quality of such business plans and the choice of these sectors be questioned, it can also lead to increased competition between the farms/projects. One beneficiary in Gauteng stated that: "All projects here focus on poultry. We do not know what to do without chickens anymore. Together, with several other farmers and beneficiaries, we have decided that some of us should change their activities."

Production levels before and after RECAP

A positive aspect regarding the RECAP farms covered in the six provinces is that, except for two farms (one where the beneficiary pulled out in Limpopo province and one where the farmer is not willing to continue in North West), there are on-going productive agricultural activities on almost all the farms. As per the objective of RECAP, agricultural production is also the main activity focused on in the majority of the cases. This is particularly the case for the projects where the beneficiaries (or, at least, one of them) are residing on the project (i.e. 67% of the cases). Caution has to be expressed here; this does not mean that all these production units are viable, making profit or producing mainly for the market.

The following statement from a farmer in KwaZulu-Natal illustrates the impact of RECAP on production:

"After suffering drought, this farm was going under. Thanks to RECAP, it has been revived and production has even increased. We are now servicing our bond and, once we are finished in two years, we will be more profitable."

The production income on the RECAP farms covered in the study is, on average, R1.45 million when all RECAP beneficiaries are considered (Table 36). The average income increases to R2.05 million per project when only income-generating farms are considered. Gauteng farms have the lowest income of R188 120 per project overall or R268 743 when only producing farms are considered. North West has the highest income of R2.40 million per project or R3.92 million for producing farms. However, for both provinces, this relatively high average income is mainly due to two relatively bigger and well-functioning farms (one in each province).



Table 36: Farm production income on RECAP farms (Rand)

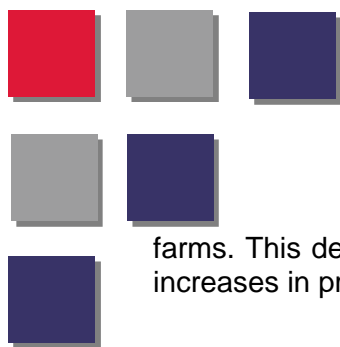
	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North-West	All provinces
Average income for all farms (n=98)	530 855	1 191 510	188 120	1 379 698	2 409 542	2 221 839	1 446 384
Average income for income-generating farms (n=68)	796 283	2 184 435	268 743	1 839 598	3 915 505	2 468 710	2 054 286
Standard deviation	1 189 436	3 639 072	310 179	1 619 472	8 363 773	6 732 946	4 653 293
Maximum income per farm	3 614 500	17 100 000	918 000	5 180 000	30 240 000	28 788 480	30 240 000
Total income for all farms	4 777 700	26 213 225	188 1200	33 112 757	31 324 042	44 436 780	141 745 704

Table 37: Income from non-farm activities generated on RECAP farms (Rand)

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Average for all farms (n=98)	0	11 369	460	3 125	2 769	1 875	4 114
Average for non-farm income generating farms (n=9)	0	125 060	2 300	75 000	12 000	37 500	
Standard deviation	0	53 299	1 258	15 309	8 267	8 385	26 633
Maximum	0	250 000	4 000	75 000	30 000	37 500	250 000
Total	0	250 120	4 600	75 000	36 000	37 500	403 220

However, it is important to note that 30 out of the 98 projects (33.3%) still have an income of zero. This is largely due to the fact that the majority of these projects are in a development (growing) phase (Table 38). In addition to production income, some of the farms are generating income from non-farm activities (e.g. ecotourism). About nine percent of the 98 farms included in the evaluation are engaged in on-farm non-agricultural activities from which income of R4114 per project per year is generated (Table 38).

Overall, agricultural production, both crop and livestock, has increased on the RECAP farms covered in the study, compared to the production levels when the farms were acquired and before RECAP was implemented (Table 39 and Figure 5). For livestock, the increase in herd size has continued after acquisition of the farms, with RECAP adding to the already increasing stock numbers (many of the beneficiaries already had livestock, mainly on communal land) (Table 39). Crop production, on the other hand, experienced a slow-down (a drop in some provinces, such as the Free State) soon after acquisition of the



farms. This decreasing trend has been addressed through RECAP, resulting in significant increases in production in later years.

Table 38: Proportion of beneficiaries generating income from farm and non-farm activities on RECAP farms (n=98)

		Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Beneficiaries generating income from farm activities	No.	5	12	7	18	8	18	68
	%	55.56	54,55	70,00	75,00	61,53	90,00	69,38
Beneficiaries generating income non-farm activities on farms	No.	0	2	2	1	3	1	9
	%	0,00	9,09	20,00	4,17	23,08	5,00	9,18

Table 39: Agricultural production on 49* RECAP farms from acquisition to present

	At acquisition	Before RECAP	After RECAP	Present
Total livestock numbers*	1 735	3 631	4 482	10 398
Total area under crop production (ha)	1 958	1 938	3 050	8 641

** = Only farms where production took place prior to RECAP

** = Only large and small stock included

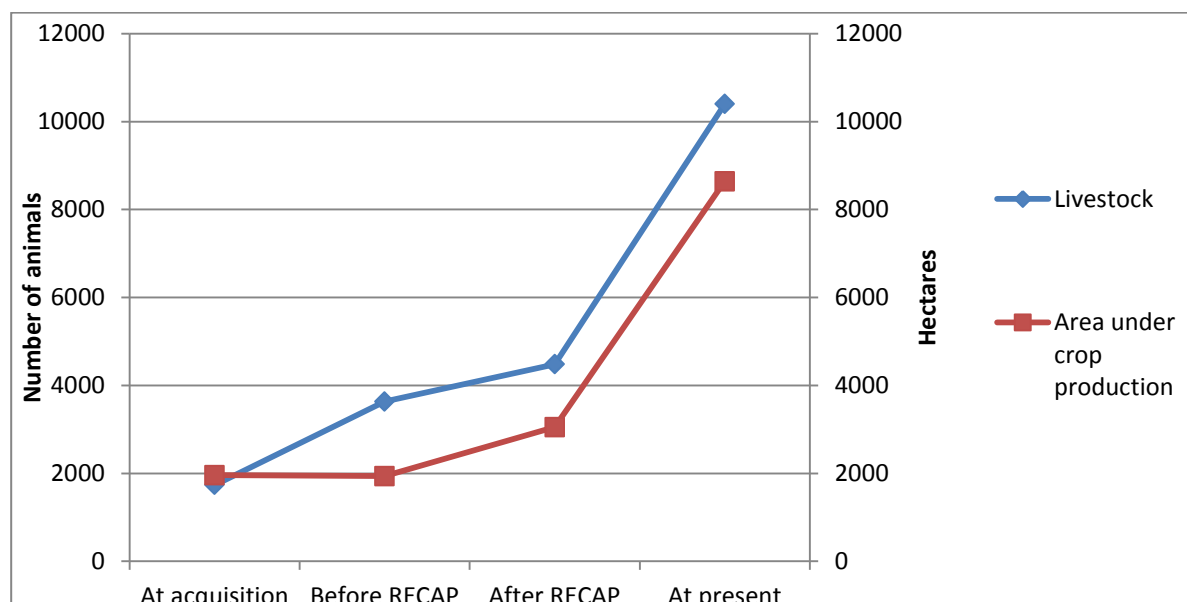
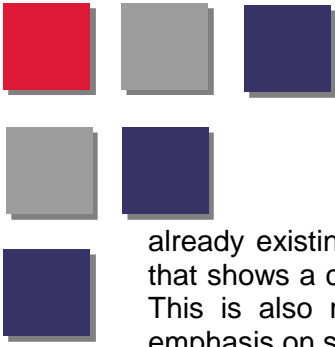


Figure 5: Agricultural production on 49 RECAP farms from acquisition to present

Trends in the different provinces are similar, with two exceptions (Figures 6 and 7). Firstly, regarding livestock, the Free State shows a more pronounced increase. This is related to the emphasis being put in this province on livestock (which added to the beneficiaries'



already existing livestock herd). Secondly, regarding crop production, it is KwaZulu-Natal that shows a continuous growth (without a slow-down or a drop as in the other provinces). This is also related to the already existing sugar cane production and the RECAP's emphasis on sugar cane production.

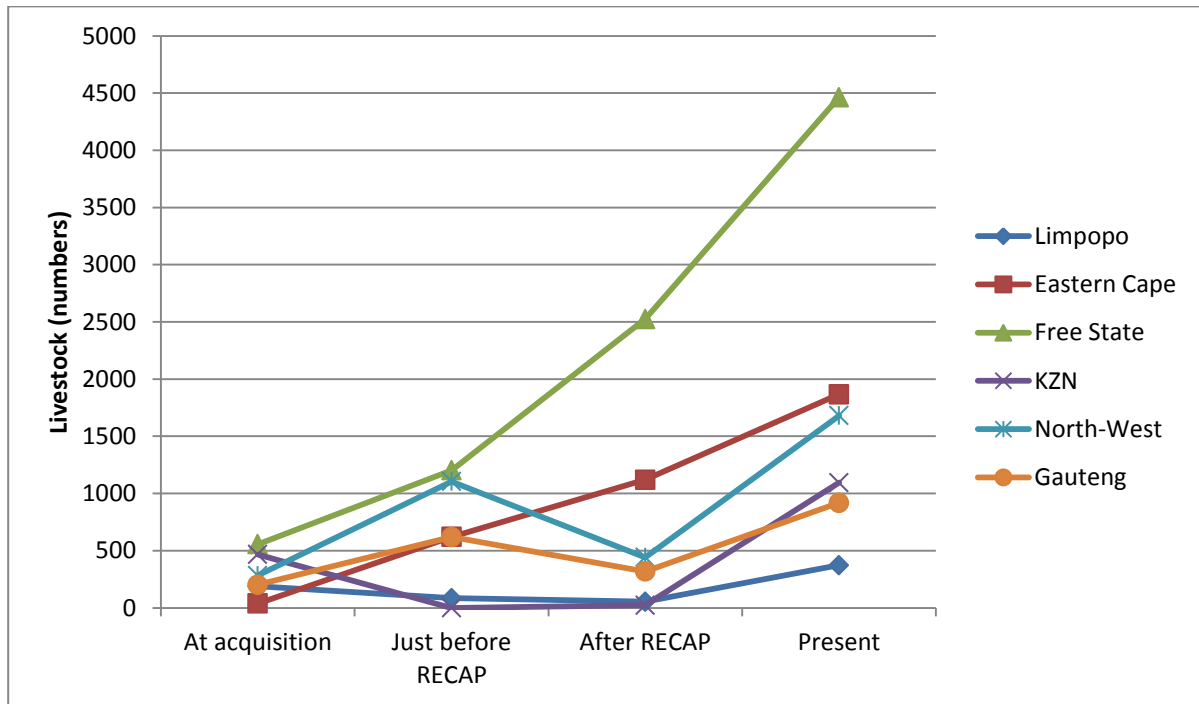


Figure 6: Growth in livestock numbers on RECAP farms

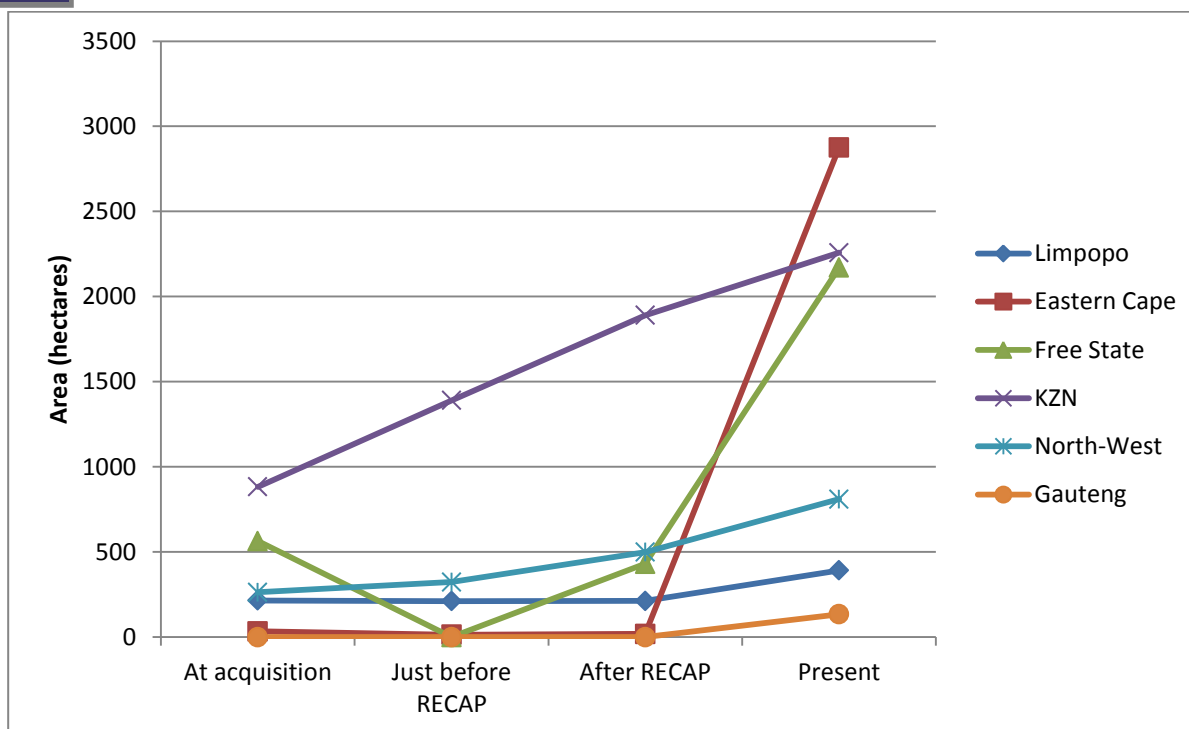
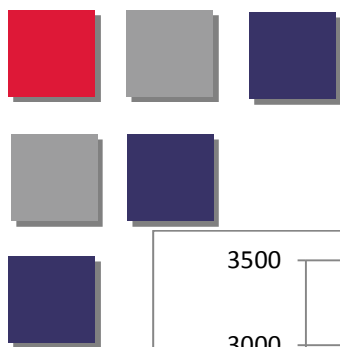
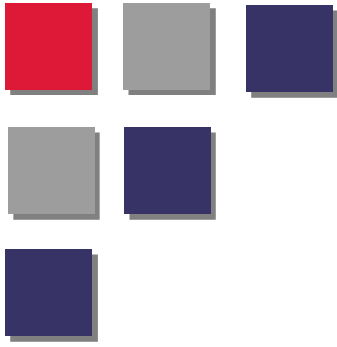


Figure 7: Growth in area under crop production on RECAP farms (ha)

The above clearly suggests that both crop and livestock production increased after RECAP was implemented. To obtain more information on the possible impact of RECAP on agricultural production, beneficiaries, government officials and strategic partners/mentors were asked to provide their opinions on the impact of RECAP on production.

In Limpopo and Gauteng, most government officials and strategic partners/mentors believe that agricultural production on RECAP farms has increased since RECAP was implemented. In the Free State, there was a general feeling that agricultural productivity had improved since RECAP implementation. Using liquidity and income levels, the provincial leadership estimated that production had increased by 70% on the RECAP farms. They felt that RECAP was achieving its production goals by 90%. There was a general view from government and strategic partners that RECAP has contributed to maintenance of production on the farms. One farm was said to have made a profit of R1.3 million from the sale of maize in the first year and, hence, requested for only 40% funding from RECAP in second year rather than the standard 80%. One beef farmer, supported by Bloemfontein Abattoir, is said to have made a R3 million profit in just three years. A poultry farmer is said to have made a profit of R3 million in the first year of farming. However, two farmers felt that they had actually gone backwards since their participation in RECAP. This was evident from their financial records where they had recorded lower production and income mainly due to the role played by strategic partners.



3.9.2 Employment (direct and indirect)

Direct - Beneficiaries

The total number of beneficiaries directly benefiting from the land reform projects that have received RECAP funding is relatively low. In total, based on the 98 projects evaluated, 670 people are benefiting from RECAP (Table 40). This is less than seven direct beneficiaries per project. Out of these 670 beneficiaries, 42% are full-time and 58% are part-time. On average, per project, three beneficiaries are full-time and four are part-time. These figures do not take into consideration the dependents of these beneficiaries.

North West's results regarding beneficiaries are proportionally higher than the other provinces (250 beneficiaries, 12.5 beneficiaries per project on average). This is related to one project in the province. This project is a CPA and has 160 people (more than 10 times the average of all the other projects). Without this project, the total number of beneficiaries declines to 90, i.e. 4.5 per project – which is in line with the average of the other provinces.

Although the above are realistic when farm structures and populations are considered for the agricultural sector, the number of RECAP beneficiaries is relatively low. This is the case when compared to the initial benefits related to the same projects. Indeed, the projects initially benefited 1604 people, which represents on average 16 people per project (representing a decrease of 58%). This is mainly a consequence of the PLAS programme (to which RECAP is strongly related), that limited the number of beneficiaries (in order to increase the economic feasibility of the projects).

As mentioned previously, RECAP impacted on employment. In total, 540 jobs have been created through RECAP on the projects covered in the evaluation. These are mainly part-time jobs: 111 full-time and 429 part-time jobs. This represents an increase of 53% over the previous employment figures on these farms. On average, RECAP has added 4.51 jobs (1 full-time and 4 part-time) per project, increasing the number of jobs from 10.40 to 15.91, on average, per project (Table 41 and Figure 8). Although the above is a positive outcome, the numbers remain low in relation to the amounts of RECAP funding spent on the projects.

The increase in employment on the RECAP farms covered in the evaluation is significant in the Eastern Cape (+168%) and Limpopo (+234%). However, there was a slight decline in the Free State (-1%). This is strongly related to the type of agricultural activity (livestock in Free State) in the different provinces. On average, RECAP farms in the Eastern Cape employ 7.5 people (compared to 2.8 before RECAP). In Limpopo, 9.41 people are employed (compared to 2.58 before RECAP) (Table 42 and Figure 9). In all provinces, the increase in the number of people employed is largely in temporary labour.



Table 40: Change in the number of beneficiaries over time on RECAP (n=98)

	Eastern Cape	Free State	Gauteng	KwaZulu -Natal	Limpopo	North West	All provinces
Total number of beneficiaries/participants at present	33	120	68	140	59	250	670
Average number of beneficiaries/participants at present per project	3,67	5,45	6,80	5,83	4,54	12,50	6,84
Total number of full-time beneficiaries	23	79	44	80	25	30	281
Average number of full-time beneficiaries per project	2,56	3,59	4,40	3,33	1,92	1,50	2,87
Total number of part-time beneficiaries	10	41	24	60	34	220*	389
Average number of part-time beneficiaries per project	1,11	1,86	2,40	2,50	2,62	11,00	3,97
Total number of beneficiaries/participants when project started	790	140	109	209	94	262	1604
Average number of beneficiaries/participants when project started per project	87,78	6,36	10,90	8,71	7,23	13,10	16,37
Difference between initial number of beneficiaries and beneficiaries at present (%)	95,82	14,29	37,61	33,01	37,23	4,58	58,23

Table 41: Employment on farms before and after RECAP (n=98)

	Number of full-time employees	Number of part-time employees	Total number of employees	Average number of full-time employees per project	Average number of part-time employees per project	Average number of full- and part-time employees per project
Before RECAP	565	454	1019	5,77	4,63	10,40
After RECAP	676	883	1559	6,90	9,01	15,91
Change	111	429	540	1,13	4,38	4,51
% change	19,65	94,49	52,99	19,58	94,60	52,98

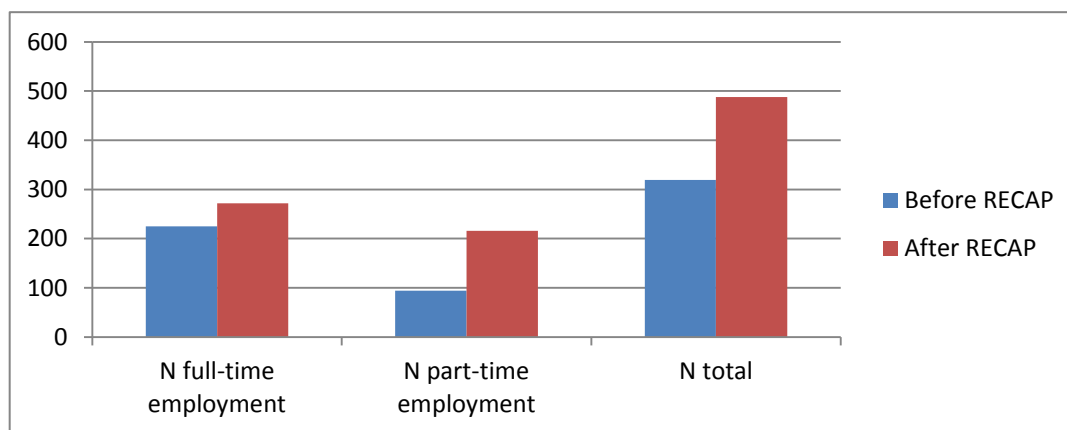


Figure 8: Employment creation through RECAP



Indirect - Communities



There is a general agreement from project officers, beneficiaries, as well as DRDLR provincial leadership that RECAP has created jobs in the beneficiary communities, albeit to a limited extent. In Gauteng province, 40% of the project officers are of the opinion that RECAP has not contributed towards the creation of jobs in the beneficiary communities at all, whilst 60% are of the opinion that RECAP that the programme's contribution towards job creation has been very little to average. It has been argued that, in most cases, the beneficiaries prefer to hire foreigners to work on their farms. All project officers believe that the jobs created are not sustainable. The provincial leadership in Gauteng province is, however, of the view that, in some cases, beneficiaries are employing people from their own communities, although they are not sure of the sustainability of these jobs as the programme is still in its early stages. They also believe that some indirect jobs have been created in the beneficiary communities, especially during construction phases and the harvesting season.

Table 42: Employment on farms before and after RECAP by province (n=98)

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West
Total employment						
No. before RECAP	28	102	176	550	35	128
No. after RECAP	75	101	215	849	117	202
Average before RECAP	3,11	4,64	17,60	22,92	2,69	6,40
Average after RECAP	8,33	4,59	21,50	35,38	9,00	10,10
Change (number)	47	-1	39	299	82	74
% change	167,86	-0,98	22,16	54,36	234,29	57,81
Full-time employment						
No. full-time before RECAP	23	98	95	245	31	73
No. full-time after RECAP	35	93	92	280	72	104
Average full-time before RECAP	2,56	4,45	9,50	10,21	2,38	3,65
Average full-time after RECAP	3,89	4,23	9,20	11,67	5,54	5,20
Change (number)	12	-5	-3	35	41	31
% change	52,17	-5,10	-3,15	14,28	132,26	42,47
Part-time employment						
No. part-time before RECAP	5	4	81	305	4	55
No. part-time after RECAP	40	8	123	569	45	98
Average part-time before RECAP	0,56	0,18	8,10	12,71	0,31	2,75
Average part-time after RECAP	4,44	0,36	12,30	23,71	3,46	4,90
Change (number)	35	4	42	264	41	43
% change	700,00	100,00	51,85	86,56	1025,00	78,18

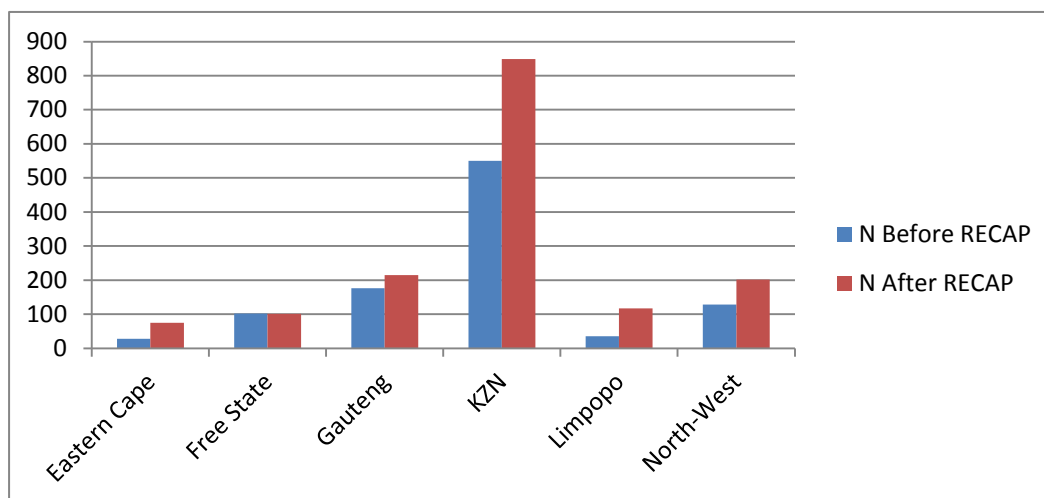
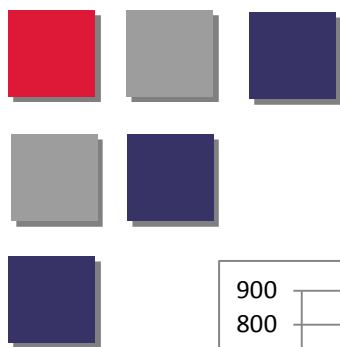


Figure 9: Number of jobs created through RECAP per province

The mentors also believe that some jobs have been created in the beneficiary communities. One mentor claimed to have assisted beneficiaries to create 40 permanent jobs and 100 seasonal jobs in the seven projects he was responsible for.

All project officers in Limpopo province share the view that RECAP projects are creating jobs to a limited extent, if any, in the beneficiary communities, with very few of them being permanent.

Provincial government officials in Limpopo share the same opinion that RECAP has created jobs in the beneficiary communities and some indirect jobs have been created as well in the form of bakkie trade, spaza shops and fruit stalls. They do, however, contend that very few of these jobs are sustainable as they tend to be seasonal in nature, mainly linked to harvesting seasons.

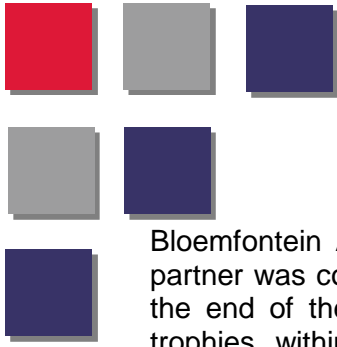
Similarly, the mentors in Limpopo province share the view that RECAP has created jobs in the beneficiary communities, and further believe that these jobs are sustainable.

There is a general consensus amongst the provincial government officials in North West province that RECAP has contributed directly to the creation of jobs in the beneficiary communities, although the sustainability of these jobs is questionable. This is due to the seasonal and contractual nature of some of these jobs.

3.9.3 Commercialisation

The assessment of RECAP's impact on commercialisation relies heavily on the views expressed by the various stakeholders to determine progress towards achieving the RECAP objective of graduating small-scale farmers to commercial farmers. The views are outlined below by province. Other aspects of commercialisation, such as market access are analysed in the section on Economic and Social Impact of RECAP.

According to provincial government officials and strategic partners in the Free State, small-scale farmers are on the way to becoming commercial farmers as they have economic units running, making profits, employing and paying taxes. Out of seven farmers under



Bloemfontein Abattoir, four could be classified as commercial farmers and the strategic partner was confident that five small-scale farmers would be commercial meat farmers by the end of the five-year RECAP cycle. Some of the small-scale farmers were winning trophies within their categories, suggesting that they will soon become established commercial farmers.

Provincial government officials in Gauteng generally share the view that agree that RECAP has not yet produced a commercial farmer. They also agree that there is little or no collaboration between beneficiaries and established farmers as the beneficiaries are keeping exclusively to their mentors. There is also agreement that beneficiaries have very little access to markets, if any, for their products to be integrated into the value chain.

The opinion of mentors in Gauteng province is that RECAP has succeeded in graduating beneficiaries into commercial farmers, and that linkages with markets have been established. Apart from the fact that there were no value-adding activities on the projects, no challenges have been faced with regards to the marketing of products.

Provincial government officials in Limpopo agree that RECAP has not as yet graduated any beneficiaries to commercial farmers, although progress is being made in that regard. They also agree that the level of collaboration with established farmers is still low. The beneficiaries interviewed indicated that there was virtually no collaboration with established commercial farmers as they were interacting only with their mentors.

Mentors were evenly divided on the issue of whether RECAP was on track to helping beneficiaries to graduate into commercial farmers. Half of them were of the opinion that there has not been any progress towards achieving this goal, whereas the other half were of the view that there has been some progress. The fact that one of the RECAP farms, Kopano Disabled Project, won the prize for the best operated farm in Limpopo province was cited as a case in point. All mentors in Limpopo province were linked to the markets and were also not facing any challenges with regards to marketing of produce from RECAP farms. However, there were no value-adding activities on the projects.

3.9.4 Food security

This section outlines the views of RECAP stakeholders on the impact of RECAP on food security. Some further analysis of the impact of RECAP on food security based on interviews with project managers (beneficiaries) is presented under the section Economic and Social Impact below.



The farmers in the Free State are contributing to the food chain through increased production (availability). Salaried employment on the farms as well as economic empowerment of beneficiaries have contributed to food security.

In Gauteng province, 80% of project officers believe that RECAP has improved food security for the beneficiaries and 40% of them believe that food variety has increased within the beneficiary communities. Food security is considered to have improved in terms of access, availability and utilization (Table 43).

The Gauteng provincial leadership was however of the opinion that it was still too early to provide an informed observation of RECAP impact on food security, both in terms of access, availability as well as food variety. The mentors did, however, had the opinion that food security as well as variety has improved through RECAP.

The view that food security has been improved through RECAP has also been echoed by mentors in Limpopo province who also stated that food variety has increased as well.

Provincial government officials in Limpopo province also felt that RECAP has done well in terms of food security with special reference to access to food availability, utilisation and food variety as beneficiaries are now producing a wider range of crops or products than before. They are also of the opinion that food variety has also improved in the beneficiary communities due to the increase in the bakkie trade.

3.9.5 Economic and social impact

Market access

Of the 98 farmers interviewed, 39% indicated that their access to markets (output and inputs) improved after RECAP. This represents 47% of all farmers benefiting in one way or another from RECAP. The proportion of farmers indicating that market access improved after RECAP varied between zero in Gauteng and 70% in KwaZulu-Natal (Table 43).

Employment creation (includes direct beneficiaries and employment creation)

About 43% of all respondents indicated that employment on the farms increased due to RECAP. This is equivalent to 58% of all farmers who have benefited from RECAP. The proportion of beneficiaries indicating that employment on the farms increased after RECAP varied from 20% in Gauteng to 67% in Eastern Cape. Free State and Gauteng had the lowest proportion of farmers indicating an increase in employment due to RECAP (32% and 20%, respectively). When considering the proportion of all farmers who benefited from RECAP, Free State had the lowest proportion of only 33% (Table 43).

Skills transfer

About 34% of all farmers interviewed indicated that they had benefited from RECAP through skills transfer. This represents about 44% of all farmers who benefited from RECAP. These figures are the lowest of all percentages of RECAP farmers benefiting in various ways from RECAP, suggesting that RECAP has performed poorly in terms of skills



transfer. This is particularly the case in Gauteng, KwaZulu-Natal and North West (Table 43).

Economic situation

The proportion of all farmers interviewed and indicating an improvement in their economic situation is 57%, representing 72% of all farmers benefiting effectively from RECAP. This is the highest proportion of all percentages of farmers who indicated that they had benefited from RECAP. Therefore, RECAP's greatest impact seems to have been economic (Table 43).

Table 43: Change in market access, employment, skills transfer, economic, social and food security status since RECAP (as perceived by beneficiaries) (n=98)

	Eastern Cape	Free State	Gauteng	KwaZulu -Natal	Limpopo	North West	All provinces
Market access							
Access improved (No.)	4	12	4	7	5	11	43
Access improved (%)	42,86	42,86	0,00	70,83	58,33	15,38	46,91
% of all respondents	33,33	40,91	0,00	70,83	53,85	10,00	38,78
Employment							
Increased (No.)	6	7	2	14	5	8	42
Increased (%)	85,71	33,33	100,00	66,67	50,00	66,67	57,53
% of all respondents	66,67	31,82	20,00	58,33	38,46	40,00	42,86
Skills							
Improved (No.)	4	10	1	6	9	4	34
Improved (%)	57,14	47,62	33,33	27,27	75,00	33,33	44,16
% of all respondents	44,44	45,45	10,00	25,00	69,23	20,00	34,69
Economic situation							
Improved (No.)	6	11	2	18	9	10	56
Improved (%)	85,71	52,38	66,67	81,82	75,00	76,92	71,79
% of all respondents	66,67	50,00	20,00	75,00	69,23	50,00	57,14
Social status							
Improved (No.)	6	11	2	17	8	10	54
Improved (%)	85,71	55,00	66,67	77,27	66,67	76,92	70,13
% of all respondents	66,67	50,00	20,00	70,83	61,54	50,00	55,10
Diet							
Improved (No.)	6	9	2	11	8	10	46
Improved (%)	85,71	42,86	66,67	47,83	72,73	76,92	58,97
% of all respondents	66,67	40,91	20,00	45,83	61,54	50,00	46,94



Social status



RECAP had a relatively large impact on the social status of farmers – about 55% of all farmers interviewed indicated that their social status improved due to RECAP. Of all farmers who benefited from RECAP, 70% of them indicated that they had benefited from RECAP through its impact on their social status. This is not surprising because, through the significant amount of funds injected into the projects, farmers benefit materially (e.g. acquisition of bakkies, etc.) (Table 43).

A farmer in the Eastern Cape mentioned the following to illustrate the impact of RECAP on her social status:

“Due to RECAP, I’m a role model. Since becoming a finalist in the Shoprite Checkers Woman of the Year Awards, I have earned a lot of respect. Even white farmers respect me as a black female commercial farmer. My workers are proud too after being featured on TV. I want to prosper and sustain this farming.”

Another farmer had the following to say:

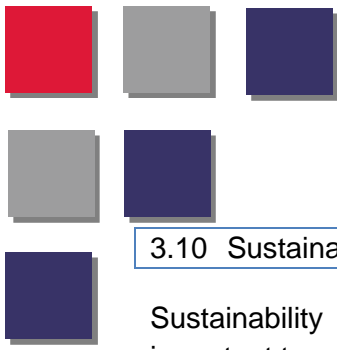
“I just want to thank the department (DRDLR) for this funding (RECAP). As a wheelchair-bound woman without funding, farming was challenging. Initially people despised my family for getting into farming. But now, when you have a farm, a truck and crates of chicken, people respect you. I have changed people’s attitudes towards farming.”

Food security and diet

About 47% of all farmers interviewed noted that RECAP had impacted positively on their diet (mainly in the quantity, but also the quality and diversification of their diet). This represents about 59% of all farmers who indicated that RECAP benefited them in one way or another (Table 43).

These results must be treated cautiously. Although, seemingly rather encouraging,

- The average proportion of farmers benefiting from RECAP is around 50% which suggests that there is room for significant improvement.
- The figures should not be looked at in isolation and should be considered together with other results, such as the level of beneficiary satisfaction. These other results are often poor, particularly in certain provinces.
- The figures need to be analysed within a broader context of long-term sustainability and superficial benefits. The latter is particularly the case regarding social status impacts, which could be more related to the purchase of visible assets, increasing the social status of the beneficiaries within their communities.



3.10 Sustainability and performance

Sustainability may be examined at programme or project/farm levels. However, it is important to note that programme and project sustainability are interdependent.

3.10.1 Programme sustainability

The sustainability of RECAP as a programme is largely dependent on the availability of funds from national treasury as this is currently the only source of funding. Any change in funding levels from national treasury will impact on RECAP either negatively or positively. Due to the many competing needs and demands placed on state funds and the ever changing government priorities, RECAP will have to justify receiving continued financial support in terms of its impact and progress in achieving its intended objectives.

In terms of impact, it is important to look at the overall effectiveness of RECAP in assisting distressed farms within the overall land reform efforts. The number of farms that are successfully recapitalised and the cost of recapitalising the farms will be important.

As has been shown in previous sections of this report, RECAP spending per project, in some cases, is rather high. This raises the question of whether a ceiling should be put on the amount spent per project to increase the programme's coverage.

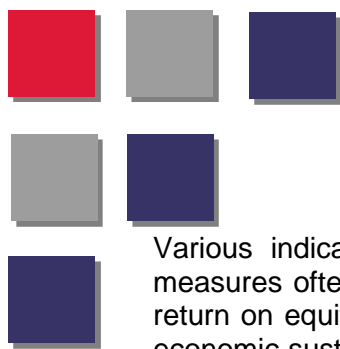
It remains important for DRDLR to always review the overall objective of the programme with the aim of having the programme create an institutional framework in a form of a 'kick start' for projects to move out of distress and, on their own, develop to their full potential instead of 'pushing' them all the way to their intended destination. Failure to appreciate this will result in the programme creating a few islands of wealth in a sea of poverty and, thus, run the risk of losing its moral standing and rendered irrelevant. The backlog in funding of approved projects across the provinces and the high percentage of projects not funded to 100% of requested amounts as per business plans is already an indication of shortage of funds. For example, in Limpopo, it has been established that no new projects or applications will be funded for the 2013/14 financial year as the budget is already fully committed.

3.10.2 Project sustainability

Sustainability of a business/farm/project may be subdivided into its economic, environmental and social components. An attempt is made in this section to provide an indication of the sustainability of the projects/farms included in the evaluation according to the three components. Although sustainability is broken into three elements, it is worth emphasizing that, for any firm to stay in business (a simple meaning of sustainability), it needs to pay attention to all the three components of sustainability.

3.10.2.1 Economic sustainability and performance of projects

The focus in this section is economic sustainability. As we rely mainly on production income as an indicator of project sustainability, we use project economic sustainability and project economic performance interchangeably.



Various indicators of economic sustainability exist. These include standard financial measures often based on profits and dividends (e.g. return on investment, dividend yield, return on equity, etc.). Although profit would have been the most appropriate indicator of economic sustainability to use in this evaluation, the nature of data gathered did not permit a reliable measure of profitability. Hence, agricultural production income was used as a proxy for economic sustainability.

Methodology note

To assess the sustainability of the farms/projects included in the evaluation, they were divided into three categories according to the level of agricultural income as follows:

- Category 1 (not sustainable): Farms/projects without any agricultural income (i.e. gross and net incomes are zero)
- Category 2 (sustainable but not assured): Farms/projects with a certain level of agricultural income (i.e. gross and net incomes are positive, although low; net income is close to zero or negative)

- Category 3 (sustainable and almost assured): Farms/projects with significant agricultural income (i.e. gross and net incomes are positive and significant). These projects can be considered as potential successes as it is still early to know whether RECAP projects have been successful or not.

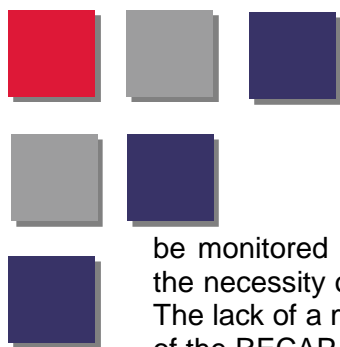
Income of farms/projects benefited from RECAP by sustainability category (Rand)

	Sustainability category			Total
	1	2	3	
Average	0	20582	3467555	1069363
Max	0	245800	30240000	30240000
Min	0	-768750	200000	-768750
Standard deviation	0	169195	7580683	4444692

These sustainability categories should be considered with caution, as they are based on basic economic calculations from data that has been captured at one point in time. This is particularly the case with sustainability category 1 as some of these farms/projects might be in a development phase, where the decision of not commercialising (and thus not generating any income) is voluntary. This being said, their sustainability remains questionable as – according to the RECAP implementation procedures – these farms should autonomously cover their operating costs in following year(s) (with RECAP only covering development needs) – which is not possible if they do not generate income in the previous year. In order to enhance such sustainability analyses, additional in-depth economic and dynamic (in the longer term) assessments should be implemented.

Overall, economic sustainability at project level is attained in over 30% of the RECAP projects included in the evaluation. This means that over 69% of the farms/projects that have benefitted from RECAP were still not sustainable at the time of the survey, with 30% of them not generating any agricultural income (Table 44). Although overall production has increased on the farms, the majority of projects have some agricultural income, but their economic sustainability is not assured (38 projects, representing 38,78%); also a large number of projects do not have any (agricultural) income yet (30 of the 98 projects, i.e. 30,61%) and (Table 44).

Of course, the (longer term) trajectory of these projects has to be assessed – many of them are in their initial phases of development. The economic evolution of these projects has to



be monitored in order to ensure positive trajectories and economic growth. This leads to the necessity of developing and implementing a continuous monitoring and evaluation tool. The lack of a monitoring and evaluation tool makes it difficult to follow up on the trajectories of the RECAP projects and, thus, on the economic feasibility of the programme.

Table 44: Number and proportion of farms by sustainability category and province

	Sustainability category						Total	
	1		2		3			
	No.	%	No.	%	No.	%	No.	%
Eastern Cape	4	44,44	3	33,33	2	22,22	9	100,00
Free State	10	45,45	4	18,18	8	36,36	22	100,00
Gauteng	3	30,00	5	50,00	2	20,00	10	100,00
KwaZulu-Natal	6	25,00	7	29,17	11	45,83	24	100,00
Limpopo	5	38,46	7	53,85	1	7,69	13	100,00
North West	2	10,00	12	60,00	6	30,00	20	100,00
Total	30	30.61	38	38.78	30	30.61	98	100.00

The economic sustainability at project level varies according to province, land reform programme, partnership, gender and age.

Economic sustainability by province

The comparison of economic sustainability at project level among the six provinces included in the evaluation is constrained by the small number of projects selected in some of the provinces. Hence, the results presented here should be treated with caution. The best results with regards to sustainability are achieved in KwaZulu-Natal (45,83% of the projects seem sustainable); the most negative results are in the Free State and in the Eastern Cape (where 45,45% and 44,44% of the projects do not generate any agricultural income, respectively) (Table 44). In Gauteng, Limpopo and North West, a large majority of the projects have some agricultural income, but the sustainability is not assured.

However, it is important to note that, although Free State has a high percentage of projects being non-sustainable, it also has a relatively high proportion of projects that are sustainable (36,36%, i.e. second highest ranking) (Table 44). KwaZulu-Natal has either sustainable or non-sustainable projects, with relatively few projects in between. This is related to the type of partnerships they are engaged in.

Economic sustainability by type of partnership

Overall, strategic partnerships yield the best results. About 63,33% of the sustainable projects are implemented with strategic partners and about 38% of projects implemented with a strategic partner lead to sustainable cases. This is in strong contrast with mentorship -- only 19,44% of the mentorships lead to sustainable projects (Table 45). This being said, mentorship projects are not less sustainable than the strategic partnership ones. Indeed, both have about 30% of the projects being not sustainable, with the majority of projects implemented with a mentorship, at the time of the evaluation, in sustainability category 2.



Table 45: Number and proportion of farms by sustainability and partnership type (n=98)

	Sustainability category						Total	
	1		2		3			
	No.	%	No.	%	No.	%	No.	%
Mentor	11	30,56	18	50,00	7	19,44	36	100,00
Strategic partner	15	30,00	16	32,00	19	38,00	50	100,00
N/A - No mentor/SP	4	33,33	4	33,33	4	33,33	12	100,00
Total	30	30.61	38	38.78	30	30.61	98	100.00

Project sustainability results analysed per partnership type (mentorship or strategic partnership) do however vary per province. As such, strategic partnerships perform relatively well in KwaZulu-Natal. Mentorships are not doing well in the Free State. The results in the other provinces are more nuanced. In Gauteng, Eastern Cape, and Limpopo, mentorships tend to perform better, whereas in the other provinces there seem to be little difference in the outcomes (Table 46).

When the type of strategic partner/mentor is considered, results are nuanced. Although cooperative structures, individual mentors (i.e. non-farmers) and NGOs have rather negative results, cooperative partners tend to achieve positive outcomes – at least from an economic perspective. Important to note is the rather positive result of those without strategic partner/mentor, which seems to support the view of some beneficiaries that strategic partners and mentors are not adding value to their farming activities (Table 47).

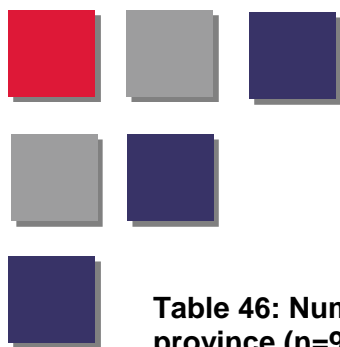
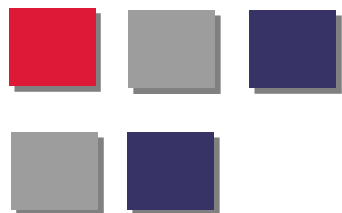


Table 46: Number and proportion of farms by sustainability, type of partnership and province (n=98)

	Sustainability category							
	1		2		3		Total	
Eastern Cape								
	No.	%	No.	%	No.	%	No.	%
Mentor	2	33,33	2	33,33	2	33,33	6	100,00
Strategic partner	1	50,00	1	50,00		0,00	2	100,00
N/A - No mentor/SP	1	100,00		0,00		0,00	1	100,00
Total	4	44,44	3	33,33	2	22,22	9	100,00
Free State								
	No.	%	No.	%	No.	%	No.	%
Mentor	3	50,00	1	16,67	2	33,33	6	100,00
Strategic partner	7	43,75	3	18,75	6	37,50	16	100,00
Total	10	45,45	4	18,18	8	36,36	22	100,00
Gauteng								
	No.	%	No.	%	No.	%	No.	%
Mentor	1	16,67	4	66,67	1	16,67	6	100,00
Strategic partner	1	50,00	1	50,00		0,00	2	100,00
N/A - No mentor/SP	1	50,00		0,00	1	50,00	2	100,00
Total	3	30,00	5	50,00	2	20,00	10	100,00
KwaZulu-Natal								
	No.	%	No.	%	No.	%	No.	%
Mentor	1	33,33	2	66,67		0,00	3	100,00
Strategic partner	3	16,67	5	27,78	10	55,56	18	100,00
N/A - No mentor/SP	2	66,67		0,00	1	33,33	3	100,00
Total	6	25,00	7	29,17	11	45,83	24	100,00
Limpopo								
	No.	%	No.	%	No.	%	No.	%
Mentor	4	33,33	7	58,33	1	8,33	12	100,00
Strategic partner	1	100,00		0,00		0,00	1	100,00
Total	5	38,46	7	53,85	1	7,69	13	100,00
North West								
	No.	%	No.	%	No.	%	No.	%
Mentor		0,00	2	66,67	1	33,33	3	100,00
Strategic partner	2	18,18	6	54,55	3	27,27	11	100,00
N/A - No mentor/SP		0,00	4	66,67	3	50,00	6	100,00
Total	2	10,00	12	60,00	6	30,00	20	100,00
Total	30	30,61	38	38,78	30	30,61	98	100,00

Table 47: Number of projects by sustainability category, type of strategic partner and province (n=98)

	Eastern Cape				Free State				Gauteng				KwaZulu-Natal				Limpopo				North West				Total
Sustainability level	1	2	3	Total	1	2	3	Total	1	2	3	Total	1	2	3	Total	1	2	3	Total	1	2	3	Total	
Mentor	2	2	2	6	3	1	2	6	1	4	1	6	1	2		3	4	7	1	12		2	1	3	36
Academic			1	1														1		1					2
Cooperative	1	2		3	2	1	2	5																	8
Farmer	1		1	2	1			1	1	3		4	1	2		3	3	4	1	8		1	1	2	20
Individual										1	1	2													2
NGO																	1			1					1
Status not known																		2		2		1		1	3
Strategic partner	1	1		2	7	3	6	16	1	1		2	5	5	10	20	1				2	6	3	11	49
Corporate	1	1		2	7	3	6	16					5	5	10	20					2	6	3	11	49
Individual									1	1		2					1			1					3
No answer or N/A	1			1					1		1	2			1	1						4	2	6	5
TOTAL	4	3	2	9	10	4	8	22	3	5	2	10	6	7	11	24	5	7	1	13	2	12	6	20	98



Economic sustainability by land reform programme

Although the analysis of sustainability by land reform type includes all grant types, the real comparison is between LRAD and PLAS projects, given the small number of projects in other grant types (e.g. only four SLAG and restitution projects) (Table 48). LRAD and PLAS projects seem to have an equivalent number of projects in the different sustainability groups (with about one-third being sustainable, and one-third not sustainable at all).

Table 48: Number and proportion of projects by sustainability and type of land reform programme/land acquisition (n=98)

	Sustainability category						Total	
	1		2		3			
	No.	%	No.	%	No.	%	No.	%
LRAD	14	33,33	15	35,71	13	30,95	42	100,00
PLAS	13	27,08	19	39,58	16	33,33	48	100,00
Private	0	0,00	4	100,00	0	0,00	4	100,00
Restitution	1	100,00	0	0,00	0	0,00	1	100,00
SLAG	2	66,67	0	0,00	1	33,33	3	100,00
Total	30	30.61	38	38,78	30	30.61	98	100.00

When the sustainability of projects benefiting from RECAP is compared between LRAD and PLAS per province, it appears that PLAS farms are doing slightly better (Table 49). Indeed, PLAS has a higher proportion of projects/farms that are sustainable, in particular, in the Eastern Cape. In the Free State and KwaZulu-Natal, LRAD and PLAS are recording the same sustainability rates. Only in North West province is LRAD recording better results.

Sustainability according to age and gender

There is a clear (negative) correlation between the sustainability of the projects which have benefited from RECAP and the age of the project leaders (Table 50). The number of sustainable projects decreases with age. A similar, although less clear-cut, is observable for the non-sustainable projects: non-sustainability of projects is increasing with the age of the project leader.



Table 49: Number and proportion of projects by sustainability and type of land reform programme/land acquisition and province (n=98)

	Sustainability category							
	1		2		3		Total	
Eastern Cape								
	No.	%	No.	%	No.	%	No.	%
LRAD	1	33,33	2	66,67		0,00	3	100,00
PLAS	1	25,00	1	25,00	2	50,00	4	100,00
Restitution	1	100,00		0,00		0,00	1	100,00
SLAG	1	100,00		0,00		0,00	1	100,00
Total	4	44,44	3	33,33	2	22,22	9	100,00
Free State								
	No.	%	No.	%	No.	%	No.	%
LRAD	2	40,00	1	20,00	2	40,00	5	100,00
PLAS	7	43,75	3	18,75	6	37,50	16	100,00
SLAG	1	100,00		0,00		0,00	1	100,00
Total	10	45,45	4	18,18	8	36,36	22	100,00
Gauteng								
	No.	%	No.	%	No.	%	No.	%
LRAD	2	100,00		0,00		0,00	2	100,00
PLAS	1	12,50	5	62,50	2	25,00	8	100,00
Total	3	30,00	5	50,00	2	20,00	10	100,00
KwaZulu-Natal								
	No.	%	No.	%	No.	%	No.	%
LRAD	5	33,33	4	26,67	6	40,00	15	100,00
PLAS	1	12,50	3	37,50	4	50,00	8	100,00
SLAG		0,00		0,00	1	100,00	1	100,00
Total	6	25,00	7	29,17	11	45,83	24	100,00
Limpopo								
	No.	%	No.	%	No.	%	No.	%
LRAD	2	40,00	3	60,00		0,00	5	100,00
PLAS	3	42,86	3	42,86	1	14,29	7	100,00
Private		0,00	1	100,00		0,00	1	100,00
Total	5	38,46	7	53,85	1	7,69	13	100,00
North West								
	No.	%	No.	%	No.	%	No.	%
LRAD	2	16,67	5	41,67	5	41,67	12	100,00
PLAS		0,00	4	80,00	1	20,00	5	100,00
Private		0,00	3	100,00		0,00	3	100,00
Total	2	10,00	12	60,00	6	30,00	20	100,00
Total	30	30,61	38	38,78	30	30,61	98	100,00

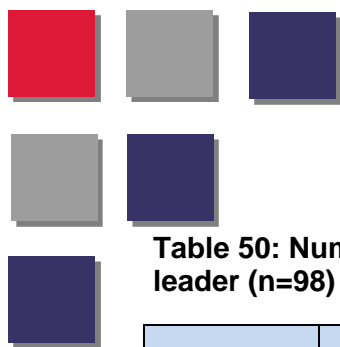


Table 50: Number and proportion of projects by sustainability and age of the project leader (n=98)

	Sustainability category						Total	
	1		2		3			
	Years	No.	%	No.	%	No.	%	No.
20-29	0	0,00	2	50,00	2	50,00	4	100,00
30-39	4	40,00	3	30,00	3	30,00	10	100,00
40-49	7	23,33	14	46,67	9	30,00	30	100,00
50-59	14	38,89	10	27,78	12	33,33	36	100,00
60-69	4	25,00	8	50,00	4	25,00	16	100,00
70+	1	50,00	1	50,00		0,00	2	100,00
Total	30	30.61	38	38.78	30	30.61	98	100.00

From a gender point of view, projects headed by females tend to perform relatively better than those headed by males (Table 51).

Table 51: Number and proportion of projects by sustainability and gender of project leader (n=98)

	Sustainability category						Total	
	1		2		3			
	No.	%	No.	%	No.	%	No.	%
Female	3	16,67	9	50,00	6	33,33	18	100,00
Male	27	33,75	29	36,25	24	30,00	80	100,00
Total	30	30.61	38	38.78	30	30.61	98	100.00

Although the analysis of economic sustainability of RECAP projects shows some positive and encouraging results, several points of caution are noteworthy.

- 1) Although overall production has increased on the farms, a large number of projects do not have any (agricultural) income yet (30 of the 98 projects) (Table 45). Of course, the (longer term) trajectory of these projects has to be assessed – many of them are in their initial phases. However, the economic evolution of these projects has to be monitored in order to ensure positive trajectories and economic growth. This leads to the necessity of developing and implementing a continuous monitoring and evaluation tool. The lack of a monitoring and evaluation tool makes it difficult to follow up on the trajectories of the RECAP projects and, thus, on the economic feasibility of the programme.

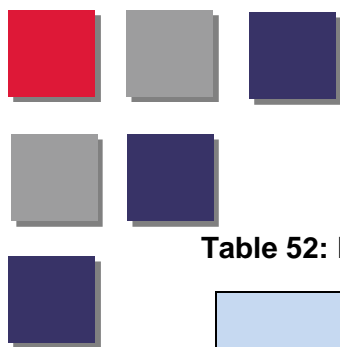


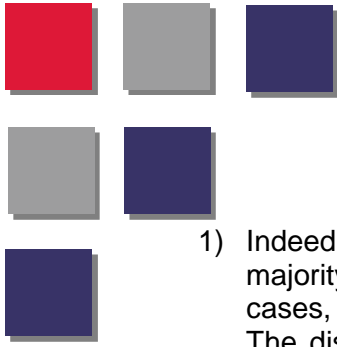
Table 52: RECAP projects not generating agricultural income (out of 98 projects)

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	North West	Total
Number	4	10	3	6	5	2	30
% of all projects in province	44,44	45,45	30,00	25,00	38,46	10,00	30.61

- 2) In some provinces, particularly in Limpopo, an insufficient provincial budget seemed to constrain the full/planned and effective implementation of the programme. This results in several projects (even if they are approved) not being implemented or transferred to the next financial year(s). One of the project managers confirmed that a continuous growing waiting list of projects exists – this will, of course, have implications for the economic feasibility of these projects and the RECAP programme overall, in the medium and longer term.
- 3) Directly related to the above, is the feasibility of these projects in the short term. Because of the RECAP budget constraints, funding of projects is either postponed to the following financial year(s) or beneficiaries are requested to reduce the amount of RECAP funds applied for per project. This is not done based on a feasibility study, but purely based on financial constraints at provincial level. This can and does lead to business plans that are not economically feasible at project level.
- 4) As mentioned above, business plans (whether developed according to standards and based on extensive feasibility studies or not) are altered based on other criteria or are not developed according to acceptable standards, certainly not including extensive financial, market, social and environmental assessments. As mentioned elsewhere in this report, several cases of cut-and-paste business plans have been identified, leading to questionable quality of the business plans, doubtful relevance for certain projects and to un-adapted market and social coherence. This will certainly have negative impacts on the short and longer term economic results of these projects.
- 5) Once a business plan is approved, a lack of flexibility is apparent as the activities are applied as prescribed in this plan and constrain feasibility. Although implementation inconsistencies are frequent, the overall business plan and idea are stringent. This is in contradiction with any economic venture that has to be flexible to be able to respond to changing environments, cycles and shocks. The latter is all the more problematic as, often, these business plans are pre-prepared or are prepared externally by mentors or even outsourced, not including beneficiaries, and thus, their relevance can be questioned.

3.10.2.2 *Social sustainability*

From a social perspective, the results are rather positive. However, the RECAP results remain superficial and short-term.



- 1) Indeed, initial disbursements in the framework of RECAP include, in the large majority of the cases, necessary but also visible assets such as bakkies. In some cases, as in the Free State, salaries were disbursed in the framework of RECAP. The disbursements have had the expected positive social impacts, but these are often short term, particularly if the economic feasibility of the project is not secured. In many cases, especially where no income from productive activities has been achieved, and where some of these benefits will be cancelled in the following years, according to the RECAP contracts (it is the case of the salary/remuneration for the beneficiary), the social impacts of these projects will also fade away.
- 2) A major social matter relates to the excessive transfer of decision making power and control to the mentors/strategic partners and the lack of empowerment of beneficiaries. This is certainly the case in many Free State projects, but also in numerous projects in other provinces. In these cases, mentors/strategic partners are fully controlling the RECAP funds and land reform projects, leading to the question of who actually benefits effectively from land reform. Comments such as “I am not the farmer” are illustrative of this. This leads to two subsequent aspects. Firstly, it leads to a lack of empowerment of the land reform and RECAP beneficiaries, who cannot make decisions regarding their own farm and their own fate, but also to the issue of who will not be capacitated (as there is limited transfer of skills, technical as well as managerial) in the longer term. Secondly, the excessive transfer of decision making power to the mentor/strategic partner leads not only to the latter having quasi-full control over the project and the funds, but also to little monitoring and evaluation regarding these funds and projects and misuse of power and funds. This certainly leads to a conflict of interest, as the person in charge is also the one following/monitoring the process.

3.10.2.3 Environmental sustainability (compliance with environmental legislation)

Only in a very few cases, mainly in the case of strategic partnerships, were the environmental aspects mentioned and taken into consideration. Environmental sustainability and compliance with environmental legislation does not seem to be a major aspect taken into consideration during the preparation and implementation of projects.

As such, two often encountered examples can be given.

- Very few (in many districts/municipalities, none) business plans and project preparation include environmental impact assessments (at least, effectively implemented);
- Water use is not regulated on the majority of the farms, with very few projects having water rights/licences and all projects utilising un-controlled borehole water.



3.11 Progress towards targets

3.11.1 Number of farms/projects targeted vs number recapitalised

As a programme, RECAP targeted to recapitalise 1807 projects/farms nationally over a five-year period from 2010/11 to 2014/15. For this target to be achieved, this would require an average recapitalisation rate of about 201 projects per province or 41 projects per province annually over the five-year period. While the varying geographic sizes and agricultural endowments or potential of each province are appreciated, each province should have recapitalised an average of 123 projects for the period 2010/11 to 2012/13. For the six provinces included in evaluation, this translates to a total of 738 for the period 2010/11 to 2012/13 or 984 for the period 2010/11 to 2013/14.

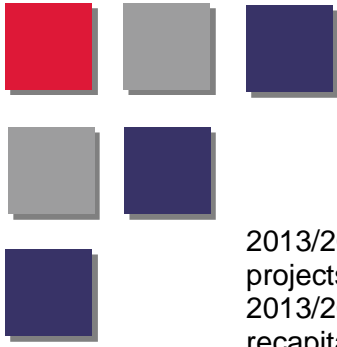
To reach the target of 1807 nationally, RECAP will need to recapitalise 1107 projects/farms for the period 2010/11 to 2012/13 or 1476 projects for the period 2011/12-2013/14. Table 53 provides information on the number of projects targeted for recapitalisation and the actual number of recapitalised projects as provided by provincial DRDLR officials. The number of recapitalised projects (461 projects, equivalent to about 62% of the target) falls short of the estimated number of projects that should have been recapitalised by 2012/13 of 738 in the six provinces to reach the target of 1807 projects.

Table 53: Number of farms/projects targeted vs number recapitalised according to the provincial leadership

Province	Projects targeted since 2010	Recapitalised projects	% of target (based on national target)
Eastern Cape	100 per annum	71	57.72
Gauteng	Information not available for 2010-2012 10 targeted for 2013	51	41.46
Free State	64 projects targeted for 2010-2012 24 projects targeted for 2013	70	56.91
KwaZulu-Natal	Information not available for 2010 to 2012 42 targeted for 2013	118	95.93
Limpopo	Information not available for 2010-2012 45 targeted for 2013	72	58.54
North West	Information not available for 2010-2012 25 targeted for 2013	79	64.23
TOTAL		461	62.47

In addition, several issues arise:

- Firstly, although there is a national target, there are no official provincial targets. This makes it difficult to monitor progress (and hence the necessity for the evaluation team to calculate hypothetical targets based on the national figure).
- Secondly, there are no precise figures or clarity on the number of projects earmarked for recapitalisation. In Gauteng province, for example, none of the project officers had an idea of the number of projects earmarked for recapitalisation and development. The confusion was even bigger in Limpopo: project officers were not of the same understanding regarding the number of projects earmarked for recapitalisation. Whereas some mentioned that there were 59 projects for the 2012/2013 financial year, others put the figure at 95 for the same period and 135 for



2013/2014 financial year. Some mentioned that they did not know the number of projects earmarked for recapitalisation in the province, except that the budget for 2013/2014 is already fully committed. In terms of projects targeted for recapitalisation, government officials in Limpopo did not share the same target. On one hand, it was indicated that 45 projects were targeted for RECAP for the first five-year cycle, that also being given as the number of projects recapitalised since RECAP inception in the province. On the other hand, it was indicated that all agricultural projects identified as distressed are targeted, and that to date, 72 projects have been recapitalised. It was also indicated that about 350 properties have been bought since 1995 under the land reform programme, excluding the restitution farms.

- Thirdly, there is no clarity regarding what is meant by 'recapitalisation', i.e. the difference between projects that were actually recapitalised, projects that received some RECAP funding and those that have been recapitalised and developed. Some of the projects considered as being recapitalised for this exercise did benefit only partly from the RECAP funding.
- Fourthly, at the heart of the problem is the lack of common understanding and clear definition by DRDLR of what recapitalisation means, as against development. The evaluation team couldn't access this information to establish the breakdown points for various projects across the different enterprises; an important area apparently overlooked during programme design and funding model development.

Although the slower than targeted progress is generalised, the RECAP implementation progress also varies per province. If a total of 738 projects had to be implemented up till now in the six provinces, this means that 123 projects would have been the target per province. As such, none of the provinces has reached the set national target; KwaZulu-Natal shows the greatest progress (96%) whilst Gauteng shows the least progress with only 41%; all the other provinces reach around 60%.

According to the national office of DRDLR, a total of 1269 projects/farms had been recapitalised as at June 2013. An analysis of the 1269 "recapitalised projects" was conducted and the funding levels presented according to the breakdown as in Table 54.

As presented in Table 54, 250 of the 1269 "recapitalised projects" had not received any RECAP funding by June 2013 other than funds for land acquisition expenditure (which cannot be described as recapitalisation funds). A further 122 projects received funding not exceeding R 25 000 whilst 80 projects were funded for between R25000 and R50000. A total of 59 projects were funded for an amount varying between R50000 and R75000, with only 44 projects funded to the tune of R75000 to R100000. Thus, a total of 305 projects were funded for not more than R100000.

According to Table 54, 370 projects have been funded for amounts ranging between R500 000 and R10 million, with 18 projects funded for over R10 million. Of the 370 projects, 134 were funded for less than R1 million, 94 for R1 million to R2 million and 113 funded for R2 million to R5 million. Only 29 projects were funded for between R5 million to R10 million. Table 55 presents a breakdown of the projects funded for over R10 million over the review period.



Table 54: Number of RECAP projects funded by funding category and province according to DRDLR

Funding range (R)	EC	FS	GP	KZN	LP	MP	NC	NW	WC	No. of projects
0	14	43	30	24	15	49	13	55	7	250
>0- 25000	13	16	18	5	14	10	11	24	11	122
> 25000- 50 000	12	12	9	5	8	5	13	15	1	80
> 50000- 75000	7	9	9	14	5	4	1	8	2	59
> 75000-100000	5	4	4	7	6	7	2	8	1	44
>100000 - 200000	16	26	20	7	18	19	4	17	5	132
>200000-500000	18	27	9	36	53	18	10	18	5	194
>500000-1000000	19	3	10	29	33	16	2	11	11	134
>1000000-2000000	15	11	11	12	8	19	5	7	6	94
>2000000-5000000	9	19	9	10	12	12	12	23	7	113
>5000000-10000000	2	3	1	4	5	7	1	5	1	29
>10000000	2	3	0	2	1	6	0	4	0	18
Total	132	176	130	155	178	172	74	195	57	1269

Source: Compiled based on DRDLR (2013b)

From the list of RECAP projects provided by DRDLR, it would seem that any project that has received funding, regardless of the purpose and amount of funding is a 'recapitalised' project. For example, many projects that are listed as RECAP projects have only received funding for land acquisition. Other farms have received amounts less than R1000 over and above land acquisition funding and they are considered to have been recapitalised. The Meyers family project, a PLAS farm in Cacadu District in the Eastern Cape, was purchased for R3.5 million and received a further R16.5 million whilst the Maphala family, in the Ukhahlamba District, also in the Eastern Cape on LRAD farm was purchased for R370 000 has been funded for only R833.85. In the Free State, in Motheo District, Pro Active Hamokatiba, a PLAS farm purchased for R9.5 million was only funded to the tune of R3320. All these farms are regarded as having been 'recapitalised' by DRDLR.

3.11.2 Number of beneficiaries targeted/Number targeted for employment vs number reached/number employed

A major shortcoming of the RECAP programme is the lack of precise targets with regards to the number (i) of beneficiaries targeted; and (ii) targeted for employment. This is the case at national as well as provincial levels. This leads to the impossibility of monitoring progress or results regarding the number of beneficiaries or number of people employed in the framework of RECAP. Indeed, even if the number of beneficiaries (670 for the six provinces) and number of people employed (540 for the six provinces) are relatively low, it is not possible to relate it to a certain target or to evaluate progress or satisfaction.



3.12 Monitoring and Evaluation

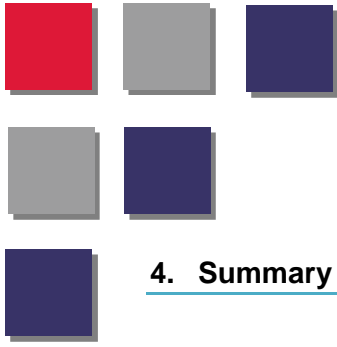
There was evidence of sporadic and uncoordinated monitoring of the programme in the provinces. In the Free State, systems were not in place at the time of implementation and, therefore, RECAP was implemented through trial and error. RECAP remains understaffed and relies on the M&E unit to monitor implementation even though this unit is also understaffed throughout the provinces.

In KwaZulu-Natal, the provincial government officials were in agreement that monitoring and evaluation was not integrated in the RECAP design. Hence, there is no structured monitoring and evaluation. Compliance monitoring is done by KPMG while the M&E unit (DRDLR) does programme monitoring on a monthly basis. This is done through development committees, where farmers, millers and the DRDLR meet to discuss progress and address challenges. These meetings are also forums for identifying projects that need RECAP assistance. However, the evaluation could not establish how this monitoring feeds into the national (DRDLR) system of monitoring and evaluation and whether the information obtained from provincial monitoring and evaluation efforts is used to shape RECAP programming.

In provinces where monthly project reports are compiled by regions (e.g. KwaZulu-Natal), there is no standardised way of reporting. The provincial leadership and project officers felt that visits by KPMG and the M&E unit to RECAP projects fall short in that information gathered is not used to shape the programme.

Information provided by provincial government officials and project officers indicates that strategic partners are not monitored and, hence, farmers are left at their (strategic partners) mercy. There are no means of enforcing grant conditions. In one instance, it was reported that the strategic partner transferred R1 million into the joint account and transferred the same amount back into his own account two weeks later to invest the money without the consent of the DRDLR and beneficiaries. Cases of intimidation by some strategic partners have been cited by some beneficiaries and these are not known to the DRDLR. Proper monitoring and evaluation would help to identify some of these problems so that appropriate action may be taken to address them.

There are processes being undertaken by DRDLR to improve the monitoring and evaluation of RECAP. The RECAP policy is being reviewed by the policy unit and a RECAP implementation manual is being developed.



4. Summary of Findings, Conclusion and Recommendations

This report presents the results of the implementation evaluation of Recapitalisation and Development Programme (RECAP) as implemented in the six provinces of Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo and North West. The evaluation sought to address the evaluation questions as agreed between the service provider and client. The main findings of the evaluation may be summarised as follows:

4.1 Common understanding of RECAP

There is a varying degree of understanding among RECAP stakeholders of what RECAP is all about.

RECAP stakeholders do not have a common understanding of the nature, operation and purpose of the programme. Of all the components of RECAP, the funding component is emphasised most by most stakeholders. For example, beneficiaries associate RECAP with funding/capital to be injected into struggling farms to revitalise them. The other components of RECAP dealing with capacity building and establishing market linkages do not seem to receive much attention. There seems to be an expectation among some beneficiaries that RECAP is there to solve all their problems and that they do not need to do much to make their farms successful. Among strategic partners and mentors, it appears that some of them are in RECAP solely to benefit financially and, therefore, pay little or no attention to contributing to capacity building of the beneficiaries. In some instances, the strategic partners/mentors take over the management of the farms, reducing beneficiaries to mere employees or spectators. This supports the view that capacity building is not accorded sufficient attention because, if it were, strategic partners/mentors would not run the farms without capacitating the beneficiaries. Even among government officials, there seems to be no common understanding of RECAP, its objectives and operation. The understanding of RECAP does not only differ between national and provincial officials but also between officials within provinces.

Some government officials attribute the lack of common understanding to 'the ever-changing' RECAP policy and procedures. Other government officials do not understand RECAP largely due to their lack of interest in the programme as they consider it to be an added responsibility. Of utmost importance is the absence of clear definitions of key concepts used in RECAP, which has contributed greatly to the lack of common understanding of RECAP. Concepts such as 'recapitalisation', 'development', 'distressed farm', are used in official documents without any explanation of their meanings. This does not only lead to possible misinterpretation of the meanings of these key terms but also makes it difficult to measure any progress achieved. This problem is exacerbated by the absence of clearly defined programme milestones/targets (w.r.t. skills transfer, number of jobs created, etc.).

The absence of clear definitions of key terms used in RECAP is likely to have affected the performance of RECAP negatively by creating a scope for opportunistic behaviour by officials, farmers and strategic partners/mentors. The general misconception between small-scale farmers and commercial farmers and the vague concept of "graduation to commercial farmers" contributed to poor design and confusion in the implementation of the programme. The interpretation of this concept was generally left to the provincial and



regional officials, which resulted in the large differences between provinces in the way the programme was implemented. The design also fails to distinguish between recapitalisation and development.

4.2 Appropriateness of RECAP design

RECAP is not appropriately designed to achieve its intended objectives.

- *Objectives are too ambitious with most of them not directly linked to the programme design and purpose.*

For example, one of the objectives of RECAP is to “guarantee food security”. This cannot be achieved through RECAP alone and, therefore, should not be made a specific objective of the programme. Another objective of RECAP is to “establish rural development monitors”. The relevance of this ‘objective’ to the purpose of RECAP is unclear. In addition, establishing rural development monitors is a means to an end and should not be an objective.

- *There are no clear selection criteria for projects, beneficiaries and strategic partners/mentors.*

This leads to a questionable selection of farms and beneficiaries for participation in RECAP.

- *RECAP lacks a clear and structured programme monitoring and evaluation system.*

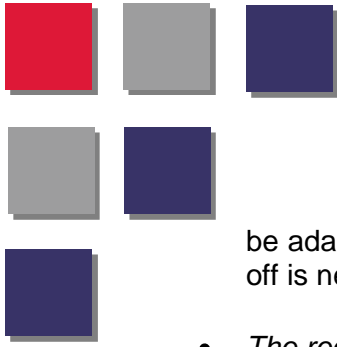
Hence, monitoring and evaluation of projects, in cases where it is undertaken, does not happen in an orderly and coordinated fashion. Furthermore, monitoring and evaluation of projects is not undertaken on a regular basis.

- *RECAP does not have a well-defined organisational structure, both at national and provincial levels, with the necessary level of authority and staff to ensure effective execution of its mandate.*

The absence of an organisational structure is one of the reasons the RECAP does not have its own full-time staff. There is a general shortage of RECAP staff fully dedicated to the programme across all provinces. The majority of RECAP-related staff, especially at project officers’ level, are not suitably qualified. In nearly all the provinces, most of the staff perform their RECAP duties over and above the other duties of their permanent/full-time positions. Hence, RECAP is considered an additional responsibility. The programme is therefore often not accorded high priority. The capacity to monitor and evaluate the programme internally is insufficient and this contributes to some of the problems experienced with strategic partners/mentors in some of the provinces.

- *The RECAP funding model is a one-size-fits-all and does not take into consideration the varying characteristics of farm enterprises and agro-ecological contexts.*

RECAP funding is based on the sole financial model of a multi-year injection of capital. Although such models might be relevant for certain farm enterprises (for example, crop farming, where a continuous growth pattern is advisable), it might not



be adapted to others (e.g. poultry houses, where reaching a certain threshold once-off is necessary for the sustainability of the project).

- *The requirement for farmers to have a strategic partner/mentor to qualify for RECAP support regardless of their farming background leads to wastage of valuable resources, in some instances.*

Some of the farmers whose farms were recapitalised had the necessary skills and experience to run their farms without the strategic partners/mentors. However, because it is a requirement for RECAP support to have a strategic partner/mentor, a strategic partner/mentor may be paid for services that are neither rendered nor needed on the farm.

- *The RECAP grant funding approach is not sustainable in view of limited resources.*

The RECAP grant funding approach requires limited commitment from the farmers/beneficiaries in terms of additional investment and creates some form of dependency on state funding, which is an unintended objective of the programme. The programme encourages an entitlement mentality on the part of the beneficiaries. Hence, in some cases, budgets are inflated by strategic partners/mentors and beneficiaries in the development of business plans.

- *The RECAP design does not promote collaboration with the Department of Agriculture, Forestry and Fisheries in the implementation of the programme.*

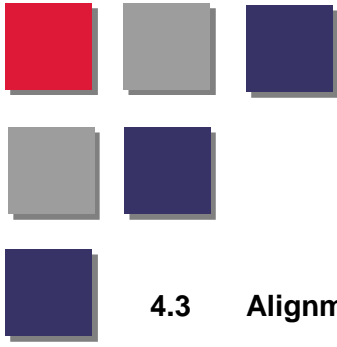
RECAP ventures directly into the domain of agricultural support and one would have expected closer collaboration between the two departments (i.e. DRDLR and Agriculture) in the implementation of the programme. Such collaboration is important especially when it is considered that it is the failure of agricultural support programmes that has contributed to many of the land reform projects being in distress. It is evident that RECAP was introduced because the support programmes of the departments of Agriculture failed to support land reform beneficiaries adequately. RECAP is thus a programme in the space of agriculture.

- *RECAP design promotes centralisation of decision making with respect to approval of funding applications.*

The absence of delegation of authority to the provinces to approve funding applications leads to delays in approval of funding applications and disbursements of funds, resulting in loss of production.

- *RECAP design omitted the development of logical framework and a theory of change.*

This partly explains the confusion regarding what RECAP is all about and makes it difficult to properly evaluate the programme as there are neither set targets for the various RECAP objectives nor baseline data on RECAP. The only targets are in terms of the number of farms to be recapitalised.



4.3 Alignment of RECAP project cycle to farming operations

- *The RECAP project cycle is not aligned to the farming operations.*

Beneficiaries have indicated that the approval process for RECAP funding is lengthy and bureaucratic. Furthermore, the average time between funding approval and disbursement of funds was more than five months. This has resulted in delays in undertaking farm operations and, in some cases, abandonment of projects. Often, funding for projects is approved but the actual disbursement of funds is delayed by one or more years due to budget constraints. Although all provinces are affected by this, the problem was more serious in Limpopo province.

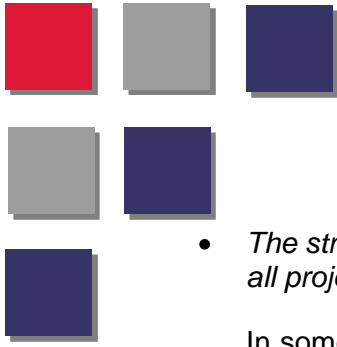
In addition, RECAP funding is not always linked to the enterprise production cycle. Different enterprises in the agricultural sector have different production cycles. The broiler industry, for example, has a growing period of 35 days and a further 14 days for hygiene purposes which makes the production cycle 49 days. The RECAP funding model, as it is now, is not appropriate as it regards the recapitalisation element of this farming enterprise in year two. On the other hand, as far as cattle farming is concerned, the model doesn't talk to the calving rate and the weaning period, let alone the break-even period of the farm or enterprise. It will not be possible for the farmer to contribute the expected 20% from the first year profits in the second year as there will not have been any curling.

4.4 Effectiveness of strategic interventions

The strategic interventions are not resulting in a broad-based capacitation of the beneficiaries/farmers.

- *Overall, RECAP effectiveness in capacitating the farmers/beneficiaries is not satisfactory, with different results for the different capacitating roles*

Overall, RECAP effectiveness in capacitating the farmers/beneficiaries is estimated at 67%. A breakdown of RECAP effectiveness in terms of specific capacity building activities is as follows: Technical expertise (66%), farm management (71%), funding (76%), output markets (88%), input markets (62%), and other tasks, such as monitoring, etc. (25%). The evaluation of the effectiveness of RECAP and the strategic partners and mentors with regard to specific capacitating roles is least positive in providing input markets.



- *The strategic interventions of partnership and mentorship are not equally effective in all projects and provinces.*

In some projects and provinces, the interventions seem to work well while in others there are serious problems between beneficiaries and strategic partners/mentors. The transfer of technical and management skills does not seem to be proceeding as planned.

- *RECAP lacks a well-defined and dedicated training and skills transfer plan with a well-defined budget.*

Lack of a well-defined and dedicated training and skills transfer plan with a well-defined budget has seriously hampered efforts towards skills transfer. The strategic partners and mentors have not been able to absorb this cost or properly identify training needs. Hence, a haphazard and uncoordinated skills transfer approach. An assumption has also been made that strategic partners and mentors are good trainers, something proving not to be right.

In many instances, the development of entrepreneurial skills is limited because farmers have very little decision making power and little control over production.

- *In some instances, inexperienced persons are appointed as strategic partners.*

Such strategic partners do not contribute to the desired capacity building of beneficiaries and, therefore, contribute to the failure of RECAP to achieve its objectives. There is an instance where a dentist without any farming background has been appointed as a strategic partner.

- *There seems to be an assumption within RECAP that experienced commercial farmers necessarily make good managers and businessmen.*

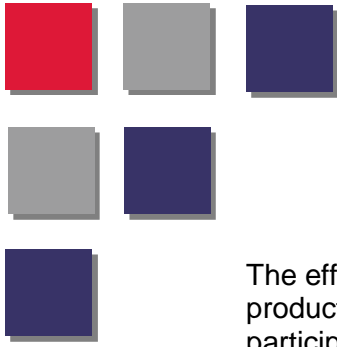
The fact that a strategic partner is an experienced commercial farmer does not necessarily mean that he will be a good manager and professionally minded person who fully understands practical farm management.

- *Although RECAP provides for strategic partners to contribute financial and infrastructural resources, very few strategic partners are doing so.*

The limited resource contribution on the part of strategic partners may be partly attributed to a lack of built-in mechanisms to secure the investment of strategic partners in the projects/farms. The short-term nature of the lease period for the farms and uncertainty regarding compensation for possible losses due to factors beyond the strategic partner's control (e.g. natural disasters) discourage strategic partners from making their resource contribution.

4.5 Effectiveness of RECAP in building capacity to participate in commercial production

- *The effectiveness of RECAP in capacitating beneficiaries to produce for the market is limited.*



The effectiveness of RECAP in developing beneficiaries to participate in commercial production can be assessed in terms of the number of beneficiaries/farms ready to participate or already participating in commercial production. In all provinces, there was a general consensus among government officials that, although RECAP had not yet produced commercial farmers, many of the beneficiaries were on their way to becoming commercial farmers. The view that RECAP has produced commercial farmers was held mainly by strategic partners/mentors, with those in Free State claiming that at least four livestock projects were already farming on a commercial basis and those in KwaZulu-Natal sugar industry claiming that 80% of the cane growers were farming on commercial basis.

4.6 Reaching of targeted beneficiaries

- *The issue of whether RECAP is reaching the targeted beneficiaries is complicated by lack of consensus among government officials on the number of targeted beneficiaries in each province.*

Within provinces, project officers and provincial government officials responsible for RECAP do not seem to agree on the number of projects/beneficiaries targeted for recapitalisation. This difference of opinion on the number of targeted beneficiaries also exists between provincial and national government officials. It is our view that this difference of opinion is largely attributable to the confusion around the meaning of 'recapitalised' projects. For government officials within the provinces, there is no common meaning of a 'recapitalised' project. This lack of a common meaning of a 'recapitalised' project also exists between provincial and national government officials.

- *RECAP design has resulted in the inclusion of beneficiaries/farms that did not really need to be assisted, partly because of lack of clarity on the selection criteria for beneficiaries/projects and possible political interference.*

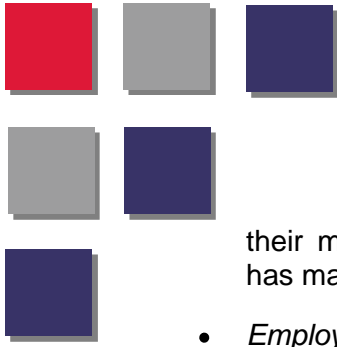
There were instances where it was difficult to understand how some farms came to be included in RECAP because the owners seemed to be financially strong and could afford to provide their own funds. In some provinces, it was reported that some farmers by-passed provincial government officials and contacted senior politicians to have their farms prioritised for recapitalisation.

4.7 Achievement of intended objectives

RECAP has made some progress towards achieving its intended objectives, but these are few, leaving room for significant improvement.

- *Market access for farmers/beneficiaries is rarely improved*

One of the lowest impacts assessed relates to RECAP's (output and input) market access facilitation. Indeed, 47% of the respondents benefiting directly from the programme (only 39% of the total number of beneficiaries interviewed) note that



their market access has improved. Market access development through RECAP has mainly occurred in KwaZulu-Natal (70%) and the least in Gauteng.

- *Employment creation, both direct and indirect, has been positive, although weak*

The RECAP projects and business plans have not focused on activities and investments that are labour intensive. Employment on the farms has increased in 58% of the cases who benefited effectively from RECAP funding, representing a mere 43% of all the RECAP cases interviewed. The results are good in the Eastern Cape; whereas the increase has been disappointing in the Free State.

- *The input procurement processes employed by some strategic partners often do not lead to benefits for local communities and business.*

Inputs are often sourced from external suppliers, sometimes outside the province in which RECAP farms are located. In addition, local skills are not considered as outsiders are hired to perform tasks like fencing. This goes against one of the objectives of RECAP of creating employment opportunities.

- *Capacitation of farmers/beneficiaries remains low, as skills transfer by strategic partners is not effective.*

About 44% of the benefiting beneficiaries noted that RECAP had impacts regarding skills transfer; this represents 34% of the total RECAP cases included in this project. This is the lowest impact rate assessed. This result is a rather negative outcome of the RECAP programme, as skills transfer is one of the main objectives of the programme. Particularly in Gauteng, North West and KwaZulu-Natal, RECAP has had little impact on skills transfer.

- *The economic situation of the farmers/beneficiaries is considered to have improved, although the improvements remain small in absolute terms as benefits from RECAP are in the initial phase.*

Economic impact has been rated the highest overall: About 72% of the people benefiting effectively from RECAP mentioned that their economic situation had improved (although to a lesser degree in Free State – 52%). This accounts for 57% of all the respondents included in the sample.

- *The social status of farmers/beneficiaries has also improved, although its sustainability is questionable.*

As with the previous economic impacts, one of the highest impacts is related to the social impacts of RECAP. Indeed, it impacts on 70% of those effectively benefiting and 55% of the total number of people included in the RECAP project. However, the latter is not unexpected, as through the significant amount of funds injected in the projects, beneficiaries are directly benefiting materially (e.g. acquisition of bakkies) and socially. Also, in many cases, social expenses (e.g. cars) have seemed to be priorities, making their sustainability to be questionable.

- *Food security of farmers/beneficiaries is considered to have improved.*

About 59% of those benefiting effectively from RECAP noted that RECAP had impacted on their diet (mainly in the quantity, but also the quality and diversification of their diet). However, if the total RECAP population is considered, the proportion



of beneficiaries stating that the programme had a positive effect on their food security situation was only 47%.

4.8 Resource use efficiency and value for money

- *RECAP spending per project is relatively high, questioning the financial sustainability of RECAP itself and of its efficiency overall.*

As stated previously, the RECAP budget amounts to 25% of DRDLR's baseline land redistribution and restitution of land rights budget and was about R3.3 billion for the 2012/13 financial year. Therefore, it is worth finding out whether there is value for money. Considering the 98 projects included in the evaluation, the efficiency of the RECAP programme, measured in terms of investment expenditure against results, is low. This is the case when spending per project is considered. On average, R2.8 million is spent per project in the six provinces included in the study. However, only 70% of the RECAP projects were generating income from agricultural production at the time of the evaluation, with a few of these projects being sustainable. This result is particularly weak for the Free State, where more than R3.9 million is spent per project and where only 54% of the projects recapitalised were generating agricultural income.

- *As RECAP benefits a relatively small number of beneficiaries, spending per beneficiary and per job created is relatively high.*

On average, R463 284 is spent per beneficiary or R588 284 is spent to create one job in the six provinces included in the evaluation. One of the highest expenditures is in the Free State where R1.02 million is spent per beneficiary and where RECAP spending has not been associated with the creation of a single additional full-time job.

- *RECAP has contributed to the achievement of objectives such as employment creation. However, the number of employment opportunities created is too small to justify the investment.*

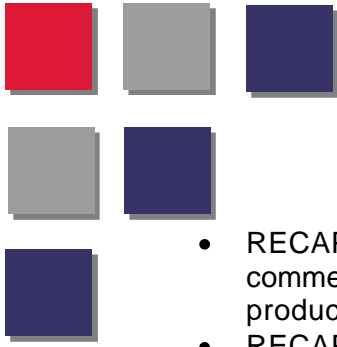
The figures reported earlier provide a partial answer to the question of whether there is value for money in RECAP. A thorough financial analysis would be required to provide a full answer. However, the absence of established and precise targets/thresholds, lack of continuous monitoring and evaluation, lack of baseline data, etc. will make it difficult to evaluate the efficiency of RECAP.

4.9 Strengths and weaknesses

The strengths and weaknesses of RECAP are as follows.

Strengths

- RECAP has a long-term view and the farming model is comprehensive focusing on the development of the farm as a whole.
- Farmers are paired with experienced and well qualified industry players, which ensures agricultural activities take place on the farm.



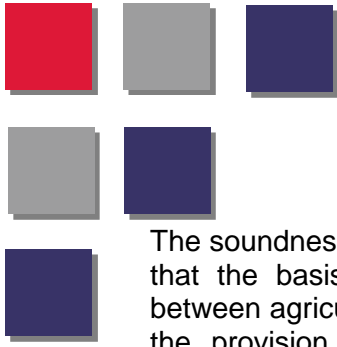
- RECAP provides the necessary infrastructure and equipment for sustainable commercial production. Access to farm inputs ensures that farms are back into production.
- RECAP has improved access to farm inputs through discounted inputs resulting from bulk-buying by strategic partners.
- Immediate impact of projects can be realised through outputs
- Previous land reform processes had more beneficiaries on the farm. RECAP has fewer beneficiaries, making land and farm enterprises more viable.
- To a larger extent, RECAP has restored/improved the confidence of beneficiaries.
- There is transfer of skills even though it has been minimal.
- RECAP brings DRDLR closer to the farmers and industry players through the tripartite agreements.

Weaknesses

- Insufficient budget, particularly per province.
- Insufficient capacity to implement and monitor the programme.
- RECAP project cycle not aligned to farming operations.
- Poor strategic partner/mentor-beneficiary relationship.
- Weak market linkages.
- Limited employment generating capacity.
- Limited understanding of RECAP.
- Limited skills transfer.
- Strategic interventions not achieving intended objectives of RECAP.
- Selection criteria not tight enough to exclude non-deserving participants.
- Strategic partners/mentors allocated too many projects to handle.
- Poor screening of business plans.
- Lack of a clear exit strategy in relation to different farming enterprises
- The grant funding approach has encouraged overcapitalisation and lack of personal commitment
- Poor selection criteria have resulted in the selection and funding of undeserving farmers.
- RECAP is implemented in isolation from other government departments (e.g. Agriculture).

4.11 Strengthening of RECAP (Recommendations)

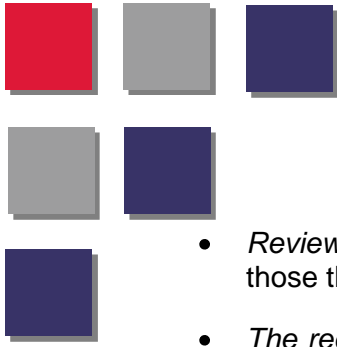
Prior to presenting recommendations for strengthening RECAP, we wish to point out that the recommendations should be considered as a 'second best solution'. In our view, the best and lasting solution would entail a redesign and overhaul of all public agricultural support programmes and doing away with existing silos of funding agricultural support services, including post-settlement support. This would entail the establishment of an all-inclusive fund to support land acquisition, extension and mentorship, agricultural finance and market access. Implementing our proposed 'best solution' would render RECAP and similar programmes unnecessary as they would be subsumed under a single programme for agricultural support.



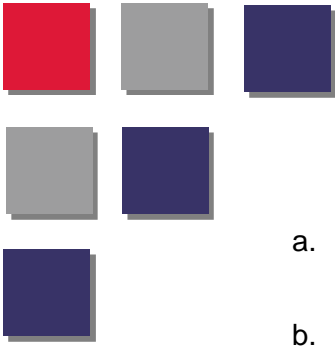
The soundness of our proposal (i.e. the 'best solution') will be appreciated if it is considered that the basis for RECAP's existence is the absence of alignment and coordination between agricultural support programmes and land reform processes. In an ideal situation, the provision of adequate and quality agricultural support services (inputs, finance, extension, market information, etc.) would have been in place upon the transfer of land to beneficiaries. However, because the delivery of these services has been unsatisfactory, essential agricultural support services for land reform beneficiaries are not in place. Hence the implementation of RECAP, which is essentially providing support services that should be provided by DAFF and the relevant provincial departments of agriculture.

With the realisation that the provision of adequate agricultural support services for land reform beneficiaries is not possible in the foreseeable future without programmes such as RECAP, there is justification for the programme to continue in the interim (i.e. until the best and lasting solution is found). Hence, the following recommendations are meant to strengthen RECAP whilst a lasting solution is sought:

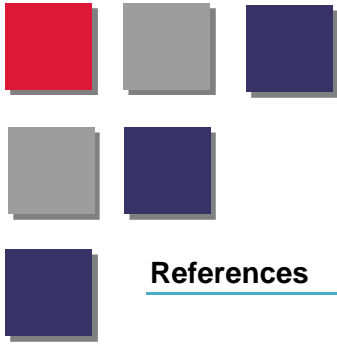
- *Review the objectives of RECAP to make them more clear and specific.* This should include defining the meanings of key terms used in the programme (e.g. distress farms, recapitalisation, development, commercial farmer, etc.). (Please refer to our suggested main objective of RECAP in this report).
- *Ensure a common understanding of RECAP among its stakeholders by engaging in an all-inclusive process to discuss the nature, operation, purpose and objectives of the programme.*
- *Establish a separate organisational structure for RECAP* and ensure that the programme has its own full-time staff and do away with the current arrangement of seconding staff from other units of DRDLR to work for RECAP part-time. A separate organisational structure would also help to address the current problems experienced related to reporting arrangements between provincial and national RECAP offices. The lifespan of the proposed organisational structure will be dependent on how long it takes to implement the 'best solution' proposed above.
- *Provide additional and appropriately qualified personnel dedicated to RECAP to improve its administrative and functional efficiency.* This will address the problem of understaffing in RECAP and lack of skills, especially among project officers. Inappropriately qualified personnel could be retrained rather than replaced.
- *The Monitoring and Evaluation Unit of DRDLR should establish a structured and systematic monitoring and evaluation programme for RECAP.* This will ensure a systematic and regular monitoring and evaluation of RECAP rather than the current uncoordinated and sporadic monitoring and evaluation of projects.
- *Review the proposed RECAP theory of change for future use.* This should ideally be accomplished through a workshop with the authors of the logical framework and theory of change document.
- *Develop clear and specific selection criteria for beneficiaries and land reform farms for recapitalisation and development in line with the objectives of RECAP.* The criteria should be developed to ensure that only deserving land reform farms and beneficiaries are selected for participation in RECAP.



- *Review selection criteria for strategic partners and mentors to ensure that only those that are competent and committed to RECAP objectives are selected.*
- *The requirement to have a strategic partner or mentor to qualify for participation in RECAP should be applied selectively to exempt beneficiaries with adequate experience and capacity to manage their farms. This will require conducting skills and needs assessment to determine the readiness of beneficiaries to carry out farming activities without a mentor/strategic partner. For beneficiaries requiring the assistance of strategic partners/mentors, it is important to ensure that such assistance is not provided even after the beneficiaries have acquired the skills and experience to operate their farms successfully.*
- *Establish delegations of authority to decentralise decision making and delegate provinces to approve applications for RECAP support within delegated amounts (e.g. R1 million per project). This may require upgrading the agricultural economics capacity of RECAP staff in the provinces. Implementation of this recommendation would help shorten the process of approving applications and disbursement of RECAP funds.*
- *Review the funding model to make it more flexible and adjustable to the enterprise production cycle and the identified funding needs. A funding model based on phases along the value chain rather than fixed periods (e.g. years) would be more appropriate.*
- *Replace the current RECAP grant funding with loan funding. RECAP funding should differentiate recapitalisation needs from farm development or growth needs, with a view to encourage beneficiaries to take responsibility for their enterprise/farm growth. Changing to loan funding would also increase the coverage of RECAP in terms of the number of beneficiaries assisted as the money paid back would become available for on-lending to more beneficiaries. Loan funding would also ensure proper appraisal of the farms/projects and beneficiaries, especially if the loans are channelled through a financial institution.*
- *DRDLR should investigate the possibility of delegating or handing over the responsibility of handling RECAP funds to an entity that is non-bureaucratic. This is to ensure the needed flexibility, responsiveness and a business-minded approach to farm financing.*
- *Establish guidelines to limit the amount of RECAP funding per project in order to widen the coverage of the programme and ensure that the funding model is adapted to the various agricultural production systems.*
- *The lease period for land reform farms should be reviewed in relation to the varying characteristics of enterprises to encourage farmers and strategic partners to invest in the farm. In addition, the project cycle should depend on the condition of the farm, farm needs and type of enterprise.*
- *Improve on the quality of business plans by preparing clear guidelines and building enough agricultural economics capacity within DRDLR with specific reference to RECAP.*
- *Increase focus on capacitation of beneficiaries/farmers to ensure effective skills transfer.*



- a. Establish a training budget, conduct training needs assessment for beneficiaries and develop a structured skills transfer programme.
 - b. Develop a capacity building plan to ensure empowerment of farmers/beneficiaries.
 - c. Establish a monitoring and evaluation system to monitor and evaluate skills transfer processes on a regular basis.
- *Improve coordination with the Department of Agriculture, Forestry and Fisheries with respect to the provision of technical support to beneficiaries to ensure long-term project sustainability.*
- *Increase focus on local development and employment creation for RECAP, in order to increase its overall intended multiplier benefits for the local community.*
 - a. Increase focus on activities that are labour intensive, at programme and project levels.
 - b. Introduce measures to encourage local sourcing of inputs for development of farm infrastructure as well as the supply of production inputs in order to maximise project benefits for the local economy.
- *In future, DRDLR should give greater attention to the design of an institutional framework before any programme launch.* That is, appropriate programme policies, implementation manuals, organisational structures, delegations of authority etc. should be in place before programme launch. This will ensure a smooth, effective and efficient programme implementation.



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