



**Enterprise Management & Innovation (Pty) Ltd.**

**SOUTH AFRICA: INCREASING EMPLOYMENT  
OPPORTUNITIES IN AGRICULTURE  
(AGRILINK II) PROJECT**

**(Contract No. 674-C-00-01-00032-01)**

**(Project No. 674-0326-3-10004)**

**1<sup>st</sup> QUARTERLY REPORT, FY'03  
(1/10/2002 – 31/12/2002)**

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## EXECUTIVE SUMMARY

Highlights of 1<sup>st</sup> Quarter, FY'03, include:

- increased performance in comparison to all previous Quarters in the number and value of markets AGRILINK II Project staff identified for agribusinesses, including high-value forward contracts for chili production in Limpopo Province, and increased grain, fruit and vegetable sales;
- a three-fold increase in the number of agribusinesses assisted to access finance, including a large number of grants and loans for land transfer and production loans for farmers accessing land in Eastern Cape;
- a significant increase in the number of entrepreneurs trained by AGRILINK II Project staff and Linkage Catalyst Grantees, including extensive training in avocado and mango production in Limpopo to increase export potential for emergent farmers; and,
- an increase in the percentage of women participating in most business transactions.

During 1<sup>st</sup> Quarter, FY'03, the AGRILINK II Project achieved solid progress, as measured by its performance impact indicators in five (5) programmatic areas.

- **SO5: Increased Market-Driven Employment Opportunities Created**

In 1<sup>st</sup> Quarter, FY'03, sixteen thousand three hundred forty-five (16,345) market-driven employment opportunities were created. The AGRILINK II Project has exceeded the two-year (FY'03 cumulative) target for this indicator by 148%.

- **Increased Commercial Viability of Existing Small and Medium Agribusiness**

The AGRILINK II Project promotes the increased commercial viability of agribusinesses through creating market linkages, privatizing public enterprises, and increasing access to finance. These results are called business transactions. During 1<sup>st</sup> Quarter, FY'03, the AGRILINK II Project completed eight thousand six hundred ninety-three (8,693) business transactions. The value of business transactions that were directly facilitated by the AGRILINK II Project was R271,333,881.

- **Markets for Small and Medium Agribusiness Growth Identified**

In 1<sup>st</sup> Quarter, FY'03, the AGRILINK II Project identified eight thousand six hundred thirty-two (8,632) markets for small and medium agribusinesses, of which 39% involved women. In addition, forty-eight (48) small and medium agribusinesses were assisted to develop markets with large agribusinesses. For those markets identified with large agribusinesses, 44% involved women.

In 1<sup>st</sup> Quarter, FY'03, markets were identified for a wide range of agricultural products, including livestock, chilies, dry maize, lucerne, aloe, oranges, agricultural equipment, and wool. The largest proportion of markets (by value) was identified for land (47%). Other commodities include livestock and livestock products (39%), grains, fruits and vegetables (13%), and agricultural inputs (1%).

- **Enhanced Small and Medium Agribusiness Capacity to Respond to Markets**

***Entrepreneurs Receive Business Training***

AGRILINK II Project staff in the three (3) provinces trained one thousand eighty-five (1,085) farmers (33% women), for a total of three thousand six hundred fifty-three (3,653) hours of farm management and business skills training. The majority of training was provided in improved crop management (48% of training), particularly chili and tree crop management.

- **Increased Small and Medium Agribusiness Access to Finance**

In 1<sup>st</sup> Quarter, FY'03, the AGRILINK II Project increased access to finance on behalf of sixty-one (61) agribusinesses. These transactions totaled R13,903,997, raising achievement towards the cumulative (FY'02-FY'03) Access to Finance target to 45%. Although the majority of the loans and grants facilitated by AGRILINK II Project staff to date have been to finance land transfers, small loans for agricultural inputs were also facilitated.

***Land Transfers***

During 1<sup>st</sup> Quarter, FY'03, five thousand seven hundred (5,700) hectares of land were transferred to emerging black farmers through eighteen (18) land transfers in Limpopo and Eastern Cape Provinces. In 1<sup>st</sup> Quarter, FY'03, loans and grants toward land transfer contributed R5,539,000 to the business transactions target. These transactions contributed to over one hundred thirty (130) emergent farmers accessing land.

- **Policy and Regulatory Constraints Reduced**

In 1<sup>st</sup> Quarter, FY'03, activities toward reducing policy and regulatory constraints were initiated. Professor Nick Vink and Ms. Norma Tregurtha of Stellenbosch University began interviews with a wide range of stakeholders at the national and provincial levels to identify policy and regulatory constraints in the agricultural sector. The primary objective of the interviews is to identify constraints specific to stakeholder groups, which will be prioritized and addresses through appropriate legislative action.

**Supporting Programmatic Areas**

**Linkage Catalyst Grant Agreements:** On 1<sup>st</sup> November 2002, EM&I received R1,642,846.15 from USAID for Linkage Catalyst Grantees. Disbursements to Linkage Catalyst Grantees of R364,624.93 were made in 1<sup>st</sup> Quarter, FY'03.

**Gender Performance:** During 1<sup>st</sup> Quarter, FY'03, women were actively involved (holding a position of responsibility in the operation of the agribusiness) in 39% of all business transactions completed by AGRILINK II Project staff. Women were involved in 39% of the agribusinesses for which the AGRILINK II Project identified markets, and in 94% of the agribusinesses that accessed finance.

**Environmental Guidelines:** In 1<sup>st</sup> Quarter, FY'03, a manual on environmental guidelines for AGRILINK II Project agribusiness linkages officers was drafted. The manual covers key environmental issues in the agricultural sector in South Africa, and provides an extensive list of internet-based references.

**HIV/AIDS Awareness Prevention and Mitigation:** During 1<sup>st</sup> Quarter FY'03, AGRILINK II Project staff in the three (3) provinces distributed approximately thirty-three thousand two hundred (33,200) condoms and HIV/AIDS awareness materials in meetings attended by one thousand eight hundred ninety-nine (1,899) farmers, of whom 37% were women.

**Performance Monitoring and Evaluation:** The AGRILINK II Project Chief-of-Party, Mr. Jaime Reibel, and the Monitoring and Evaluation Specialist, Mr. Allan Brown met several times during 1<sup>st</sup> Quarter, FY'03 with members of the SO5 Team to discuss SO5's strategic objective, the data quality of the AGRILINK II Performance Monitoring Plan and specifically the "employment opportunities" indicator. The AGRILINK II Project was requested to propose alternative means of measuring the indicator, including survey methodology, in preparation for a Data Quality Assessment Team scheduled for the end of March 2003.

**Coordination with Stakeholders:** In addition to meetings with the USAID/SO5 Team, and the AGRILINK II Project CTO, briefings were provided for USAID representatives from USAID/RCSA, the South Africa Desk Officer, U.S. Department of State, and an Economic Officer, U.S. Embassy/South Africa. At the request of USAID/South Africa, a report on the AGRILINK II Project's approach and achievements in the development of the livestock sector was prepared in anticipation of a field trip in 2<sup>nd</sup> Quarter, FY'03 for representatives from the Ethiopian livestock sector who will visit AGRILINK II Project livestock activities in February 2003.

In addition to coordination with U.S. Government agencies, in 1<sup>st</sup> Quarter, FY'03, Mr. Leon Coetzee, Provincial Manager, Eastern Cape, was invited to serve on an Advisory Board to the Eastern Cape Department of Agriculture.

**Level of Effort and Finance:** In 1<sup>st</sup> Quarter, FY'03, the majority of staff hours (55.8%) was spent in the programmatic areas: market identification and establishing business transactions (46.5%); facilitation of access to finance (6%); and, business skills training (4.2%). The second highest level of effort was spent in project administration (27.1%), with a lesser amount of effort devoted to staff development and training (6.0%), and performance monitoring and evaluation (9.1%). 1<sup>st</sup> Quarter, FY'03 expenditure was \$544,285, representing 5.6% of the total approved Project budget. Cumulative expenditures to date - \$2,638,005 - represent 27% of the total approved Project budget.

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## ACRONYMS and ABBREVIATIONS

AGRILINK	Increasing Employment Opportunities in Agriculture Project (2000-2001)
AGRILINK II	Increasing Employment Opportunities in Agriculture Project (2001-2006)
ARC	Agricultural Research Council
ATICC	AIDS Training Information Counseling Center
CCHC	Choice Comprehensive Health Care
CRS	Catholic Relief Services
CTO	Cognizant Technical Officer
DLA	Department of Land Affairs
EM&I	Enterprise Management and Innovation (Pty) Ltd
FY	Financial Year
IR	Intermediate Result Objective
KWANALU	KwaZulu-Natal Agricultural Union
KZN	KwaZulu-Natal
LOE	Level of Effort
LRAD	Land Redistribution for Agricultural Development Program
NDA	National Department of Agriculture
NERPO	National Emergent Red Meat Producers Organization
NGO	Non-Governmental Organization
PACD	Project Activity Completion Date
PMA	Produce Marketing Association
PMP	Performance Monitoring Plan
R	Rand
RCO	Regional Contracting Officer
RLA	Regional Legal Advisor
S.A.	South Africa
SO5	Strategic Objective 5
TA	Technical Assistance
USAID	United States Agency for International Development
US\$	United States Dollar
VAT	Value-Added Tax
1 <sup>st</sup> QTR	First Quarter
2 <sup>nd</sup> QTR	Second Quarter
3 <sup>rd</sup> QTR	Third Quarter
4 <sup>th</sup> QTR	Fourth Quarter

## **1.0 INTRODUCTION**

This 1<sup>st</sup> Quarterly Report, FY'03, details the activities performed on the USAID/South Africa-funded South Africa: Increasing Employment Opportunities in Agriculture (AGRILINK II) Project, (Contract No. 674-C-00-01-00032-01), for the period 1<sup>st</sup> October 2002 to 31<sup>st</sup> December 2002.

## **2.0 PROJECT IMPLEMENTATION**

### **2.1 AGRILINK II Project Performance, 1<sup>st</sup> Quarter, FY'03**

Performance on the AGRILINK II Project during 1<sup>st</sup> Quarter, FY'03, 1<sup>st</sup> October 2002 to 31<sup>st</sup> December 2002, was strong given the seasonality of agricultural production (October to December is planting season), and the extended end-of-year South African holidays, which make it a challenge to conduct business. In addition, the rains were late in some parts of the country. Limpopo Province was particularly affected by drought conditions, with cattle sales dropping as a result.

Highlights of 1<sup>st</sup> Quarter, FY'03, include:

- increased performance in comparison to all previous Quarters in the number and value of markets AGRILINK II Project staff identified for agribusinesses, including high-value forward contracts for chili production in Limpopo Province, and increased grain, fruit and vegetable sales;
- a three-fold increase in the number of agribusinesses assisted to access finance, including a large number of grants and loans for land transfer and production loans for farmers accessing land in Eastern Cape;
- a significant increase in the number of entrepreneurs trained by AGRILINK II Project staff and Linkage Catalyst Grantees, including extensive training in avocado and mango production in Limpopo to increase export potential for emergent farmers; and,
- an increase in the percentage of women participating in most business transactions.

Each of these achievements is discussed in detail in the sections below.

### **2.2 Increased Market-Driven Employment Opportunities**

The main objective of the AGRILINK II Project is to create market-driven employment opportunities. Currently, employment opportunities are estimated by considering how much employment could potentially be created by the net profit imbedded in the AGRILINK II Project-assisted business transactions. Although this approach is under review and may be changed in 2<sup>nd</sup> Quarter, FY'03, the employment opportunities for 1<sup>st</sup> Quarter FY'03 are based on the original methodology described in the approved Performance Monitoring Plan. In 1<sup>st</sup> Quarter, FY'03, sixteen thousand three hundred forty-five (16,345) market-driven employment opportunities were created. The AGRILINK II Project has exceeded the two-year (FY'03 cumulative) target for this indicator by 148%.

### **2.3 Increased Commercial Viability of Existing Small and Medium Agribusinesses**

The AGRILINK II Project promotes the increased commercial viability of agribusinesses by creating market linkages, privatizing public enterprises, and increasing access to finance. These results are called business transactions. During 1<sup>st</sup> Quarter, FY'03, the AGRILINK II Project completed eight thousand six hundred ninety-three (8,693) business transactions. The value of business transactions that were directly facilitated by the AGRILINK II Project was R272,783,881.

The AGRILINK II Project actively supports the involvement of women in any business transaction assisted by the Project. During 1<sup>st</sup> Quarter, FY'03, women were significantly involved in 39% of the total business transactions. This level is significantly higher than the performance target of 23%.

### **2.4 Markets for Small and Medium Agribusinesses Identified**

In 1<sup>st</sup> Quarter, FY'03, the AGRILINK II Project identified eight thousand six hundred thirty-two (8,632) markets for small and medium agribusinesses, of which 39% involved women. In addition, forty-eight (48) small and medium agribusinesses were assisted to develop markets with large agribusinesses. For those markets identified with large agribusinesses, 44% involved women.

In 1<sup>st</sup> Quarter, FY'03, markets were identified for a wide range of agricultural products, including livestock, dry maize, lucerne, aloe, oranges, agricultural equipment, and wool. The largest proportion of markets (by value) was identified for land (47%), as can be seen in Appendix C. Other commodities include livestock and livestock products (39%), grains, fruits and vegetables (13%), and agricultural inputs (1%).

#### **Highlights – Markets Identified**

**Livestock:** In 1<sup>st</sup> Quarter, FY'02, AGRILINK II Project staff assisted farmers at one hundred forty-seven (147) livestock auctions/sales in Eastern Cape and KwaZulu-Natal. Livestock and livestock products worth R54,633,402 were sold during the Quarter. Seventeen thousand nine hundred sixty (17,960) cattle were sold in these auctions, representing 95% of the total value of livestock and livestock products. The numbers of goats and pigs were eight hundred eighty-nine (889) and sixteen (16), respectively, representing 5% of the value of livestock and livestock products sold. Skins and hides continued to be marketed in Eastern Cape (R13,976).

**Grains and Vegetable Crops:** The total value of markets identified for grains, fruits, and vegetables in 1<sup>st</sup> Quarter, FY'03 was R18,351,537. Maize and chilies represented the largest quarterly sales (R16,725,113), with most of the value transacted through forward contracts. Other significant agricultural products were soya oil (R1,124,450) and oranges (R270,000).

In December 2002, Mr. Rudi Vos, Agribusiness Linkages Officer, Limpopo, and Mr. Riaan Breedt, Provincial Manager, Limpopo, assisted eighteen (18) agribusinesses, comprised of seventy-three (73) emergent farmers, to sign forward contracts for nine hundred thirty-five (935) tons of chilies worth R5,805,000. Starting as early as October 2002, Mr. Vos and Mr. Breedt identified farmers to provide chilies to several agro-processing businesses. They assisted the

farmers in negotiating the contract and are continuing to provide technical assistance to ensure production quality. The companies will advance seed and seedlings to these farmers, and will supply transport for the crop. Forward contracts are being arranged for Bird's Eye chilies, cayenne chilies and paprika.

**Agricultural Inputs:** In 1<sup>st</sup> Quarter, FY'03, markets worth R1,816,422 were identified for agricultural inputs. AGRILINK II Project staff facilitated transport worth R1,476,930. In Eastern Cape, the value of treated fence poles sold during 1<sup>st</sup> Quarter, FY'03, was R324,100.

One of the major constraints for farmers is tilling equipment. In Eastern Cape, Mr. Ndaba Cakwe, Agribusiness Linkages Officer, facilitated the lease of a tractor from the Sibanye Vegetable Project to plow land owned by the Siyavuselela Group for R2,800. Although the value of the transaction is small, the contribution of the plowing assistance is significant for the farmers.

Mr. Bongani Mpungose, Agribusiness Linkage Officer, Kwazulu-Natal, identified three (3) black transporters from Matubatuba who have secured a three-year forward contract valued at R1,476,930 with Mondi Forests, to transport thirteen thousand (13,000) tons of timber per annum from a plantation in Matubatuba to the Mondi Forests mills in Richards Bay.

## **2.5 Small Agribusiness Capacity to Respond to Markets**

### **2.5.1 Privatization of Public Enterprises**

In 1<sup>st</sup> Quarter FY'03, no public enterprises were privatized; however, this is not unexpected, given the nature of the process. The cumulative target (to the end of FY'03) for the privatization of public enterprises is six (6). To date, 83% of the target has been achieved. It is expected that more privatizations will occur through land transactions during 3<sup>rd</sup> and 4<sup>th</sup> Quarters, FY'03.

### **2.5.2 Entrepreneurs Receive Business Training**

AGRILINK II Project staff in the three (3) provinces trained one thousand eighty-five (1,085) farmers (33% women), for a total of three thousand six hundred fifty-three (3,653) hours of farm management and business skills training. The majority of training was provided in improved crop management (48% of training), particularly chili and tree crop management. Training in cattle branding and livestock management was also significant (39%). Other topics included training in how to access finance, negotiate land, complete LRAD applications, negotiate forward contracts, and other business management skills.

In October 2002, Mr. Brendon Longhurst, Agribusiness Linkages Officer, KwaZulu-Natal, arranged with a representative from EXTRU, a local agribusiness, to provide training in how to grow, market and use soybeans, as well as how to access finance, to seven (7) farmer associations (forty (40) females and eight (8) males) in Eshowe. The farmers were taught the advantages of double-cropping soybeans with sugar cane, in order to increase returns. Mr. Longhurst will assist the associations to fill-out applications to access production loans to plant soybeans this season.

### **2.5.3 Technology Transfer**

Six (6) new value-added technology transfers were reported in October 2002. Although these technologies were introduced in FY'02, the documentation was provided in FY'03. New packaging was introduced for baby marrows, gems, and patty pans, increasing the return per kilogram for the products.

### **2.6 Increased Small and Medium Agribusiness Access to Finance**

In 1<sup>st</sup> Quarter, FY'03, the AGRILINK II Project increased access to finance on behalf of sixty-one (61) agribusinesses. These transactions totaled R13,903,997, raising achievement towards the cumulative (FY'02-FY'03) Access to Finance target to 45%. Although the majority of the loans and grants facilitated by AGRILINK II Project staff to date have been to finance land transfers, loans for agricultural inputs were also facilitated.

#### **Highlights – Access to Finance**

**Land Transfers:** During 1<sup>st</sup> Quarter, FY'03, five thousand seven hundred (5,700) hectares of land were transferred to emerging black farmers through eighteen (18) land transfers in Limpopo and Eastern Cape Provinces. In 1<sup>st</sup> Quarter, FY'03, loans and grants toward land transfers contributed R5,539,000 to the target for business transactions. These transactions contributed to over one hundred thirty (130) emergent farmers accessing land.

During the quarter Mr. Leon Coetzee, Provincial Manager, Eastern Cape, identified a farm for a family that won a restitution case award. The case is unique in that the family won the restitution case, was financially compensated for the farm from which it was evicted, and eventually was able to purchase a superior farm in an alternative location.

From 1927 to 1971, twelve (12) members of the Fatman/Piet family owned portion 1 of Rietfontein Farm. In 1970, they were forcibly removed from the land when it was expropriated. In 1995, thirty-two (32) claimants, including seven (7) adult women, lodged a restitution claim for the land. The Land Claims Commission determined that the farm would not be suitable for the agricultural needs of the claimants due to its size and inaccessibility. The claimants had to accept financial compensation. Three (3) claimants chose to be individually compensated, and the remaining funds (R189,132) were retained in trust by the Legal Resources Centre. The family was subsequently approved for an LRAD grant of R690,700. Mr. Coetzee was instrumental in the approval of the LRAD grant: he identified a farm for the remaining claimants in Humansdorp, and conducted an income potential analysis to demonstrate that it would be a profitable venture. The family will run the farm as a joint venture. Ten (10) of the twenty-nine (29) claimants will work on the 547.23 hectare farm, whereas nineteen (19) are retired and will contribute financially in terms of their compensation, benefiting from a share of the annual dividends.

The AGRILINK II Project's role in land transfers was highlighted in an article in the Sunday Times, 20<sup>th</sup> October 2002 issue, entitled "Sowing the Seeds of Hope". The journalist, Mr. Rowan Philp, interviewed Mr. Leon Coetzee, Provincial Manager, Eastern Cape, concerning his role in the land transfer process in the province. Mr. Philp also interviewed farmers who the

AGRILINK II Project has assisted to access land and presented their views on farming activities, successes and challenges. A copy of the article is provided in Appendix F.

### **Policy and Regulatory Constraints Reduced**

In 1<sup>st</sup> Quarter, FY'03, Professor Nick Vink and Ms. Norma Tregurtha, researchers from the University of Stellenbosch, began interviews in Limpopo Province as a first step towards the identification of policy and regulatory constraints. Interviews with a wide range of stakeholders at the national and provincial levels will be conducted in the three (3) AGRILINK II Project provinces to identify policy and regulatory constraints in the agricultural sector. The primary objective of the interviews is to identify constraints specific to each stakeholder. The report will be submitted to the AGRILINK II Project in 2<sup>nd</sup> Quarter, FY'03 for review and discussion.

### **3.0 LINKAGE CATALYST GRANTS**

In 1<sup>st</sup> Quarter, FY'03, all deliverables by Linkage Catalyst Grantees were reviewed and memos were sent to all grantees detailing outstanding performance and financial reports. Two (2) grants, Vukume Support Group and Land O'Lakes, were suspended during 1<sup>st</sup> Quarter, FY'03, due to financial exceptions. These grants will be reinstated immediately upon correction of financial irregularities.

In December 2002, the National Emergent Red Meat Producers Organization (NERPO), one of the AGRILINK II Project's Linkage Catalyst Grantees, selected EM&I as Business Partner Of The Year. The NERPO grant supports the expansion of livestock markets for emergent farmers by improving infrastructure, such as mobile stock pens and weighing scales, and also increases the technical capacity of the organization to analyze current livestock issues.

In 1<sup>st</sup> Quarter, FY'03, AGRILINK II Project staff met with several Linkage Catalyst Grantees. Mr. Reibel met frequently with Land O'Lakes staff to resolve grant issues. Ms. Kristy Cook, Co-Deputy Chief-of-Party (Administration), traveled to Tzaneen to met with staff from Comprehensive Health Care (Choice) and Tiveloni Vavasati, two (2) organizations funded by the AGRILINK II Project Linkage Catalyst grant program to implement HIV/AIDS prevention and awareness activities in Limpopo Province (Tzaneen and Elim, respectively). Ms. Cook also met with Ms. Janet Glover and other staff from Catholic Relief Services to discuss reporting issues for the sub-grantee, Sinosizo. Mr. Reibel, Chief-of-Party, and Mr. Ronald Ramabulana, Co-Deputy Chief-of-Party (Program), maintained close coordination with Mr. Aggrey Mahanjana, Executive Director, NERPO.

On 1<sup>st</sup> November 2002, EM&I received R1,642,846.15 from USAID for Linkage Catalyst Grantees. Disbursements to Linkage Catalyst Grantees of R364,624.93 were made in 1<sup>st</sup> Quarter, FY'03.

### **4.0 GENDER PERFORMANCE**

All relevant Project Performance Monitoring Indicators are disaggregated by gender and province; however, there is only one gender-specific indicator with a Project target: Percentage

of Business Transactions that Involve Women in Agribusiness. During 1<sup>st</sup> Quarter, FY'03, women were actively involved (holding a position of responsibility in the operation of the agribusiness) in 39% of all business transactions completed by AGRILINK II Project staff.

For all other indicators disaggregated by gender, the active involvement of women is quite high. During 1<sup>st</sup> Quarter, FY'03, women were involved in 39% of the agribusinesses for which the AGRILINK II Project identified markets, and they were actively involved in 94% of the agribusinesses that accessed finance with the assistance of the AGRILINK II Project.

Women were also reached through the distribution of condoms and HIV/AIDS awareness. Women represented 20% of the participants in HIV/AIDS awareness sessions held by the AGRILINK II Project staff during 1<sup>st</sup> Quarter, FY'03.

## **5.0 ENVIRONMENTAL ACTIVITIES**

In 1<sup>st</sup> Quarter, FY'03, a consultant prepared a draft of a manual on environmental guidelines for AGRILINK II Project Agribusiness Linkages Officers. The manual covers key environmental issues in the agricultural sector in South Africa, and provides an extensive list of internet-based references. The manual will serve as a reference document for Project Linkage Officers.

## **6.0 HIV/AIDS – AWARENESS, PREVENTION AND MITIGATION**

During 1<sup>st</sup> Quarter FY'03, AGRILINK II Project staff in the three (3) provinces distributed approximately thirty-three thousand two hundred (33,200) condoms and HIV/AIDS awareness materials in meetings attended by one thousand eight hundred ninety-nine (1,899) farmers, of whom 37% were women.

On 24<sup>th</sup> – 25<sup>th</sup> October 2002, Ms. Kristy Cook, Co-Deputy Chief-of-Party (Administration), met with staff from Comprehensive Health Care (Choice) and Tiveloni Vavasati, two (2) organizations funded by the AGRILINK II Project Linkage Catalyst grant program to implement HIV/AIDS prevention and awareness activities in Limpopo Province (Tzaneen and Elim, respectively). Both organizations have effective volunteer home-based care programs centered on People With AIDS (PWAs) support groups. The volunteer caregivers are provided first aid training, TB (DOTS) treatment training, as well as practical care training for invalids. Tiveloni Vavasati put on an HIV/AIDS awareness theatre performance at a health clinic and passed-out condoms. The implementation of activities under the grant by both organizations is proceeding very well.

## **7.0 PERFORMANCE MONITORING AND EVALUATION**

Mr. Reibel, Chief-of-Party, and Mr. Brown, Monitoring and Evaluation Specialist, met with Mr. Joel Kolker, Team Leader, SO5, USAID/South Africa, several times during 1<sup>st</sup> Quarter, FY'03, to discuss SO5's strategic objective, the data quality of the AGRILINK II Performance Monitoring Plan and specifically the "employment opportunities" indicator. On 1<sup>st</sup> November 2002, Mr. Kolker called a meeting of USAID SO5 partners to establish consistency in the way partners report indicators, anticipating a Data Quality Assessment in February 2003. The

AGRILINK II PMP glossary was presented to the meeting as an example of definitions. USAID has not yet advised the project of any standardized definitions. Mr. Kolker advised the AGRILINK II Project of a recent update of the SO5 PMP in April 2002, which USAID subsequently sent to the Project. USAID announced that it now wants to count “jobs generated”, rather than “employment opportunities”.

On 14<sup>th</sup> November 2002, Mr. Kolker and Ms. Gloria Mamba, CTO, SEMED Project, USAID/South Africa, met with Mr. Reibel and Mr. Brown, to discuss the AGRILINK II SO5 Performance Indicator in the approved AGRILINK II Project PMP and to review the method of counting “employment opportunities”. Mr. Kolker requested that the AGRILINK II Project propose alternative methods to measure “jobs generated” within two (2) weeks. AGRILINK II subsequently submitted three (3) methods, each of varying cost to USAID.

On 10<sup>th</sup> December 2002, Mr. Reibel and Mr. Brown met with Mr. Dirk Dijkerman, Director, USAID/South Africa, Ms. Melissa Williams, Head, Program and Policy Development Office, Ms. Joann Lawrence, Program Officer, Program and Policy Development Office, Mr. Joel Kolker, Team Leader, SO5, Mr. Neal Cohen, Program Economic Officer, SO5, and Ms. Janet Curly, USAID/Washington, to review methods to measure the “employment” impact of USAID activities. As a result of the meeting, it was agreed that the AGRILINK II Project would propose survey methodology to SO5. During the meeting, Mr. Kolker requested that the AGRILINK II Project consider disaggregating employment data using the Standard Industrial Classification (SIC) Codes. This approach requires additional discussion, given differences between the use of the SIC codes by different organizations. During December 2002, Mr. Brown reviewed approaches by other development organizations to measure employment and jobs.

## **8.0 COORDINATION WITH STAKEHOLDERS**

### **8.1 Coordination with Government of South Africa Departments and Agencies**

The AGRILINK II Project was recognized for its positive contribution to land transfers at the Eastern Cape Department of Land Affairs’ launch of the Land Redistribution for Agricultural Development (LRAD) Program. The official launch of the Eastern Cape LRAD Program took place in Lady Grey on 25<sup>th</sup> October 2002, with the symbolic handing-over of Welverdiend Farm from the seller to Mr. Mangwana, an emerging black livestock farmer, who is the new owner. Mr. Mangwana gave special acknowledgement to the role of the AGRILINK II Project in his acquisition of the farm. Mr. Mangwana also thanked the AGRILINK II Project for its role in expanding the market for livestock throughout the community, and offered his farm as a future venue for livestock auctions. Dr. Gilingwe Mayende, Director General, Department of Land Affairs, urged farmers to make use of private sector agricultural organizations, and used the AGRILINK II Project as an example of this type of service. Mr. Mzukisi Makinana, Agribusiness Linkages Officer (Livestock), Eastern Cape, attended the launch representing the Project.

In 1<sup>st</sup> Quarter, FY'03, Mr. Leon Coetzee, Provincial Manager, Eastern Cape, was invited to serve on an Advisory Board to the Eastern Cape Department of Agriculture. The Board includes members from the private sector, banks, universities, and government agencies. On 12<sup>th</sup> December 2002, Mr. Coetzee attended the Inaugural Meeting of the Eastern Cape Department of

Agriculture Advisory Board, along with senior officials of the Eastern Cape Department of Agriculture, other Advisory Board representatives, and leading regional farmers.

## **8.2 Coordination with USAID and other U.S. Government Agencies**

Mr. Jaime Reibel, Chief-of-Party, and Mr. Ronald Ramabulana, Co-Deputy Chief-of-Party (Program), developed a report on the AGRILINK II Project's approach and achievements in the development of the livestock sector at the request of USAID/South Africa, responding to a request for information from USAID/Ethiopia. A field trip is planned for 2<sup>nd</sup> Quarter, FY'03, for representatives from the Ethiopian livestock sector to visit AGRILINK II Project livestock activities.

On 9<sup>th</sup> October 2002, Mr. Reibel and Mr. Ramabulana provided a briefing on the AGRILINK II Project to Mr. Mitchell Ferguson, South Africa Desk Officer, U.S. Department of State, and Ms. Lynne Gadowski, Economic Officer, U.S. Embassy/South Africa.

On 11<sup>th</sup> November 2002, Mr. Reibel met with Mr. Gary Mullins, Senior Agricultural Officer, USAID/RCSA, Botswana, to discuss the AGRILINK II Project.

In 1<sup>st</sup> Quarter, FY'03, AGRILINK II Project staff participated in several sessions held by the USAID SO5 team to discuss the measurement of employment opportunities. The content of these sessions is discussed more fully in Section 8.0 on Performance Monitoring and Evaluation.

## **9.0 PROJECT ADMINISTRATION**

### **9.1 Personnel**

During 1<sup>st</sup> Quarter, FY'03, one (1) employee was dismissed and one (1) resigned. On 12<sup>th</sup> November 2002, Mr. Bradley McDonald, Provincial Agribusiness Linkage Manager, KwaZulu-Natal, was dismissed due to poor work performance. Subsequently, Ms. Busi Xulu, Agribusiness Linkage Officer (Land), was appointed as the KwaZulu-Natal Provincial Manager position. Ms. Mukondi Phetla, Administrative Assistant, Limpopo Province, resigned effective 29<sup>th</sup> November 2002. Ms. Emelda Machimana was employed as Administrative Assistant, Limpopo Province, on 10<sup>th</sup> December 2002 to replace her. Annual Performance Reviews for five (5) AGRILINK II Project staff were conducted in October 2002. EM&I was closed for the Christmas/New Year holiday between 25<sup>th</sup> December and 1<sup>st</sup> January 2003.

### **9.2 Procurement**

No procurement of Non-Expendable Property occurred during the quarter.

### **9.3 Staff Development**

A three (3) day workshop was conducted from 20<sup>th</sup> - 22<sup>nd</sup> November 2002. AGRILINK II Project staff from all three (3) provinces attended. Mr. Reibel discussed the projections for the future of the AGRILINK II Project. Mr. Brown and Ms. McKenzie conducted sessions on reporting and performance monitoring, covering updates to the Performance Monitoring Plan, and reporting on product development and technology training.

During 1<sup>st</sup> Quarter, FY'03, Ms. Amy Schmulian, Agricultural Information Specialist, worked with the EM&I Human Resource Department to develop computer training for four (4) AGRILINK II Project Agribusiness Linkage Officers. The Officers were issued self-teaching CDs for Windows, Word, and Excel, and provided with a training schedule. Ms. Schmulian will evaluate the officers in 2<sup>nd</sup> Quarter, FY'03 to determine the success of the training.

#### **9.4 Project Deliverables**

In 1<sup>st</sup> Quarter, FY'03, three (3) Monthly Reports were produced (October, November, December). Additionally, during 1<sup>st</sup> Quarter, FY'03, the AGRILINK II Project submitted Monthly Fiscal Reports, Vouchers and Standard Form 1034s. These documents provided USAID/South Africa with a summary by major line item of the previous month's actual expenditures.

#### **9.5 USAID Notifications, Requests, Reporting and Pending Actions**

##### **9.5.1 USAID Notifications**

On 16<sup>th</sup> October 2002, at the request of Mr. Stockdale, Cognizant Technical Officer and Senior Agricultural Officer, USAID/South Africa, Mr. Reibel submitted a memorandum updating the AGRILINK II Project FY'03 Burn Rate projection. The projected staffing level was reduced by one (1) position, and adjustments in other line items were made to ensure that the current funding would last for the contract period.

Two (2) memoranda were submitted to Ms. Celeste Fulgham, Regional Contracting Officer, in October, requesting waivers on leased vehicles and the purchase of used, refurbished and factory re-manufactured office equipment.

##### **9.5.2 USAID Requests**

In November 2002, Mr. Joel Kolker, SO5 Team Leader, USAID/South Africa, requested that the AGRILINK II Project develop a new methodology for measuring the SO-level performance indicator: "Increased Market-Driven Employment Opportunities Created". Mr. Reibel responded to this request on 27<sup>th</sup> November 2002.

##### **9.5.3 USAID Reporting**

AGRILINK II Project Monthly Progress Reports were submitted to the CTO on 8<sup>th</sup> November 2002, 17<sup>th</sup> December 2002, and 15<sup>th</sup> January 2003. On 15<sup>th</sup> October 2002, the AGRILINK II Project Annual Report was submitted to the CTO. In 1<sup>st</sup> Quarter, FY'03, six (6) Weekly Highlight (Significant Achievements) memoranda were submitted to the CTO (15<sup>th</sup> October, 22<sup>nd</sup> October, 30<sup>th</sup> October, 12<sup>th</sup> November, 15<sup>th</sup> November, 4<sup>th</sup> December).

Monthly Vouchers were submitted to the Controller's Office on 10<sup>th</sup> October 2002 (for September 2002), 11<sup>th</sup> November 2002 (for October 2002), and 11<sup>th</sup> December 2002 (for November 2002).

##### **9.5.4 USAID Pending Actions**

There were no USAID actions pending during the quarter.

## 10.0 CONSTRAINTS/SOLUTIONS

**Constraint #1:** In 1<sup>st</sup> Quarter FY'03, documentation submitted by several Linkages Catalyst Grantees was delayed and inadequate.

**Solution:** Increased oversight and follow-up was applied. Memoranda were sent to each Grantee, detailing required documentation, and guidelines were created for Monthly and Quarterly Reports. Two (2) grants were suspended due to financial regularities. An audit was conducted of one (1) grantee and requirements were specified for reinstatement.

**Constraint #2:** South Africa experienced isolated drought conditions in November and December 2002, particularly in Limpopo Province. There were reports of considerable weight loss for cattle, with lack of fodder and water shortages.

**Solution:** AGRILINK II Project staff sought sources for fodder (lucerne); however, farmers have limited resources to purchase feedstuffs for livestock. Rains late in the month have relieved some of the stress.

**Constraint #3:** An assessment in 1<sup>st</sup> Quarter, FY'03 indicated that despite frequent referral of business plans to financial institutions, particularly the Land Bank, very few loan approvals were made for production credit.

**Solution:** Through discussions with USAID over the lack of available agricultural finance, and delays in the loan process, a strategy has been developed to bundle loan applications and approach institutions other than the Land Bank, in addition to meeting with the CEO of the Land Bank in the next quarter to discuss how to improve the two (2) institutions' working relations.

## 11.0 MODIFICATIONS IN THE 2<sup>nd</sup> YEAR WORK PLAN

There were no modifications to the 2<sup>nd</sup> Year Work Plan during the quarter.

## 12.0 PROJECT ACTIVITY LEVEL OF EFFORT (LOE)

The AGRILINK II Project Level of Effort for the quarter is shown in Appendix E. The majority of staff hours (55.8%) were spent in the following programmatic areas: a) market identification and establishing business transactions (46.5%); facilitation of access to finance (6%); and, business skills training (4.2%). The second highest level of effort was spent in project administration (27.1%), with a lesser amount of effort devoted to staff development and training (6.0%), and performance monitoring and evaluation (9.1%).

## 13.0 FINANCE

The Financial Report, 1<sup>st</sup> Quarter FY'03, is found in Appendix F. Expenditure for 1<sup>st</sup> Quarter, FY'03, was \$544,285, representing 5.6% of the total approved budget for the Project. The cumulative expenditure to date of \$2,638,005 represents 27% of the total approved Project budget.

## **14.0 PROJECTED 2<sup>nd</sup> QUARTER, FY'03 ACTIVITIES**

### **January 2003**

- Conduct AGRILINK II Project internal review of Environmental Guidelines
- Review SO level Indicator and respond to USAID requests on Performance Monitoring
- Ensure Linkage Catalyst Grantee Deliverables are up-to-date
- Submit 1<sup>st</sup> Quarterly Report, FY'03
- Evaluate Agribusiness Linkages Officer computer training progress

### **February 2003**

- Hold review of draft Policy and Regulatory Constraints Report
- Finalize Environmental Guidelines
- Prepare and make a presentation at USAID APES Conference

### **March 2003**

- Finalize and submit 2<sup>nd</sup> Quarterly Report, FY'03
- Establish schedule for Linkage Catalyst Grantee Audits for 2<sup>nd</sup> Quarter, FY'03
- Prepare for USAID Data Quality Assessment Team

## APPENDICES

- A. AGRILINK II Project Performance Indicators 1<sup>st</sup> Quarter, FY'03, Quarterly/Monthly Summary
- B. AGRILINK II Project Performance Indicators 1<sup>st</sup> Quarter, FY'03, Provincial Summary
- C. AGRILINK II Project Market Distribution by Commodity and Value, 1<sup>st</sup> Quarter, FY'03
- D. AGRILINK II Project Major Activities Level of Effort Chart, 1<sup>st</sup> Quarter, FY'03
- E. AGRILINK II Project Financial Report, 1<sup>st</sup> Quarter, FY'03
- F. "Sowing the Seeds of Hope" Sunday Times, 20<sup>th</sup> October 2002

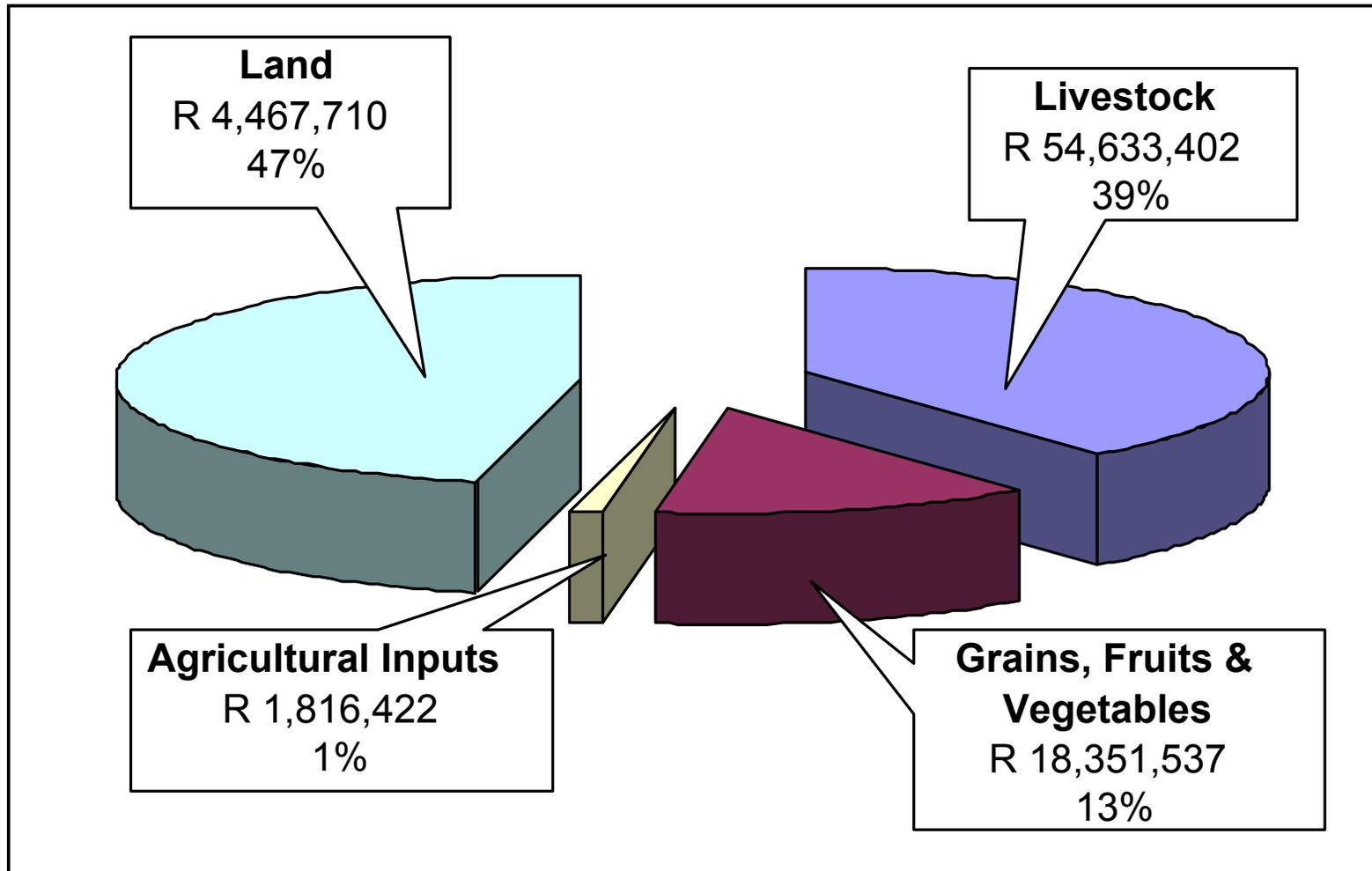
**APPENDIX A AGRILINK II PROJECT PERFORMANCE INDICATORS 1<sup>st</sup> Quarter, FY'03 - MONTHLY SUMMARY**

PERFORMANCE INDICATORS	OCTOBER 2002		NOVEMBER 2002		DECEMBER 2002		QUARTERLY PERFORMANCE 1 <sup>ST</sup> QTR, FY'03
	TOTAL	% OF WOMEN INVOLVED	TOTAL	% OF WOMEN INVOLVED	TOTAL	% OF WOMEN INVOLVED	
<b>1.1 SO5 INCREASED MARKET-DRIVEN EMPLOYMENT OPPORTUNITIES CREATED</b>							
Number of Market-Driven Employment Opportunities Created	5,018		7,862		3,410		16,290
<b>1.2 IR 5.2 INCREASED COMMERCIAL VIABILITY OF EXISTING SMALL &amp; MEDIUM AGRIBUSINESSES</b>							
A. Number of Business Transactions	2,039	39 %	3,624	37 %	3,029	42 %	8,693
B. Value of Business Transactions	R 88,420,213	51 %	R 80,125,262	37 %	R 101,938,406	54 %	R 271,333,881
<b>1.3 IR 5.2.1 MARKETS FOR SMALL &amp; MEDIUM AGRIBUSINESS IDENTIFIED</b>							
A. Number of Markets Identified	2,014	38 %	3,604	36 %	3,014	42 %	8,632
B. Number of Profitable Product Lines Developed or Enhanced	6	100 %	0	0 %	0	0 %	6
C. Number of Markets Established with Larger Entities	6	83 %	9	11 %	33	45 %	48
<b>1.4 IR 5.2.2 ENHANCED SMALL &amp; MEDIUM AGRIBUSINESS CAPACITY TO RESPOND TO MARKETS</b>							
A. Number of Entrepreneurs Who Received Business Training	455	33 %	214	18 %	416	40 %	1,085
B. Number of Entrepreneur Hours in Business Training	1,224	37 %	749	17 %	1,680	43 %	3,653
C. Number of Value-Added Technology Transfers	6	100 %	0	0 %	0	0 %	6
D. Number of Privatized Public Enterprises	0		0		0		0
E. Value of Privatized Public Enterprises	R 0		R 0		R 0		R 0
<b>1.5 IR. 5.2.3 INCREASED SMALL &amp; MEDIUM AGRIBUSINESS ACCESS TO CAPITAL RESOURCES</b>							
A. Number of Entities that Accessed Finance	25	100 %	20	10 %	16	94 %	61
B. Value of Finance Accessed by Entities	R 5,572,859	100 %	R 2,493,775	36 %	R 5,837,363	90 %	13,903,997
<b>IR 5.2.4 REDUCED POLICY &amp; REGULATORY CONSTRAINTS TO SMALL &amp; MEDIUM AGRIBUSINESS DEVELOPMENT</b>							
A. Number of Business Clusters Assisted with Policy Reforms	0		0		0		0
B. Number of Policy Environment Changes	0		0		0		0
C. Matrix Score on the Evolution of Policy Issues Key to Employment Generation in SME Agribusiness	0		0		0		0

**APPENDIX B AGRILINK II PROJECT PERFORMANCE INDICATORS – PROVINCIAL SUMMARY, FY'02**

<b>PERFORMANCE INDICATORS</b>	<b>LIMPOPO</b>	<b>KWAZULU-NATAL</b>	<b>EASTERN CAPE</b>	<b>PROJECT TO DATE</b>	<b>PROJECT TO DATE AS % OF CUMULATIVE TARGET</b>
<b>1.6 SO5 INCREASED MARKET-DRIVEN EMPLOYMENT OPPORTUNITIES CREATED</b>					
Number of Market-Driven Employment Opportunities Created	2,062	10,101	4,182	42,146	248 %
<b>1.7 IR 5.2 INCREASED COMMERCIAL VIABILITY OF EXISTING SMALL &amp; MEDIUM AGRIBUSINESSES</b>					
A. Number of Business Transactions	2,276	1,596	4,816	35,279	101 %
B. Value of Business Transactions	R 91,646,459	R 98,808,566	R 79,322,856	R 906,649,711	64 %
<b>1.8 IR 5.2.1 MARKETS FOR SMALL &amp; MEDIUM AGRIBUSINESS IDENTIFIED</b>					
A. Number of Markets Identified	2,267	1,595	4,766	35,143	104 %
B. Number of Profitable Product Lines Developed or Enhanced	6	0	0	369	19 %
C. Number of Markets Established with Larger Entities	44	3	1	336	1 %
<b>1.9 IR 5.2.2 ENHANCED SMALL &amp; MEDIUM AGRIBUSINESS CAPACITY TO RESPOND TO MARKETS</b>					
A. Number of Entrepreneurs Who Received Business Training	1,154	86	1,535	3,683	13 %
B. Number of Entrepreneur Hours in Business Training	339	296	460	10,590	5 %
C. Number of Value-Added Technology Transfers	6	0	0	369	30 %
D. Number of Privatized Public Enterprises	0	0	1	5	83 %
E. Value of Privatized Public Enterprises	R 0	R 0	R 0	R 59,662	2 %
<b>1.10 IR. 5.2.3 INCREASED SMALL &amp; MEDIUM AGRIBUSINESS ACCESS TO CAPITAL RESOURCES</b>					
A. Number of Entities that Accessed Finance	9	1	50	131	12 %
B. Value of Finance Accessed by Entities	R 3,491,974	R 1,917,000	R 8,475,023	R 49,193,053	44 %
<b>IR 5.2.4 REDUCED POLICY &amp; REGULATORY CONSTRAINTS TO SMALL &amp; MEDIUM AGRIBUSINESS DEVELOPMENT</b>					
A. Number of Business Clusters Assisted with Policy Reforms	0	0	0	0	0
B. Number of Policy Environment Changes	0	0	0	0	0
C. Matrix Score on the Evolution of Policy Issues Key to Employment Generation in SME Agribusiness	0	0	0	0	0

**APPENDIX C: AGRILINK II PROJECT MARKET DISTRIBUTION BY COMMODITY AND VALUE, 1st Quarter, FY'03**



## APPENDIX D: AGRILINK II PROJECT MAJOR ACTIVITIES LEVEL OF EFFORT, 1<sup>st</sup> Quarter, FY'03

ENTERPRISE MANAGEMENT & INNOVATION (PTY) LTD

AGRILINK II PROJECT

CONTRACT NUMBER: 674-C-00-01-00032-01

MAJOR PROJECT ACTIVITIES

LEVEL OF EFFORT 1<sup>ST</sup> QUARTER, FY '03

Component (Major Activity)	Average Personnel Salary & Benefits US\$	Person Months	Major Activity as % of Total Person Months	Chief-of-Party (# of days)	Co-Deputy Chief of-Party (Administration) (# of days)	Co-Deputy Chief-of-Party (Program) (# of days)	National Financial Services Managers (2) (# of days)	Performance Monitoring & Evaluation Manager (# of days)	Agricultural Information Specialist & Reporting Systems Administrator (2) (# of days)	Business Linkages Managers / Officers (12) (# of days)	Administrative Assistants (4) (# of days)	Consultant (# of days)	Project Backstops (10) (# of days)
<b>PROGRAM</b>													
Market Identification	83,626	29.7	46.5%	8.8	-	56.8	45.9	-	0.5	524.9	-	11.0	6.4
Business/Entrepreneurial Skills Training	10,359	2.7	4.2%	-	0.3	4.3	32.5	-	0.5	21.1	-	-	-
Technology Transfer	856	0.3	0.4%	-	-	-	-	-	-	5.8	-	-	-
Privatised Public Enterprises	45	0.0	0.0%	-	-	-	-	-	-	0.5	-	-	-
Access to Finance	11,400	3.8	6.0%	-	-	-	24.8	-	-	57.2	-	-	2.3
Policy and Regulatory Reforms	207	0.0	0.0%	-	0.5	-	-	-	-	-	-	-	-
HIV/AIDS Education & Awareness	806	0.1	0.2%	-	1.5	-	-	-	-	1.1	-	-	-
Environmental Assessment & Training	259	0.0	0.0%	-	0.6	-	-	-	-	-	-	-	-
Performance Monitoring & Evaluation	21,023	5.8	9.1%	-	5.4	-	-	-	-	2.3	-	-	-
Grants Administration	2,549	0.2	0.4%	1.0	4.0	-	-	22.6	98.4	-	-	-	-
<b>ADMINISTRATION</b>													
Project Administration	63,574	17.3	27.1%	41.3	17.0	-	1.3	-	3.4	31.5	205.1	-	81.9
Staff Development & Training	11,724	3.8	6.0%	4.9	0.6	3.0	5.6	-	11.5	45.8	12.9	-	-
Liaison (USAID)	1,003	0.1	0.1%	1.1	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>207,432</b>	<b>64.0</b>	<b>100%</b>	<b>57.0</b>	<b>29.9</b>	<b>64.0</b>	<b>110.0</b>	<b>22.6</b>	<b>114.3</b>	<b>690.1</b>	<b>217.9</b>	<b>11.0</b>	<b>90.6</b>

**Location:** Sunday 20 Oct 2002 > Insight

# Sowing the seeds of hope

**The face of farming in the Eastern Cape is changing fast thanks to a small revolution in agriculture, writes ROWAN PHILP**



**DREAM COME TRUE:** Felix Mtwa, a former brewery worker who has become part-owner of a commercial farm  
Picture: HENRY THOMAS

THERE'S no bakkie in the driveway at Merino Rust farm. There are no copper family heirlooms decorating the living-room walls; there's no maid in the kitchen and no chair on the stoep.

Like the farmers at a dozen other Afrikaans-named livestock ranches around Queenstown, the owners of Merino Rust take mealie meal for their lunch, sitting cross-legged in the shade of a tree.

And they use a taxi they own to fetch supplies.

Felix Mtwa is one of a group of 18 villagers who became commercial farmers last month, having bought the 780ha property from a white rancher on a Land Affairs grant.

He and his colleagues will soon be spending more than R114 000 with white cattle dealers to add new stock.

Without working capital for staff, the owners contribute their own labour - and white suppliers, they've found, are happy to deliver stock to their front gate for a small transport fee or even free.

"We were already taught at home how to keep livestock; now we are just getting advice on the buying and the selling - even from white farmers," said Mtwa. "They are now our neighbours."

South Africa's land reform programme aims to see 30% of all agricultural land in black hands by 2015.

But a small revolution this year has seen that figure already overtaken in the commercially rich farming zones of Queenstown, Ida and Stutterheim.

Since January, roughly three dozen white-owned farms in the Eastern Cape - more than 33 000ha, or more than a third the size of the Hluhluwe-Umfolozi Game Reserve - have been snapped up by aspirant black farmers. Meanwhile, another 30 000ha of white land is for sale and almost all the interested buyers are black.

Nationally, reform was brought back on track last year with the release of Land Affairs' highly flexible Land Redistribution for Agricultural Development grant.

It replaces the simplistic "R16 000 grant", which meant that even a farmer with his own herd of cattle wanting to buy a farm for R160 000 had to assemble a trust of 10 applicants. The new subsidy provides R20 000 per applicant, plus more money on a sliding scale for assets that the emerging farmer contributes - like R25 798 for livestock worth R10 000, but only R60 100 for stock and equipment worth R100 000.

Funded by the US Agency for International Development, the Agrilink II project, working in the Eastern Cape, matches emerging farmers with suitable white land as well as the agents, suppliers and markets white farmers use.

All the while, Agrilink's officers are tasked with presenting realistic grant applications to Land Affairs and loan applications to the Land Bank on behalf of emerging farmers, together with their own viability assessments.

Felix Mtwa discovered that this is often a case of farmers' urgency versus government bureaucracy.

When his group - from Toisekraal village, north of Queenstown - asked for Agrilink's help in acquiring a farm suitable for their beef and wool needs last November, the agency quickly identified a nearby white farm, negotiated a price of R410 000 and fired off the grant proposal.

To the group's frustration, the farmer lost patience as the grant process ground its way into a third month, and sold it to another white farmer with ready cash.

But Agrilink wasn't worried - most white farmers in the Eastern Cape, Mtwa discovered, are ready to sell, and Merino Rust quickly popped up on the database. It was R20 000 more expensive and 80ha smaller but represented ideal sweet veld grazing. Both the grant and the farm were theirs by July.

**'We have been surprised that whites are such good neighbours; really, I think we will work well together' - new black farmer**

They stocked it with 60 cattle and 18 sheep, and inherited nine blesbok in the deal.

Mtwa - a former brewery worker - said the group had already bartered bulls for dairy cows with white neighbours.

"We have been surprised that whites are such good neighbours; really, I think we will work well together," he said.

One of the new co-owners, Ntombekaya Mavubengwana - a previously unemployed mother of two - had no experience in farming at all.

"I started planting today - potatoes, spinach, beetroot; you learn these things in the villages," she says. "But now I am a farmer; a professional. In our culture, a woman is not permitted to walk in the kraal, but I must go in the kraal with the calves here. Even my husband might not understand, but it's a responsibility."

Driving the 30km road south to Queenstown, the landscape itself reveals the need for urgent reform.

A single hillside fence divides the lush pastureland of a commercial farm to the right from a brown rockscape of overgrazed communal land to the left. On the other side of the road, prime farming land - once "donated" to the rural community by Queen Victoria -

is haphazardly covered with shanties, following invasions of old black farms that apartheid authorities never bothered to stop.

Leon Coetzee, Agrilink's provincial project manager, says unusually good weather and a jump in produce prices has helped kick-start the region's new generation of farmers.

"When we started in 2000, only about 10% of all black farmers in the Eastern Cape were commercial; the rest were subsistence guys," says Coetzee.

"I believe in three years that will be up to 50%.

"I think most white farmers who really wanted to get out because of security concerns have got out, but most of those left would still sell for the right price - hell, if you gave me a decent offer I'd sell my own farm.

"Whites are either retiring or moving into the western part of the Eastern Cape; going for a secure lifestyle in places like Kirkwood and Graaff-Reinet, or getting into game farming and tourism.

"But the important thing to remember is that no one's being forced to sell, the prices are market-related, and the new black farmers are being advised and trained by us all along the way, so everyone's happy."

Coetzee adds: "With all these transfers and these link-ups between black and white, the situation is less conducive to [Zimbabwe-style] land invasions in the Eastern Cape than in other provinces."

Angus Maclean, a veteran beef and game farmer, now has three black neighbours in what was recently an all-white valley east of Queenstown.

Last month, he found himself fighting a veld fire side by side with grant beneficiary

Wotile Rasmeni on another white farmer's property.

"It's a welcome change," he says. "There were concerns - especially about farms turning into communal settlements, which has happened - but in general we're all very chuffed to see black farmers being responsible and looking after their lands.

"I think a lot of the older farmers felt threatened and left quickly, but we younger guys are quite optimistic about staying on - stock prices have improved dramatically, and it's nice to be part of a new scene."

Rasmeni - a former farm labourer from Dordrecht - will invite Maclean and other white suppliers and stock agents to a huge party in December to celebrate paying off his debt on the property.

He and three others bought it on the old R16 000 grant scheme - which didn't increase with the livestock he contributed - but used Agrilink to find the cattle agents, irrigation designers and bankers who have helped turn the farm into a commercial success.

The farmhouse garden has been turned into a landscape of bright flower beds and manicured lawns, fronted by new brick gateposts.

His son, Zwelakhe, 33, says: "My father is not educated - he does not even have Grade 1, and he can't write except for his signature - yet he has his own farm, even next to some white farms.

"Those guys have more information, and they help us, but it's rare that whites go out into the camps - they stay inside

and send black workers to check on the stock! My father is always walking in the camps."

Zwelakhe milks a dozen cows at 6am every day, by hand.

But he doesn't mind: "Maybe I'll inherit this one day, and by then we'll have Friesland milk cows, and we'll have milking machines and we'll buy a neighbour's farm by then."

He says that - without extra money for boreholes - the biggest challenge on the farm was the absence of water.

A small spring was found on a hill, and Zwelakhe fashioned an irrigation channel out of scrap metal and plastic pipes.

"Ja," he says with a laugh, "*'n Boer maak 'n plan.*"

