

## CHAPTER EIGHT: REFLECTION

### 8.1 Introduction

This study's aim was to develop a redesigned project model to provide a support framework for the diverse developing agricultural sector in the North West Province of South Africa. The model developed is based on two hypotheses; that the project approach should account for economic diversity in an agricultural community and that integration between role-players is required to facilitate access to resources and services.

In chapter one, a background to the study, the problem statement and the subsequent hypotheses were provided. Chapter two dealt with a comprehensive literature review, relating the study to agricultural development and agriculture's role in broad economic development. It subsequently focussed on the history of agricultural development in SA, its policy evolution and the particulars of its small-scale sector. This led to a specific focus on diversity in the agricultural sector, an important aspect isolated in this study. Chapter three confirmed the vision, as expressed by Tomlinson during the 1950s, that facilitation of access to resources and services constitutes a strategy to empower a small-scale farmer sector. The project approach embodies such an integration model, isolated as of particular potential for small-scale agricultural development. Specific findings or lessons from agricultural development history were distilled into design criteria for a redesigned project approach. These were linked to the hypotheses that support focused on farmer types and integration through projects to facilitate access, is required. This strategy was described as a revived project approach that deals with economic diversity and integrates stakeholders to address high cost. This strategy entails that the project planning cycle is extended, to include the project design criteria condensed from lessons learnt.

Chapter four described the comprehensive quantitative and qualitative methodology for analysing the case study. It was argued that a quantitative analysis alone would not be fitting for the study and qualitative procedures played a major role in analysis. In chapter five the environment in which the case study is situated, is provided. The historical background of the area, agricultural history and support structures are described. A profile of the diverse farmer continuum was also provided. Chapter six dealt with the *ex post* analysis of the Sheila project. This was the largest dryland-cropping project ever attempted in South Africa and eventually covered most of the northern half of the Ditsobotla district. Various impacts were determined. In chapter seven the lessons learned from the literature and the *ex post* analysis, are incorporated in an *ex ante* analysis of a revitalised project at Sheila.

This final chapter will provide a concise description of the lessons learnt from agricultural development history, the methodology used, the findings of the case study and the proposed way forward. It will deal specifically with the reasoning behind a revision of the project approach as model for development, and the consequent project design criteria. Finally, these are included in the description of a revived project approach for the Sheila scenario.

## 8.2 Proposing a new approach for agricultural development

Given the political history of South Africa, a consensus amongst professionals in economic development is that a more equitable dispensation is required in the agricultural sector. Although significant progress has been made during the past decade, the main problems, unemployment and poverty have not been adequately addressed.

As a significant number of poor and unemployed citizens reside in rural areas, agriculture must contribute to development. However, historically agriculture's role in development is underestimated and under-exploited, despite its proven direct and indirect role in economic transformation and growth (with equity).

Establishing the entry of small-scale farmers into mainstream commercial agriculture is therefore a priority. This requires a comprehensive strategy, as this sector has been severely constrained by policy considerations. Although support services are theoretically now available to all type of farmers in South Africa, historical biases still result in inequitable access to services. Although many factors are relevant, production cost is the one issue that is inhibiting agricultural growth in the small-scale sector.

Integration through innovative co-operation in the production chain provides a model with significant potential. However, the project approach, that facilitated precisely this type of integration, does have a mixed track record in agricultural development. Reasons for this were investigated in this study and in this process it was hypothesised that quantification of rural diversity is required in determining appropriate support strategies. It was also hypothesised that integrating farmers and stakeholders, would address the constraint of high production cost.

In developing a redesigned project approach to facilitate resource poor farmer access to resources and services, specific project planning and implementation design criteria were defined to be incorporated in a redesigned project approach. These were then investigated in an analysis of the case study, Sheila. This study ultimately focused on this project approach as a service delivery strategy for the NWDACE. It is proposed that the project cycle should be extended to include the design criteria defined. This strategy embodies an innovative approach with extensive potential to facilitate agricultural development



### 8.3 Lessons from history, policy and experience

The main agricultural development lessons applicable to this study and distilled from a focused literature review include:

- The recognition of agriculture as an important cog in the economic development wheel.
- Agricultural transformation's increasing focus on human capital development in order to improve livelihoods. As HCD is the most important determinant for success in agriculture, this aspect must form a key part in any development strategy.
- Recognition of the importance of the social and economic development status in a particular agricultural community. Depending on the transformation phase, public investment should be used to stimulate production, activate linkages and multipliers, or streamline marketing. Flexible, efficient delivery systems and employment creation are priorities.
- Recognition of government's key role in strategic design and implementation of rural development strategies, as it was found that in general, agriculture has not yet fulfilled its potential as a catalyst for broader economic development.
- Recognition of the major disruptive effects of HIV/AIDS on agricultural production, a pandemic which impacts on a significant percentage of the South African population.
- Recognition of the unique social reality in South Africa, that agriculture most often plays a supplemental role. However, real participation in the sector must be enhanced if development is to be achieved. Appropriate technology must be continuously developed and transferred, but any development initiative that fails to adapt to the social environment, is bound to fail.
- The view that rural poverty is the result of the backwardness of smallholder agriculture, is rejected. Experts agree that small-scale farming can be viable and that emerging farmers can contribute significantly to production. Facilitating small-scale farmer empowerment should therefore be a key initiative in reducing poverty and facilitating growth.
- The acknowledgement of diversity as a determining factor in the agricultural population of South Africa. This diversity must be dealt with effectively, as the small scale farming community cannot be treated as a homogeneous group. Farmers differ in approach, as a result of differences in access to resources and services. Categorising is necessary to facilitate appropriate support and avoid technology development for the non-existent 'average' farmer. A typology scientifically links social diversity to technical change, by contextualising and focusing intervention required for different types. The approach of describing diversity could address the exclusion of households, due to ignorance of their specific constraints.

- An analysis of South African policy established that a major aim is rapid economic growth, with equity. Recently agriculture's crucial role in development has been acknowledged through innovative policy reforms.
- Policy to reverse discriminatory legislation and improve participation was complemented by innovative strategies to enhance equity and participation, competitiveness and sustainable resource utilisation. The private sector is actively brought into the development scene as it has a key role to play in empowerment and participation.
- The vital role of research and capacity development has recently been given policy priority, with a substantial increase in budget allocation.
- Roughly fifty years ago, Tomlinson (today recognised as a visionary in the field of agricultural development) proposed the facilitation of access to resources and services (which basically represents a project approach), as the tool to empower small-scale farmers. Unfortunately his proposals were not recognised and it took roughly another half century before policy transformation finally did create an environment conducive for a viable small-scale sector.

## 8.4 The project model

Given the political history of this country, small-scale producers have limited access to support and land. Democratisation in practice did not fully rectify the situation, specifically regarding entrance into the competitive global market, associated with high costs. Innovative strategies to facilitate small-scale farmer access to resources and services must therefore be developed. It is argued with this study, that integration between role-players in the agricultural field will lower costs, and facilitate access to the required services and resources.

Productivity gains by reducing transactions cost are specifically required. The appropriate institutional solution should involve a mixture of public and private involvement. Integration within the value chain is a promising avenue of growth. These findings led to a re-evaluation of an obvious integration model: the project approach, traditionally facilitating co-operative management, with central provision of services. Analysis established that although mistakes were made, particularly with regard to lack of empowerment and participation, the approach is an attractive alternative for bringing small-scale farming into mainstream agriculture. The focus in a redesigned model should be on facilitating access and participation of homogenous groups. Accountable "implementing agencies" are required. This capacity is currently missing and must be developed. The project approach is an ideal instrument to 'unlock the potential' of a developing area, through managerial, institutional and other inputs, for optimal agricultural production from participants.

Previously capital-intensive development projects often failed, in essence due to a failure to adapt to social reality. The project cycle must therefore be extended to include the design criteria distilled from development history. This includes facilitation of linkages, co-ordination, participation, classification and empowerment. In this manner top down weaknesses are eliminated, local knowledge is incorporated and commitment, sustainability and utilisation is enhanced. Group dynamics create additional benefits and must be facilitated while communication and linkages must be specifically addressed.

Projects should bring direction to development and facilitate managerial skills, productivity and empowerment. It is argued that the redesigned project approach constitutes a viable institutional setting as a vehicle for support delivery. The need for services integration, recognition of diversity and linkages, and the role of participative processes, all entail crucial aspects that are facilitated in an adapted project approach. If implemented with commitment, this adapted project cycle has extensive potential for future development and could indeed be reinstated as the "cutting edge" of development.



## 8.5 Ex post analysis of the Sheila project

The evaluation of the Sheila project since inception in 1977, until termination in 1994 entailed a comprehensive framework, utilising a combination of qualitative and quantitative procedures. This analysis to an extent also reflects the policies in Bophuthatswana before democratisation. Various impacts were determined, including institutional, financial, economical and social impact as direct impacts, an effectiveness analysis, as well as indirect linkages and spillovers.

The Sheila project had as objectives improved utilisation of land, selection and training of contractors, increased efficiency and the formation of primary co-operatives. Participant selection was determined by popularity and farming ability did not play a significant role. Lands were cultivated as one unit with cost division and profits calculated in the offices. Contractors applied for loans through the co-operative. Infrastructure was provided and mechanical and other equipment made available. A committee or 'Board of Directors', representing farmers from all the villages, was responsible for liaison and decision making. The commercial co-operative NWC, in collaboration with the Bophuthatswana government was profitably involved in input and market provision. Farmer involvement was extremely limited and centralised management was eventually running the operation. Only 6-10% of landowners were involved in the project at any stage, and then mostly as employees. The project expanded during the early 1980s and approximately 26 000 ha was eventually used in Ditsobotla, which consequently produced 23% of Bophuthatswana's maize consumption.

Farmers expressed satisfaction with the project. Perceived advantages included the availability of mechanisation, credit and management 'doing everything'. Holdings increased significantly in size while yields and returns per farm improved. This resulted in more food, improved housing and income, clean water, healthier children and thus a higher quality of life. Non-participants also felt that they learnt better practices from the project and obtained financial spillover, but recognised that participants were mostly passive.

Implementation effectiveness was determined through logical framework analysis and concluded that although production improved under project management, very little empowerment of farmers was attempted or achieved. Although top farmers did well financially and non-participants were also positively influenced through spin-offs, the majority lagged behind due to a lack of commitment and training. A substantial HCD programme did not complement the focus on production.

Establishing independent farmers was difficult to achieve, seen in the light of the strategy and political pressure. The design criteria developed in this study, specifically those dealing with co-ordination, linkages and cost saving were actively attempted during the project's duration, but although participation and HCD were striven for in theory, this did not feature in practise. Diversity in the community, sustainability and social realities were not recognised. Insufficient linkage and communication between the various stakeholders was soon evident. When the desired results were not achieved, political pressure to achieve higher production increased. During 1991/92 a comprehensive re-planning took place for which to qualify, a farmer had to work 75 ha, obtainable through sharecropping agreements. Again, the design criteria that were obviously not dealt with

include participation, co-ordination and diversity. Technical changes steadfastly failed to account for social realities.

Farmers today face remarkably similar constraints as before the project, after 18 years of project support and eight years as independent farmers. Sharecropping still is the major form of agriculture, but a significant drop in active farmers is evident since the early 1990s. The average yield decreased from over 2tons/hectare during the project years to  $\pm 1.7$ ton/ha.

During 2000 the average household had between five and six members and average monthly expenditure on essentials amounted to roughly R1100 per month. Seventy six percent of households involved had access to electricity, 83% had television and 32% access to a phone. Only 26% had access to water in the home, but most had access to a public tap within 200m. The largest group in the survey (46%) had an education level of grade 8 to 12. All respondents still viewed themselves as farmers, although in total, 89% stated that they supplemented their agricultural activities. The vast majority (85%) believed that the project was beneficial, although only 76% perceived that they learnt agricultural skills during the project.

During 2000 the average land size per active respondent was 33ha. More than half the respondents had access to 15 ha and only eight individuals had access to more than 100 ha. The average area per respondent planted was less than 19 hectares. A quarter of all respondents regularly rented land. Forty percent of farmers owned at least one tractor, but in most cases, the state of mechanisation was poor. The average production for the 123 respondents, for maize and sunflower was 0.7t/ha and 0.4t/ha respectively. The most serious constraint in cropping was identified as access to finance. This was linked to the high level of debt in the community and the lack of security inherent to the tenure system. Drought, mechanisation (linked to financial constraints), theft and conflict within the community were also perceived as serious constraints. Local farmer's organisations were poorly developed. Large variation in yields and profits was an indication of variation in farming aptitude and attitude towards agriculture. The design criterion; dealing with diversity was not recognised. Although livestock plays a part in rural households, in most cases this did not constitute a production-oriented enterprise.

In financial and economic terms, the first five years of the project were successful as illustrated by benefit cost ratios of roughly 1.35. However, individual participants achieved large variation in yield and profit. Subsequent financial and economic analyses established that profit margins for the project as a whole decreased, while the differences between farmers remained pronounced. The major objective: to develop arable potential and increase self-sufficiency was achieved temporarily, for a limited number of participants and at extensive public cost. Eventually the lack of empowerment made the initially impressive project non-sustainable.

Despite valid criticism, the project had spillover and linkage effects. More activity was evident in supplier and processor sectors and profits generated through the project had a broad effect, both within and outside the project area. Apart from direct job opportunities, many informal activities took place, especially around the cultivation process. Procedures and technologies used in the project had



wider applicability and certainly induced changes in the organisational and management systems in the area. Other intangible benefits included an improved quality of life and improved confidence. The community was in general better off in terms of quality of life than people in most other wards of the province. The attitude towards the project and its influence on rural life was generally favourable.

The DBSA's systemic framework for project analysis captured the main failures of the project: the objectives of participating farmers were not always properly addressed, impacting negatively on the sustainability of the project. The level of subsidisation and debt write-off did not prepare farmers for a free market scenario and contributed to the current situation where most farmers with farming skills are struggling with debt. The main failure of the project was that farmers never accepted ownership or responsibility. In terms of financial and economic affordability, high levels of variation between individual farmers were always a concern. Given the current situation where farmers are in general ill equipped to farm, the project was obviously not sustainable. However, the project was potentially the optimal solution to the identified set of problems and objectives and the basic concept remains sound.



## 8.6 Towards a new project design for the Sheila project

As part of a LFA, a participative group process with representatives of the four types of farmers found that sharecropping plays a central role in production in the area. The only manner in which farmers could access more cropland, is through four types of sharecropping: These are pure land hiring, a sharecropping contract for part of the harvest, equal contributions from landowners and cropper or hiring of cultivation services by the landowner.

Whilst much land in the area is lying fallow, access to this land is limited by the tenure system and social constraints such as contract failures and security issues. Apart from this land access constraint, all problems identified relate to capital, mechanisation, security and communal relationships. Strategies are required to rectify the main issue; limited contractual cropping and therefore limited income. These affect all four types of farmers identified: Inactive landowners, the most vulnerable group have limited access to resources and do not qualify for credit. This leads to poverty and hunger. Opportunists occasionally utilised land through contracting, but mechanisation services are becoming scarce. Many have built up debt, limiting access to credit. Entrepreneurs suffer under the communication breakdown, failing mechanisation, access to credit and theft. Commercialising farmers suffer most from the breakdown in relationships and miscommunication.

The main goals established; improved production and higher profit margins are achievable through increasing sharecropping contracts and thus the area utilised. More cost-effective use of resources and income from currently fallow land will result. A proposed intervention would to an extent be similar to previously used capital-intensive projects, but with a shift in focus to participation and HCD. Initial subsidisation might be warranted, but all stakeholders should ultimately be profitably involved in the project. A concurrent empowerment process of all farmer types, organised in study groups, must be dealt with. Central facilitation of services and inputs is foreseen, but individual choice and action must be facilitated. A production co-operative, electing a representative, empowered management committee and production through sharecroppers remains a viable organisational structure. Critical is to allow for optimal individual farmer decision-making. Increases in production, food security and profit should impact on employment, and economic activity. Organisational and institutional arrangements will facilitate improved relationships and eventually increased profit. This proposed project could lead to an improvement in the quality of life, directly through increased ability to pay for services, food, transport etc., and indirectly through better nutrition, health, education, etc.

In terms of the systemic impact framework, the objectives of stakeholders can be reconciled: Farmers need access to production means while other role-players could be profitably involved, while contributing to development. This intervention corresponds with policy, as access facilitation features prominently. Beneficiaries support the concept and the state could support the project to increase profit, provided that efficient management is facilitated. Enhanced economic well being of farmers and broader society is within reach. As participation is a non-negotiable principle, it enhances social and the economic sustainability. The area is not prone to environmental degradation, but monitoring is required.

## 8.7 Concluding remarks

A recent development review paper from Imperial College at Wye (UK) supports the key findings of this study: It was established that although agricultural growth historically has been a major force behind poverty reduction in rural economies, smallholder agriculture has stalled in most of Africa. The urgent need for adaptation of policy is undisputed. Experts agree that agriculture can and should play a critical role in economic development, but recent records are poor in terms of the broad-based agricultural growth needed to counter rural poverty. Studies from Imperial College examined these issues with a particular focus on the need for institutional development (Dorward, Kydd, Morrison & Urey, 2002; Dorward, Kydd, Morrison & Cadisch, 2002; Kydd, Dorward & Poulton, 2002). Principal conclusions include that agriculture remains the best option for promoting rural economic growth and poverty reduction in poor rural areas, when compared with limited alternatives. Four key policy themes are crucial:

- (i) Diversity: different technical and institutional solutions are needed to match varying agro-ecological, social and institutional conditions with differentiated policies.
- (ii) Institutional development: policies addressing high transactions costs and low profits that constrain market development are required.
- (iii) Trade: in addition to the need for developing economies to open up their agricultural markets, protection or stabilisation for domestic producers must be considered.
- (iv) Research: technological and institutional innovations are needed for economic development.

These recent empirical studies strongly confirm the hypotheses and findings of this thesis and support the philosophy of the objectives. It further supports this study's strong argument that farmer development must be based on scientifically evaluated principles. The policy themes isolated at Wye are remarkably similar to those established by this study:

- (i) Agriculture has a key role in economic growth;
- (ii) Facilitating policy is emerging and must be exploited;
- (iii) Quantifying rural diversity is a prerequisite;
- (iv) Focus on access and participation through integration is required;
- (v) HCD and access can be facilitated through integration to mitigate high cost.

Given the evidence put forward, the hypotheses of this study are accepted: The potential of the project approach to facilitate focused support and provide real access to services and inputs is indeed established and a redesigned project is the best alternative for the farmers of Sheila. It is however crucial that the lessons of the past, as distilled into the design criteria, are implemented:

- 1 Diversity must be addressed to provide a profile of the client base, identify farmer types and facilitate development of appropriate strategies for each type.



- 2 Structured co-ordination should facilitate communication and functional linkages, creating cost saving and value adding. Especially integration with the private sector must be facilitated.
- 3 Participation, facilitating research and the recognition of social realities vs. technical aspects will positively impact on sustainability. Access to specialists and demonstrations are required.
- 4 In terms of empowerment, capacity development, especially related to management, is a key factor for success in farming and a scientifically designed empowerment programme must be rigorously implemented.

The main goal for Sheila farmers and the larger community is to improve their livelihood; achievable through increasing sharecropping contracts, facilitated by stakeholder integration. Improved access to capital and mechanisation through integration in the production chain, improved relationships within the community through institutionalising forums to streamline sharecropping, and improved communal capacity and organisation to facilitate representation and security, are specific interventions required.

This proposal enacts characteristics of previous attempts, but focuses specifically on participation and capacity development. Central facilitation of services, but with individual decision-making must be facilitated: farmers act economically rational if support is available and demand driven. However, farmers should be classified on farming ability, experience and potential. A representative management committee should be installed to ensure transparency. This proposal therefore constitutes a model for small farmer entrance into a competitive market. Expected increases in production, food security and profit should impact on employment, trade and eventually quality of life, also indirectly benefiting various non-participants.

Finally, small farmers with potential to compete in the marketplace, in practice do not have access to all the services and resources that would enable them to do so. This failure can be addressed through a revived project approach. The state should act as facilitator and watchdog. Such a project can increase profits if efficient management is facilitated. Participation will enhance social and economic sustainability. This proposed framework needs to be practically developed in a consultative process involving all Sheila role-players, but if based on the design criteria developed in this study, could significantly improve the livelihoods of the community, as well as those of others in Ditsobotla and the province.