

REPORT ON THE
PROVINCIAL VISITS TO MONITOR
THE IMPLEMENTATION OF THE
COMPREHENSIVE AGRICULTURE
SUPPORT PROGRAMME (CASP)

18 OCTOBER – 5 NOVEMBER 2004

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
EASTERN CAPE.....	2
<i>Background to the visit</i>	2
<i>Response to the terms of reference</i>	2
<i>General observations: National</i>	4
<i>Recommendations</i>	6
<i>Action plan for Eastern Cape</i>	6
FREE STATE	8
<i>Introduction</i>	8
<i>Procedure</i>	8
<i>Findings</i>	8
<i>Observations</i>	9
<i>Recommendations</i>	10
GAUTENG.....	11
<i>Background</i>	11
<i>Provincial response to the terms of reference</i>	11
<i>The analysis of the MOU</i>	12
<i>Agreement</i>	13
<i>Projects</i>	14
<i>Categorization of farmers</i>	14
<i>Recommendations</i>	15
<i>Action plan</i>	15
KWAZULU-NATAL.....	16
<i>Background to the visit</i>	16
<i>Provincial response to the Terms of Reference</i>	16
<i>Assessment of reporting compliance (DORA)</i>	19
<i>Identified CASP and land care projects</i>	20
<i>Observations</i>	22
<i>Specific recommendations</i>	22
LIMPOPO	24
<i>Background</i>	24
<i>Discussion</i>	24
<i>Provincial response to the Terms of Reference</i>	25
<i>DoA observations</i>	26
<i>Special recommendations</i>	26
<i>Action plan</i>	26
<i>Recommendation</i>	26
MPUMALANGA.....	27
<i>Background to report</i>	27
<i>Provincial Response to Terms of Reference</i>	27
<i>An action plan with the following in mind is recommended:</i>	31
NORTHERN CAPE	32
<i>Executive Summary</i>	32
<i>Background</i>	34
NORTH WEST	38
WESTERN CAPE.....	39
<i>Introduction</i>	39
<i>Provincial Response to the Terms of Reference</i>	39
<i>Challenges</i>	40
<i>Recommendations and action plan</i>	40
<i>Conclusion</i>	41

EXECUTIVE SUMMARY

The National LandCare programme and the Comprehensive Agriculture Support Programmes (CASP) are some of the important programmes within the Department of Agriculture. Amounts of R 200 million and R40 million have been allocated during the 2004/2005 financial year under the Division of Revenue Act (DORA) for CASP and LandCare respectively. A summary of expenditure trends, **Annexure A**, presented to the National Treasury in August 2004 indicate lack of expenditure by the provinces. The National Treasury raised concerns on this matter and thus requested the Department to provide information on the constraints encountered in implementing the programmes.

To address the concerns raised by the National Treasury, the MinCo meeting of 8 October 2004 suggested that teams under the leadership of DEXCO members should visit the provinces. The purpose of the visits was to, among other things, monitor compliance by the provinces on the provisions made within DORA. As a follow up to the MinCo proposal, the oversight meeting of 11 October 2004 proposed terms of reference (**Annexure B**), the compositions of teams and the consultation period. The period for consultation, as approved by DEXCO on **XXX** October 2004, was from 18 October to 5 November 2004. The proposed teams were required to submit their initial reports to DEXCO on 12 November 2004.

The initial provincial visits in July 2004 identified six critical challenges in service delivery. These were ineffective delivery systems; lack of mobilized civil society; double dipping; poor planning; weak monitoring and evaluation; and non-compliance. The follow up visits in October / November reiterated these challenges. In addition, they highlighted strategic areas to consider and provided some recommendations in addressing the procurement and tendering process, integration within the IDP, business plan development, reporting and capacity building. This report provides the consolidated findings and observations of the teams.

EASTERN CAPE

Background to the visit

The visit to the Eastern Cape was conducted on 26 – 28 October 2004. The team was led by Ms Njabulo Nduli, DDG: APRM and Mr. Harry Mashamba provided secretarial support. On 26 October, the team attended the launch of a LandCare project in Sterkspruit. Present at the launch was the MEC, the HOD the local Councils, the manager of the Senqu local municipality under Ukhahlamba District Municipality. Also present was the local community, the District manager and the land care steering committee and project proponents. The project has created 86 jobs. This function provided a suitable environment for the team to conduct interviews and get first hand information from the various stakeholders on what they perceived as constraints to service delivery.

On 27 October, the review session was held in Bisho where there was a formal meeting with Advocate A Nyondo (the Head of Department), Mr. V. Menzelwa (Chief Financial Officer), Mr. Z. Pityi (General Manager for Agricultural and Rural Development), Mr. Allwood (General Manager for Technical Services), Mr. Tshunungwa (Acting Senior Manager Projects and Planning), Mr. K Joubert (Senior Manager for Engineering). The MEC for Agriculture Mr. M. Mamase observed the meeting. In the afternoon the team had the opportunity of discussing with the Provincial Treasury of the Eastern Cape. In her opening remarks, DDG: APRM outlined the purpose of the visit as spelt out in the terms of reference and that the main focus of the visit was to establish the facts and solve the constraints contributing to non expenditure rather than to point fingers at each other. She emphasized that the discussions should therefore be conducted in a sincere and honest manner so as to get to the root cause of the problem. Based on the presentations made by the Department and the discussions held on the two days, the following conclusions and recommendations are made:

Response to the terms of reference

- (a) With respect to compliance on the submission of monthly and quarterly reports, the Province is indicated that they submit monthly reports to DoA and they had not received the format for the expanded works programme. Although the DoA's report indicated that reports had not been received, the

meeting agreed that the Province will resubmit all the reports indicated as outstanding on our records and will forward them to Harrym@nda.agric.za. The Province will also submit the EPWP report on the 29th October 2004.

- (b) The Province confirmed that the figures were correct as there has been no expenditure to date on LandCare and minimal expenditure on CASP in September 2004.
- (c) On CASP, a presentation was made updating the DoA team on the progress made and the challenges faced by the programme. Two committees are already in place, the CASP screening committee and the CASP approval committee. The two committees meet on a monthly basis to assess and approve projects as per CASP guideline. So far the committees have approved projects amounting to R32m. The list of all approved projects was submitted to DoA. In September R2m was spent and orders amounting to R3.5 have been made to service providers.

One of the challenges identified was the fact that CASP was introduced at the beginning of the financial and time was required to identify the projects, finalize the business plans and the procurement processes. This took longer than anticipated due to a number of reasons including shortage of engineers and economists to provide technical support to the projects. The other reason is the lengthy procurement procedures, the Province has since received approval from Treasury to use the tariffs prescribed for the soil conservation scheme under ACT 43 of 1983 and the use of this informal tender system will speed up delivery. The absence of gazetted tariffs makes it difficult to finalise the tender procedures. In summary, the Province indicated that although the start has been rather slow, they are confident that all structures and systems are now in place to ensure that there is delivery on the ground.

- (d) The LandCare coordinator provided a verbatim report on progress made in implementing LandCare. It was established that some of the work was contracted out to the ARC. It seems the ARC has done the work but has not invoiced the Department for the work done. It was also established that the processes of mobilizing communities and developing a conservation ethic was taking longer than had been anticipated hence the under spending. Another constraint was the process of forming a legal entity with a VAT

registration that would enable the department to register the project proponents as a service provider. This delay has resulted in the lack of expenditure. The Department has a R15m for Engineering to subsidize commercial farmers in the province using the Soil Conservation Scheme of CARA (Act 43/83)

- (e) A meeting with the Provincial Treasury discussed various methods that could be used to transfer the money to the beneficiaries or local municipality. One of the possibilities is that the grant condition be modified so that the allocation is made as a transfer payment rather than goods and services. The tendering process is not so cumbersome when the allocation is made as a transfer payment.
- (f) Other general comments made: The CASP guideline would need to be revised
- (g) In summary the Province indicated that they are ready to deliver and would work on plan B as a safety measure (building of Silos).

General observations: National

- (a) From the discussions held with the various role players it is evident that the Dept is ready to deliver on CASP and have reservations on the state of readiness to deliver on the LandCare programme. The Province's focus on the LandCare programme is on creating awareness mostly and a conservation ethic. If this is the case then the business plans and the amounts requested over the period of time should reflect that and probably the project designed and implemented over a period of time rather than an annual event. The allocation for the first year should therefore be minimal to allow time for consultation and building the necessary institutional structures.

The following year would then focus on the infrastructure. This would remove the pressure of under spending during the first two quarters of the financial year. A detailed discussion on the LandCare vision with the Province is required to ensure that the national goals and objectives which include job creation, improving the quality of the natural resources and promoting sustainable farming practices are met. Indeed awareness is one of the strategies being used to achieve these broader objectives and the Province seems to confining itself to this objective only. For example the LandCare

coordinator had not seen the need to report to the Expanded Public Works Programme, because according to his interpretation, there are no jobs to be created within the LandCare programme. Probably, lack of delivery on this programme could be linked to the interpretation of the expected outcomes and goals of the LandCare programme.

- (b) A number of concerns were raised around the procurement processes. From the accounts there are delays on the paper trail, procurement processes not fully understood by the project administrators, difficulty of finding suppliers, lack of guidelines on what constitute on farm and off farm infrastructure, lack of published tariffs and general cash flow problems of service providers. This seems to be a generic problem and would require further attention. The Department has identified measures to simplify the tendering process by using the tariffs from the soil conservation scheme. Could this be extended nationally, what other systems do the other provinces use?
- (c) The quality of the business plans and the process of developing them were also questioned. It is clear that in some instances the outputs and projections made in the business plans are not followed through. Is this due to lack of capacity and technical expertise within the Department to provide this necessary support?
- (d) Integration of the projects within the IDP – discussion with the local municipality showed that there was close cooperation between the Department and the municipality. They were however concerned that some of the projects were not registered within the IDP and there is no mechanism for knowing in advance how many projects the Department would be implementing within the municipality and what other support would be required. This made planning difficult. The municipality indicated that they do have financial systems in place to manage any transfers that could be made to them. We need to explore this possibility to address some of the constraints experienced when transferring the money directly to the project proponents
- (e) The general status of the natural resources in Sterkspruit needs to be raised in this report to highlight the need for a comprehensive approach in addressing the problems in this district. We need to review all the efforts that have been made in this area so as to come up with a long term plan

Recommendations

1. DoA should release the amount allocated for CASP before the 12th October 2004 and monitor closely that the commitments made are attained within the timeframes. The contingency plan and the processes followed do suggest that the Province will spend the money accordingly
2. DoA not to release the amount allocated to the LandCare programme but should appoint a verification team to do an in depth study of the business plans and the commitments made and make further recommendations. From the information provided it was not possible to assess fully the state of readiness.

Action plan for Eastern Cape

1. DoA to confirm in writing that all reports should be forwarded to Mr. H Mashamba and as a safety measure a copy should also be faxed. On receipt of these reports, the records will be updated accordingly.
2. Province to submit the EPWP report on the 20th October 28, 2004
3. DoA to confirm receipt of the LandCare business plans posted by the Department on the 6th October and inform Province accordingly.
4. Province to submit copies of minutes where decisions on the allocation of the R32M were finalized
5. DoA to send in a verification team to conduct an in depth study of the LandCare business plans and the contingency plan put forward.
6. DoA to discuss with National Treasury the possibility of revising CASP guideline to indicate that this is a transfer payment rather than goods and services. Engage national treasury on the possibility of transferring the money to local municipality or to the project proponents – are the provisions within the DORA – DD Budget to facilitate
7. DoA and Province to ensure that the projects identified are linked and integrated within the IDP this should be a condition for approval
8. DoA and Province to review the strategy for addressing land degradation and soil erosion in the Province. Suggest a Provincial workshop that could recommend a Provincial approach
9. DoA with National Treasury to revise the projections as it is clear that within the agricultural projects the spending patterns are not in a straight line, need a system that allows for seasonality. Need to check with Treasury whether the

transfers cannot be revised to less than 25% at quarter 1 and 2 and increasing the allocation towards quarter 3 and 4

10. Province to review design of projects to extend over a year to provide sufficient time for planning, developing the necessary structures and planning. Budget to increase on the outer year of the project.
11. Province to have .a meeting between the procurement and project implementers to discuss some of the constraints and problems encountered at the implementation level. Review the tendering and procurement procedures both at national and provincial level. How do we shorten the time lag and enable the tender committees to make informed decisions timeously.
12. DoA to explore the possibility of utilizing the tariffs prescribed under the soil conservation scheme. (LUSM and WUID to advise on this possibility). This procedure will ensure that the same norms and pricing structure is followed nationally. It will shorten the tender period as the service providers are already registered. Special effort will have to be made to register all service providers and to provide training for new service providers.
13. Province to organize workshops and training for extension officers and members of the various committees in the development of business plans. DoA to provide a standard format for the development of business plans. More time and capacity should be invested at the planning level so that the business plan is implemented within the time frames and achieves the desired outputs.
14. DoA and Province to revise the Sterkspruit project to include the other wards and in particular to include the 8 voluntary groups identified in the original submission. WUID to provide technical support to map the area and/or advise on the use of a service provider to urgently intervene and assist with the development of the specifications.
15. The 10x10 to review delivery mechanisms this could include special delivery vehicles, use of service providers, and the provision of service level agreements with service providers.

FREE STATE

Introduction

On 3 and 4 November 2004, upon recommendation by the Department's Oversight Committee and approval by the Minister of Agriculture and Land Affairs, a visit was undertaken to the Free State provincial Department of Agriculture by Ms Vangile Titi, DDGPPME and Mr. Floyd Motshwanedi ASD: Finance to investigate the problems leading to under-expenditure on funds transferred by the DoA to the provincial department for the implementation of CASP and LandCare projects.

The visit took place the day after the arrival of the HOD from Cuba and it was clear that a lot of work had been done in his absence and that he had not been informed prior to the meeting of these developments. This resulted in the first part of the meeting being very difficult as the HOD was talking about events prior to his departure, while the MEC had had interactions with Treasury and there was already movement to resolve some of the procurement issues mentioned in the report.

Procedure

- Discussions were held with the HOD of the FS Provincial Department of Agriculture, Provincial CASP Coordinator, Provincial LandCare Coordinator, and the District Coordinators.
- Presentations by district Coordinators
- Project site visits were undertaken

Findings

1. During the discussions, the following came to light:
 - 1.1. Officials from the Free State Department of Agriculture complained about the procurement procedures and processes as being the main contributing factor to under expenditure as tenders cannot be awarded and payments made without conforming to the prescripts with the effect that implementation of the projects gets hampered.
 - 1.2. The Provincial Department has engaged the Provincial Treasury in effort to sort out the procurement problem.

- 1.3. Officials cited internal conflicts among the beneficiaries, who form a group, as being another problem hampering the implementation of the projects. In this instance, they were advised to work on resolving the conflict and allocate the resources elsewhere. This group can then be included in the 2005 allocation.
- 1.4. A certain project cannot be implemented because the Department is awaiting a Resolution by the City Council
- 1.5. The HOD emphasized that the intention is to have all the allocated funds for CASP and LandCare used by financial year end.
2. The following were discovered during the presentations by district coordinators:
 - 2.1. One of the planned projects was not captured in the Provincial Department's CASP business plan.
 - 2.2. Some CASP project implementation plans incorporated a list of items that do not directly relate to the on-and-off farm infrastructure because the PDA utilizes the multi-finance approach through the CPF-SP funds, infrastructure grant, re-directed funds and CASP funds.These matters were attended to during the visit.
3. Site visits
 - 3.1. A project on the erection of a community wool shearing shed at Yoxford has been started and will be completed before the end of the financial year.
 - 3.2. Fencing has been provided in the areas around Thaba-Nchu and Botshabelo, but some of it has been stolen and vandalised.
 - 3.3. The LandCare project at Modimo o Lerato farming enterprise gave a good picture of the progress the provincial department is making in this regard.

Observations

- The projects visited in July were now not part of the CASP Business Plan approved by the MEC
- Although experiencing problems with procurement, the Department has the capacity and the commitment, and is ready to roll-out the scheduled projects.
- Expenditure will improve once the planned projects get implemented.
- At the time of the visit the department had not firmed up the areas of intervention for CASP. The Department was advised to do so as a matter of urgency.

Recommendations

- Since the Provincial Department of Agriculture has already started engaging with the Provincial Treasury on the issue of procurement, the DoA has requested an update on the implementation by December 15th.
- With respect to the BP, the Department was advised to articulate the objective of the programme, refine the outcomes of each intervention and specify the number of projects and beneficiaries and amount spent from CASP funds and other sources of funding.
- The Department was also requested to provide an implementation plan by November 15th.
- To avoid fiscal dumping, the next transfer should only be effected once the provincial department has improved on expenditure and has submitted action plans that show how they will be taking the projects forward until March 2005. In addition, the disbursement schedule for 2005/06 should take into account the provincial department's readiness in implementing the projects.
- The procurement process is inherently lengthy and as such the Provincial Department should take proactive steps to ensure that procurement issues are dealt with in advance i.e. before the new financial year starts. This essentially means that the planning process for 2005/06, including tenders, will have to start now so that implementation can coincide with the new financial year.
- Monthly visits to be undertaken to the Free State to monitor progress in implementation beginning in January, 2005

GAUTENG

This report will not focus on land care projects as visits to those projects are still going to be conducted. This report will focus on CASP.

Background

Gauteng Department of Agriculture, Conservation and Environment (DACE) was allocated approximately R4 million for CASP. This was communicated to Gauteng via Provincial treasury coming from the National treasury negotiations with the Department of Agriculture.

Provincial response to the terms of reference

Gauteng Department of Agriculture, Conservation and Environment interpreted that

- The Appendix E1 of DORA meant that funds could be utilized for capacity building in the province
- Following that Gauteng recruited personnel to build capacity
- The DoA intervention earlier on led to a request that Gauteng should spend the grant according to the decision taken between National and Provinces
- According to information provided, Gauteng has now allocated the funds for CASP to the Land bank and the Land bank will play a role in the disbursement of funds.
- DACE allocated funds to Land bank due to the fact that
 - The department did not have capacity to manage the required number of small projects
 - The department intention is to manage funds properly within the short period of time remaining during the financial year
 - The MOU took a long period to be completed and thus project implementation will take place during the last quarter of the financial year. (See attached MOU between DACE and Land bank)
 - The drafting of business plans for small farmers took some time but DACE is confident that this will facilitate rapid disbursement of funds.

Status report of projects: Important to note that none of these projects have been implemented

The analysis of the MOU

Although the team informed us that the MOU took a long time to be finalized, according to the records the MOU was signed on 27th March 2003. The MOU is

- Intended to dissolve the board of the Gauteng and Farming Development Trust.
- Focusing on transferring funds of the trust to the Land bank
- Intended to purchase land in terms of the of the Gauteng Farmers settlement programme (GFSP) to
 - Promote viable and productive agriculture on government owned land that is suitable for agriculture in the Gauteng province
 - To dispose of agricultural land owned and administered by the Gauteng Provincial government
 - To address skewed landholding patterns and to provide for the redistribution of agricultural land to targeted groups and individuals including farm workers, labor tenants, share croppers and members of disadvantaged communities, irrespective of gender and
 - To ensure that the property right of named beneficiaries are held independently of the matrimonial regime
- The MOU talks about infrastructure support in a small paragraph under article 3.2.1 and indicates that “in addition to the provisions of paragraph 3.3 the infrastructure support programme is intended to entitle qualifying beneficiaries to grant funding up to a maximum of R10 000 (ten thousand rands) for the on farm infrastructure development”.
 - **Comments** -No off farm infrastructure will be catered for in this agreement
- In the agreement the obligation of the Department are to
 - To provide the Land bank with a list of beneficiaries **on a 3 year lease** contracts
 - The beneficiary list to entail the figure to be paid net of current areas
 - To provide a letter of authorization to pay area rentals on behalf of the beneficiaries indicating the relevant account to be credited
 - To complete the property detail form

- To provide a letter of authorization to pay the **grant on the day of registration**, indicating the relevant account to be credited
- Ensure that the beneficiaries provide Land Bank with at least 2 (two) quotations **endorsed by the extension officer in respect of each purchase**
- Assist the farmers in delivering to the Land Bank complete sets of documents to assist the land bank to make the necessary disbursements to recipients from the fund
- The **extension officers** or nominated officials of the GDACEL (Gauteng Department of Agriculture Conservation environment and Land affairs) will **do spot checks to ensure that delivery of infrastructure is done according to order**
- The GDACEL will provide the Land bank with their pre-approved list of service providers and equipment suppliers
- Each instruction to pay must contain the quotation approval by GDACEL

Comment –

- We are not convinced that there are adequate controls for approval of projects and monitoring of project implementation
- A lot of work is left to extension officers and system is subject to abuse.
- In our own opinion the money will be spent on suppliers and not on actual infrastructure needs – **This is not in compliance with DORA**
- The obligations of the Land bank are contained in article 3.2.3. One of the criteria says that the Land bank
 - The Land bank will ensure that **no payment will be advanced directly to beneficiaries**

Comment: This is not in compliance with DORA
Analysis of the agreement

DOA OBSERVATIONS

Agreement

- The agreement is not meant for CASP but indirectly funds for CASP can be read in paragraph 3.2.1

- The document does not reflect CASP at all
- There are no adequate controls
- The system is subject to abuse by suppliers and extension officers

Projects

The projects submitted are

- Projects submitted to the head of the branch in August and they address beneficiaries of the Gauteng Farmers settlement programme (GFSP) and Land redistribution for agricultural Development
- Only focuses on farm infrastructure
- Restricted to
 - Agriculture water (boreholes)
 - Fencing –border and internal fencing
 - Operational infrastructure
 - Crush pens.
 - Dipping tanks
 - Loading ramps

In my own opinion the cost implications reflected in the projects are a thumb suck and not accurate.

Categorization of farmers

- The guideline for classifying farmers by the Land bank is included as annexure B and is not signed, thus not binding
- There are no time frames or commitments as to when will land bank deliver the projects

Although there were concerns from Gauteng during the visit on

- DoA management of process
- Supply of templates on reporting
- Lack of clarity from National on implications of DORA

It is quite obvious that

- Gauteng Department of Agriculture did not comply at all
- Systems put in place for monitoring projects are not adequate
- Despite the fact that Gauteng Department of Agriculture Conservation and Environment attended meetings on 4X4 and 10X10 the department continued to ignore decisions taken as a collective to support CASP and delayed time for implementation of projects.

Recommendations

It is recommended that the new HOD should

1. In the meantime continue to utilize article 3.21 of the MOU but come up with guidelines for
 - a. Approval of projects
 - b. Monitoring of projects (the monitoring should not just be left to extension officers who actually endorsed and recommended projects)
 - c. Actual expenditure on infrastructure (reflecting expenditure on farm infrastructure and off farm infrastructure versus labor cost for installing or erecting such infrastructure.)
2. Reflect actual costs on infrastructure on each project
3. Plan for next year now by addressing other pillars of CASP
4. Develop guidelines for monitoring Land Bank
5. Supply us with information requested by the team by the 12th November.

Unfortunately the time allocated for investigations did not provide me (ADG: NRS) with adequate time to study all the minutes of meetings on CASP thus I therefore recommend that

The Department of agriculture should

- (a) Supply provinces with all required templates for CASP and Land Care on time
- (b) Ensure that messages are clear and to the point
- (c) Train land care and CASP contacts points as auditors of projects

Action plan

1. The DOA CASP and Land care contact points in consultation with provincial contacts points should conduct meetings with beneficiaries in order to
 - (a) Explain actual expenditure on infrastructure by 7 December 2004
 - (b) Institute record keeping by beneficiaries to be audited by DoA – DoA should supply such templates by end January
2. The ADG: NRS should convene a follow up meeting with Gauteng to present the observations so far by 15 December 2004
3. The HOD should follow up actions under recommendations and supply feedback by 15 December 2004
4. DoA should follow up actions under recommendations by 15 January 2004

KWAZULU-NATAL

Background to the visit

In attendance:

DoA investigative team: Attie Swart ADGTBD, and Richard Selemela, Act Asst Dir Land Care

KZN Department of Agriculture and Environmental Affairs (KZN): Dr Mjwara, HOD; Mr. Pat Mahlangu, CFO; Dr A S Dlodla, Acting COO; Mr. Kuben L Moodley, General Manager Strategic Support Services; Ms Tanya Stielau, Dept Manager Budget Planning.

Provincial response to the Terms of Reference

The investigative team was welcomed by the HOD, Dr Mjwara, who recognised the concerns as expressed in the letters of the President, Minister and DG regarding provincial under-spending on CASP and Land Care and non-compliance in terms of DORA grants. He appreciated the visit by the DoA and indicated that his department was open us. He stated that his approach was not to defend but to find/indicate a way forward.

KZN confirmed the following information available to the DoA:

CASP

- KZN 2004/05 CASP allocation of R37 016 000;
- R18 508 000 transferred to the province;
- Nil spend April-August; and
- Q1 report = non-compliance

Land Care

- KZN 2004/05 Land care allocation of R 4 mil;
- R1 mil transferred;
- Spending April, May, July nil, June R100 431, Aug R148 000.

However they indicated that they did not agree with our indication of non-compliance on Land Care reporting as they had reported regularly on a monthly and quarterly basis as in the past.

Dr Mjwara was appointed HOD of the KZN provincial Department in 2003. Under his tenure the PDA has developed what he termed a new approach towards service delivery, which relies to a greater extent on the existing decision making abilities of individual beneficiaries and communities and develops particularly their accounting skills in order to empower them to utilise grants more efficiently.

In the past the department was very compliance driven with service delivery in the background. The strategic direction is to move away from this to development. Key policies have been redrafted, priorities revised, the department restructured and the budget consequently reallocated. Projects are a key delivery mechanism. New policies are in place for farmer support, mechanization, and agrarian reform to empower entrepreneurs, and mentorship, all of which will impact positively on the CASP spending for the rest of the year.

The KZN PDA has developed a strategic plan, which it now implements through fourteen core and refocused projects under the auspices of the Siyavuna Programme. Funding for this financial year is R104 mil, including the CASP allocation of R37 million.

The CASP grant is allocated to seven project areas out of the fourteen above, as indicated in the business plan KZN presented to the DoA, namely:

Liming and soil fertility	–	R2, 5 million
Animal handling facilities	-	R2, 0 million
Irrigation	-	R6, 0 million
Mentorship	-	R1, 0 million
LRAD	-	R15, 5 million
Fencing	-	R5, 0 million
Water Provision	-	<u>R5, 0 million</u>
Total	-	R37, 0 million

Dr Mjwara confirmed under-expenditure until August on CASP and Land Care.

Reasons offered for delayed expenditure in the first six months were the elections, transformation of the department, reprioritization of the budget, creation of new relevant policies and simplified application forms in favour of

PDIs, the iterative process of identifying appropriate CASP beneficiaries jointly with the Land Bank and Department of Land Affairs, procurement procedures, and not having the authority to transfer funds directly to beneficiaries to purchase inputs, services and infrastructure.

The HOD had written urgently to all managers on 26 October to convey the concerns over the poor expenditure expressed by the President and others. He instructed that all outstanding Siyavuna payments be followed up and paid immediately; expenditure and reporting to become a prime focus area; relevant tenders to be finalised by the end of October; and the delegation of oversight over timely project delivery to the General Manager: Strategic Support Services.

The department has had a number of changes in CFO recently, affecting both expenditure and reporting. This lack of continuity contributed to the lack of DORA compliance. Restructuring of the department was started in June and is now concluded. CASP is now managed by Strategic Support Services.

All of the CASP allocation is located in projects. Business plans for projects that could benefit from CASP funding to the value of about R60 million have been submitted by potential beneficiaries. The PDA has approved/ratified business plans that would cover the complete CASP allocation for this year. Tenders for CASP irrigation and water provision projects have been awarded recently.

While all CASP projects are funded by both the CASP allocation and the provincial budget, the KZN Department would be utilising the CASP allocation first as expenditure progresses during the financial year.

The KZN department had also requested approval on 15 October 2004 from the KZN Treasury to vire R22 mil to direct transfer payments in order to expedite project delivery. This approval was granted on 28 October. The HOD indicated that an amount of approximately R14 million of the CASP funds would be paid out by the end of the first week in November. The financial information provided to the investigating team, showed that 71%, or R26, 4 million of the CASP allocation had been spent or was committed by the end of October, including the above transfers.

The Department is reviewing its new Strategic Plan in time for a Farmers Summit to be held on 23/24 November in which the new strategic plan, approaches, policy and implementation plans will be presented and discussed.

Land Care: Certain concerns last year led to the Department stopping the project and requesting a roll over of funds. This area of the department's activities has been reviewed and restructured to enhance service delivery, better interface with the relevant communities and efficiency. New project management was sought and better understanding of Land Care in their own ranks. The PDA has revisited all non-performing Land Care projects and requested the reallocation by DoA to other more viable projects. Approval has been slow according to the PDA.

Elections delayed finalisation of the revised implementation programme, which started in July. The roll over of R3, 9 million has subsequently been spent this year and the department is now starting to utilise the allocation for 2004/05. An under expenditure of R400 000 of this year's allocation can be expected. Implementation of projects on the ground is a challenge, also politically as there are those that are against development.

KZN has a project tracking system www.agtrack.net that contains all project details. The level of information accessible depends on the level of access authority. This system may be of use to other provinces.

Assessment of reporting compliance (DORA)

The National Dept is required to report in its annual financial statements on extent of monitoring, compliance with allocation conditions and provisions of DORA, the extent the allocation achieved its purpose and outputs, and non-compliance and steps taken to deal with it. (Sec 18 (1) (d), (e) & (g)). Payments can be delayed or, if there is serious or persistent material breach, withheld (Section 22). Allocations are subject to the gazetted conditions (Sec 24) and must be utilised for the purposes set out in the schedule only.

CASP, Schedule 4, is a nationally assigned function allocation to provinces to enhance the provision of support services to promote and facilitate agricultural

development. According to the gazetted conditions the province must present quarterly reports.

Land Care, Schedule 5, is a conditional grant to address the degradation of natural/agricultural resources and improve the socio-economic status and food security of rural communities. DoA is required to report expenditure, as a DORA Schedule 5 item, on a monthly basis (See Sec 14 (4)). PDA receiving officer must within 15 days after end of each month submit a report on Land care, compliance with conditions of an allocation, explanations (Sec 16 (2)).

While the KZN PDA admitted that it had not complied with the CASP reporting requirements in the first quarter in terms of DORA they had provided the Minister on 22 October with a CASP report, which covers the first two quarters. Furthermore, they indicated that they had submitted their reports regarding Land Care on a monthly basis.

The problem with reporting was partly due to restructuring of the Department this year and unstable reporting lines. These have now been reviewed and they expect to comply in future to monthly reporting and quarterly requirements for both CASP and Land Care. Their understanding is that they will report both CASP and Land Care on a monthly basis. All reports will now be routed through and monitored by the newly established Strategic Support Services Division and be signed by the MEC as per MinMec decision.

The KZN PDA requested the DoA to look into the possible consolidation of the large number and overlap of CASP, Land Care and EPWP monthly, quarterly and annual reports e.g. one report every two months. They furthermore requested the DoA consolidate conditional grants.

Identified CASP and land care projects

The CASP grant objectives, conditions and criteria, as published, this year focus on □prioritizing basic support services: fencing, water for household food security and food production, dipping services and stock handling facilities. CASP projects should meet the following objectives:

- Long-term sustainability and economic viability;
- Community involvement and ownership;

- Target beneficiaries from the previously disadvantage group;
- Enhance national and household food security;
- Once-off grant and not committing the Government to any form of direct recurrent operational or maintenance projects grants;
- Project finance support for those agricultural activities having the required level of institutional and technical support;
- Request for the grant funding of an agricultural related project must adhere to the guidelines as proposed in the LRAD operational manual;
- Projects that will generate employment opportunities should be prioritised

According to the HOD all these objectives of CASP are reflected in the departmental strategic plan and/or the new policies mentioned above. While the review by the investigative team mostly concurs, bullet points 5 and 6 above could not be confirmed explicitly.

The expenditure on CASP is in accordance with business plan submitted to the DoA goes beyond on and off farm infrastructure. The Department indicated that the funds had been allocated/ provided before their business plans were submitted and that the DoA had not formally evaluated nor commented upon the business plan. There seems to have been no specification that the province needed to locate the funds only for on and off farm infrastructure as is indicted on the CASP presentation. Furthermore the PDA indicated that the criteria for on and off farm infrastructure had not yet been concluded by the ITCA working group.

Land Care projects were revised this year and resubmitted to the DoA. They have been addressing awareness of Land Care, project management and bookkeeping. Now the communities understand the need for reporting on expenditure. Awareness is improving and time between application and approval shortened. They believed that considerable amount of training had to be done before Land Care expenditure could have been done. Also the restructuring to communities taking a more responsibility. Consultants and large organizations were taking the most responsibility in the past. They have now placed a limit on consultancy to ensure that more of the funds reach beneficiaries. Now beginning to have a good base to ensure sustainability, ownership and skills.

Observations

The province supports the need to expedite expenditure on CASP and Land Care. It has recently instituted new practical policies and a restructured department focusing on local delivery and project management that will guide expenditure on CASP projects. It has approved the beneficiaries and business plans for all projects that will benefit from the CASP allocation. Tenders relevant to CASP expenditure have been awarded or are close to being so. Approval has recently been given to the PDA for the direct transfer of R22 million to beneficiaries.

The PDA has indicated that it has committed or expended 71% of the CASP allocation at end October 2004 and its prognosis is to completely spend the R37 million by the end of the financial year.

On Land Care, the PDA has refocused its projects, done internal advocacy and expended R3, million of the roll-over funding from last year. It has reported on projects on a monthly basis and will continue to do so. It expects a 10% under-spend on the R4 million allocation for Land Care this year.

The PDA recognises the reporting requirements of DORA and has committed to monthly reporting on both Land Care and CASP to the DoA.

The Siyavuna programme is project driven based on applications by the beneficiaries.

Specific recommendations

As the PDA has now refocused on delivery, restructured and has indicated that it has the intent and mechanisms in place to expend the CASP and Land Care allocations, no alternative mechanisms of delivery are recommended at this point. The November monthly report should be an indication of the PDA's ability to meet its commitment and should be the subject of a focused monitoring and evaluation by the DoA until the end of the financial year.

The criteria for 2005 CASP expenditure and the projects/business plans for which such allocations may be used should be actively and efficiently directed from the DoA in order to ensure that the funds are used for the purposes intended.

The feasibility of combining the reporting on CASP and Land Care and reducing the frequency to lighten the reporting burden should be investigated.

The DoA should attend the Farmer Summit.

LIMPOPO

Background

In terms of the relevant decision of DEXCO, I was appointed as Team Leader for the visit to the Limpopo Department of Agriculture. The rest of the Team consisted of SM: FS – Mr. Sam Malatji and DD: Budget, Mr. K Geldenhuys.

Discussion

1. A meeting with the HOD of the mentioned Department was arranged for 3 November 2004 at 10h00. The meeting took place on time, but the HOD could not attend, being called up by his MEC at the last minute. The meeting was attended by their CFO – Mr. J van der Merwe, the Senior Manager: Research and Extension Services – Dr T Ngomane and the Project Coordinator – Mr. J M C Kola.

2. Reporting

As all the Officials present, have knowledge of CASP, the Programme *per se* was not discussed. The first question asked, was why the difference between actual spending reported by the PDA (R3, 540 million) *vis a vis* their Treasury's report to the amount of R12, 416 million. The Department was not aware of this, but confirmed that their reporting was correct – they will also take up the matter with their Treasury.

3. Actual spending

The next question was why, up till now, spending was so far behind a straight line projection. The Province's response was focused on time:

- The fact that the availability of funds became known at a late stage.
- The time the initial planning took.
- Ownership at community level.
- The time the compilation of tender specs and advertising thereof took.

In order to speed up the delivery process, the PDA received approval to utilise the Department of Water Affairs and Forestry's term contracts for projects such as:

- Renovation of dip tanks
- Erection of crush pens
- Stock watering
- Fencing for grazing
- Renovation of auction pens
- Water storage facilities for micro agricultural production
- Repair and upgrading of water supply and irrigation infrastructure (3 projects)

The PDA seems confident that they will deliver and indicated that, according to their projections, at least an amount of R29 million – out of an allocation of R33, 428 million – will be spend by the end of the current financial year. The remainder of the allocation will be rolled over to the 2005/06 financial year.

4. LandCare

No funds were allocated for LandCare to this PDA. Projects in the current financial year are funded from monies rolled over from the previous financial year. It seems as if spending is on track.

5. Format

In response to an e-mail received from Babalwa with regard to the report format, the following:

6. Background – refer to paragraph 1.

Provincial response to the Terms of Reference

Although not discussed specifically, the Officials from the PDA accepted the Team and its task(s) – they were prepared, being forewarned at a previous 4X4 meeting.

DoA observations

The PDA is positive on delivery and the projects are up and running. The Officials are, however, worried that CASP will be discontinued at the end of 2004/05.

Special recommendations

None other than the funds being made available on time.

Action plan

As the projects are in place there is no specific action plan.

Recommendation

That the progress made by this PDA be noted.

MPUMALANGA

Background to report

The Department of Agriculture (DoA) during its management meetings noted and expressed concern about the lack of expenditure on CASP and Land-Care programmes at the provincial level. In addition, there was concern with lack of compliance to the provisions made through DORA. In this regard, the Department of Agriculture instructed several senior managers, including the Assistant Director – General: Agricultural Production, Dr. S. R. Moephuli, assisted by Senior Manager: Water Use and Irrigation Development to undertake a visit to the Mpumalanga Province with the following terms of reference:

1. Investigate the problem statement and verify the information provided as the true record of expenditure, compliance and non – compliance;
2. Identify constraints that limit service delivery, consult HODs, CFOs, Provincial treasuries, CASP & LandCare coordinators and project beneficiaries;
3. Identify specific interventions that are required to ensure that delivery happens – solve the problem;
4. Assess overall strategic plan and the allocations made on both programmes;
5. Find processes in place to identify CASP and LandCare priorities;
6. Assess the level of compliance with DORA and what the constraints are in meeting the standards;
7. Explore alternative mechanisms for delivery; and,
8. Submit proposals to DEXCO including the financial, institutional, procurement, communication implications on 12 November 2004.

Provincial Response to Terms of Reference

Monday 25 October 2004 -- Meeting with Provincial Officials:

Present:

Jan Volschenk – Chief Director: CASP and LandCare leadership

Philemon Mathebula – HOD office

Peter Thabethe – LandCare coordinator & district CASP implementer

Eric Masereka – Senior Manager, Engineering

Skhumbuzo Nyambi – Director: Technical Development (including CASP and LandCare)

Musa Hlongwane – Regional Director & CASP implementer
Victor Makhubedu – CFO
At van Coller (DoA)
Shadrack Moephuli (DoA)

Welcomed by chair of meeting, Mr. Volschenk, then Dr. Moephuli explained reasons for undertaking the visit to the province. This meant indicating to the province that they have been reported to Cabinet and National Treasury that they're behind on expenditure in CASP. In other words, the province is not in compliance with Dora Act 5 as at 30 September 2004.

Present Situation (Provincial response):

There is significant under-expenditure to date by the province on CASP. However, expenditure on LandCare is on target. To date the province has advertised for tenders to be awarded to the value of R6 million, with a closing date of 29th October 2004. The tenders will only cover the Ehlanzeni district.

On 5th November 2004, there will be a meeting to decide on projects to be funded/ approved?

Reasons for non-compliance:

During inquiries, members of the provincial department confirmed that they were behind from the beginning (as of 1 April 2004) because of the following problems:

- a) Business plans not properly consulted upon with beneficiaries and with inappropriate budget estimates;
- b) The outcome of the MinMec meeting in Cape Town that accepted the business plans did not result with immediate implementation by the province;
- c) Province only started in July with implementation of CASP;
- d) Business plans that were compiled didn't contain implementation plans and specifications for adherence to norms and standards;
- e) This required the province to obtain service providers to compile implementation plans and specifications;
- f) The province had difficulties in harmonizing agreements on implementation with local municipalities and districts;

- g) Responses from municipalities and districts (Ekangala) in the form of implementation and reports have been lacking; to date, only information on Gert Sibande was received on expenditure and project implementation;
- h) Lack of clarity on compliance to PFMA (how to procure specific services from a range of service providers where local communities are involved with trust or other legal entities in the form of transfer payments/ or where business plans had been developed by service providers not appointed by the province);
- i) Officials tasked with CASP implementation have been allocated other duties, therefore the programme has not been prioritized;
- j) Information requested from several district offices hasn't reflected the number of beneficiaries and area impacted upon;
- k) Beneficiaries were not always linked to legal entities;
- l) All project managers for CASP have been trained on project management through Wits University.

Recommendations on basis of provincial responses & DoA observations:

- a) Business plans must include specifications and implementation plans with appropriate costing and timeframes;
- b) Province to consider appointing a CASP project manager;
- c) Province can transfer project funds to legal entities who are/represent beneficiaries in terms of PFMA; Noko and Eyethu trust were immediately identified; Mr. Hlongwane was requested to submit all relevant information on these trusts;
- d) Engineering support is requested in the drafting of specifications for boreholes and irrigation schemes;
- e) It was observed that the province may be lacking capacity in some aspects of engineering. Therefore, DoA's directorate: WUID has volunteered to assist the province in engineering matters, details to be discussed with the province;
- f) It was agreed that on award of tenders, the implementation must include timeframes for monitoring and disbursement of funds;
- g) Guidelines are needed where the service provider has been appointed by the beneficiaries, which shall include monitoring and evaluation mechanisms;
- h) Province needs a meeting with Provincial Treasury to be able to transfer funds between projects;

- i) A structured approach to project management is required within the province as has been done with Land care;
- j) Specific project managers should be dedicated to each project.

26 October 2004 -- Meeting with Mr. Victor Makhubedu, CFO

A follow up meeting occurred with the department's chief financial officer to identify problems and possible solutions:

The same problems from yesterday's meeting were confirmed by the CFO wherein concern was raised that only R577 000 expenditure has been recorded for Gert Sibande district. This amount only represents 14% of the allocation to the district and 6% of total amount transferred to the province to date (R9 million, which is 50% of total allocation).

Recommendations on the basis of discussions with CFO and DoA observations:

- a) Appoint Mpumalanga Agricultural Development Corporation (MADC) to assist in project management and implementation;
- b) Linked to the MADDC initiative, the project officers must be seconded to MADDC for the current financial year to gain experience and skill in project implementation and management;
- c) An MOU must be developed and signed by the PDA and MADDC;
- d) In the interim to determine outstanding invoices that require processing, further information was requested from project coordinators in the districts by end of business today;
- e) An implementation scheme must be drafted to regulate CASP and DORA compliance;
- f) Present problem must not be allowed to persist into the next financial year. This may be prevented through appropriate planning and interventions that must begin immediately;
- g) All business plans for financial year 2005/06 must be completed by the 10th December 2004 and submitted to DoA by 14th December 2004;
- h) All business plans must include an implementation plan with costs attached;
- i) If assistance is required, DoA will provide.
- j) There was a suggestion for the PDA to examine the KZN project management system for possible future use.

- k) Suggested the use of a spread sheet with appropriate fields as a hand system.

27 October 2004 -- Meeting with HOD: Ms. M. Sithole

A meeting was convened with Ms. Sithole, the HOD of Mpumalanga wherein the visit and outcomes of meetings in the previous two days were reported to her. A copy of this report for the two days was provided to her. The HoD's response was that much of the projects were being sabotaged by a subordinate and she would be dealing with the matter. Further she indicated that she had discussed this problem with the provincial premier and was in the process of putting together systems to remedy the situation. She then requested that DoA officials visit the province at least after two weeks when new systems would be in place.

In view of the observations and outcomes of meetings with provincial department officials, the team from DoA decided to postpone the visits to beneficiaries for a return visit.

Once the reports of the visits have been discussed within the Department of Agriculture, it would be prudent to conduct a follow up visit.

An action plan with the following in mind is recommended:

1. Follow up inspection of all provincial expenditure patterns on CASP;
2. Follow up to determine any action taken with regard to recommendations listed above;
3. Identify possible problems with regard to implementation;
4. Assist province with planning for the following financial year;
5. Possible negotiation with national Treasury on how to ensure the money allocated to the province for the specific project is not lost, but is utilized in the following financial year;
6. Meet with relevant beneficiaries to identify problems and possible solutions.
7. Design a monitoring and evaluation plan.

NORTHERN CAPE

Executive Summary

PARTICIPANTS

1. Dr. S Mkhize (ADG-SRMU)
2. Mr. G.S Mogoane (Project Manager)
3. Mr. V. Mothibi (Head of Department)
4. Mr. P.V De Bruyn (CASP & LandCare Coordinator)
5. Dr. Moerane (Senior Manager)
6. Mr. K. Williams (Acting CFO)
7. Ms. J. Maisela (Senior Manager)

APOLOGIES/ABSENT

Provincial Treasury Representative

FINDINGS OF THE TEAM

1. **Investigate the problem statement and verify the information provided as the true record of expenditure, compliance and non-compliance**
 - The expenditure report for the CASP did not match the record that was submitted to the Department of Agriculture earlier on as monthly reports. For instance their records indicated that they did not spend anything in July 2004, and in August spent R46 294 00, while our record indicates that they spent R8 730 in July and in August R8 500.
 - Their LandCare financial report tallied with the figures in our records.
 - It was noted that the Province had not spent any funds for the first quarter and the reasons for that was that
 1. they submitted their business plan in June 2004,
 2. there was a misunderstanding on the amount of funds allocated as such they prepared a business plan for R200 million instead of R10, 5 million,
 3. Address the procurement processes in the department.
 - Even though the Province did not spend any funds during the first quarter they did submit the nil monthly reports and as such complied with the DORA.

2. Identify constraints that limit service delivery, consult HOD, CFO, Provincial treasury, CASP & LandCare coordinators and project beneficiaries.

- Technical expertise –Province is huge in terms of area size but has very few personnel because of budget constraints.
- Procurement – Service providers battle to meet deadlines.

3. Identify specific interventions that are required to ensure that delivery happens – solve the problem.

- The coordinator to submit monthly reports to the CFO on the cut-off date and sent the report for the signature of the HOD before it's submitted to Department of Agriculture and Provincial Treasury.
- Province to verify and check on the correctness of reports before they are sent out to the Department of Agriculture.
- Use the 15% from approved CASP guidelines to secure additional expertise to help facilitate implementation of projects.
- Request assistance and guidance from Department of Agriculture with regard to the use of interns (Mr. Mankazana to provide information)

4. Assess overall strategic plan and the allocations made on both programmes

- The province is in support of the strategic plan, but would like the allocation criteria use in allocation of funds for both programmes to be re-visited.

5. Find processes in place to identify CASP and LandCare priorities.

- Re-visit the criteria used in allocation of funds; propose that size of province be taken into consideration.
- Province would at least meet its needs if the allocation was in the region of R28 million.

6. Assess the level of compliance with DORA and what the constraints are in meeting the standards.

- The Province in general has complied with the DORA requirements – in terms of reporting, the only problem was that the figures reported on where not correct and that the amounts spent left much to be desired.

7. Explore alternative mechanisms for delivery.

- Give the coordinator the authority to use Bas system to disburse funds,
- Give the coordinator the authority to approve expenditure of funds up to R100 000.
- Regions to participate and agree before the allocation of funds on the projects that have to be funded and give necessary support in terms of personnel.

8. Submit proposals to DEXCO including the financial, institutional, procurement, communication implications on 12 November 2004.

- **Financial:** reports with projections attached (See tables 1&2).
- **Institutional arrangements:** the province to implement management by project approach and resolve the problem of staff/expertise shortage-make staff to work in project teams.
- **Procurement:** the province has resolved the problem by giving the authority to the coordinator to use the Bas system to disburse funds.
- **Communication:** the office of the CFO to liaise closely with the coordinator and check and verify the correctness of reports before they are submitted to the Department of Agriculture and Provincial Treasury.

The department to start reporting on Expanded Public Works Programme (EPWP).

Analytical Report

Background

The team that visited Northern Cape province consisted of Mr. Godfrey Mogoane and Dr Sizwe Mkhize. The visit occurred between 3rd and 5th November, 2004. On the first day, the team met with the HOD, Mr. Mothibi, and Senior Officials of the Provincial Department of Agriculture, Dr Moerane, Mrs. Jackie Mayisela, Mr. Piet de Bruin and Mr. Kenie Williams from the CFO's office. There was nobody representing the Provincial Treasury's office, probably due to the fact that the meeting coincided with the meetings of Provincial SCOPA and Portfolio Committee with provincial Departments.

On the second day of the visit, the team was taken to a CASP project at Khuis on the border of SA and Botswana and LandCare project at Kono, near Kuruman.

Compliance

During discussions, it was discovered that Northern Cape is one of the very few provinces that have complied in terms of reporting according to the DORA. The province has reported on both CASP and LandCare Programmes.

It was, however, discovered that the expenditure report is not a true record of what the province has actually spent so far. Seemingly, the information submitted to DoA by the CFO differs from the report submitted to the CFO by the LandCare/CASP coordinator. During the month of August, for example, the province spent a lot more than the amount reported (R46 000 instead of R8000). The office of the CFO could not explain the basis for any discrepancy. However, the province has since instituted procedures and systems that will eliminate any discrepancies and multiple points of reporting in the future. For instance, the Coordinator can now generate a report from his office as he has access to BAS system, which he will pass on to the CFO and the MEC for Agriculture for approval and signature, respectively. This means that the report generated by the Coordinator will not be altered at any level. Only if the MEC or CFO has any question that the Coordinator can explain the expenditure to them, prior to that information being reported to the National Treasury and DoA.

The province believes that this approach is not going to delay reporting. The province is also aware that non-compliance is as crucial as financial misconduct – hence they comply with the DORA.

Constraints identified and interventions

The province believes that whatever constraints that existed and led to some delays were due to communication breakdown, which led to delays in actual expenditure. For example, when the province submitted their first Business Plan, it reflected a Budget of R200 million. It was only after that Business Plan was returned and the province informed by DoA that their budget allocation was only R10.5 million that a sound Business Plan was submitted. However, it was already late for the province to start spending in the first quarter of the financial year. Also, the Provincial Department of Agriculture was informed very late (by

the Provincial Treasury and Provincial Tender Board) that priority in terms of services has to be given to Previously Disadvantaged Individuals (PDIs) through Broad-based Black Economic Empowerment (BBBEE) in procuring any services.

The PDA has also been experiencing some problem of administering CASP and LandCare funds due to “cost containment” policy within that province whereby the Departmental Budget was reduced drastically. In addition, early in the financial year, the PDA’s allocation for this financial year (share equity) was given to the provincial Department of Public Works and Transport, which also made it difficult for the Department to execute its plans accordingly. As a result, the PDA is unable to employ new staff to manage programmes such as CASP.

Given the emerging service providers that the Department has to prioritize, some capacity building and development/guidance is necessary. Sometimes this leads to delays in the acquisition of materials/services. Also, given the fact that the province is focusing on land restitution beneficiaries, lengthy negotiations have to take place with local municipalities prior to any project implementation.

The Department believes, however, that this (first) financial year was a learning curve, and that the next cycle will be far better in terms of timely expenditure. Given all the constraints and difficulties reported, the Department has decided to take accountability to the highest level (MEC for Agriculture) in order to reflect the seriousness attached to such bad experience. To be in line with the Provincial Growth and Development Strategy, the Department has also decided that 45% of the CASP allocation will support LRAD and Land Restitution Programmes.

Overall Strategic Plan and Allocations made on CASP and LandCare

The Department takes into account the State of the Nation Address (SONA) and the Provincial Growth and Development Strategy when they develop their strategic plans and finally allocating CASP and LandCare funds to projects. This is further informed by strategic leadership at MEC level, which is usually linked to both SONA and IDPs of Local Governments.

The provincial Department has highlighted that infrastructural development is a major requirement for agricultural development in the Northern Cape. At the same time, given the vast areas of extensive farmlands that require

infrastructure, the exercise becomes even more expensive. For example, if the farm to be fenced is 30 000 hectares, the amount of fence required to fence the perimeter is far more than if the land is only 1 000 hectares. The same situation applies to water pipes, access roads, pumps and pumping, etc. As such, the Department believes that whatever formula that was used for the allocation of CASP funds is likely to fall short in terms of the Department being able to address the pressing needs for most farmers. This concern also applies to the share equity allocation by the National Treasury. As such, the province believes that in revising the formula for allocation, particular attention should be given to specific dynamics, population being one of them.

Level of Compliance with DORA and Constraints

There is limited staff in the Department. This puts a lot of pressure on a few individuals that have to do the job. Currently, one official is responsible for co-ordination of LandCare, CASP and Drought Relief Programme in the province. This particular official is unfortunately planning to take early retirement in February 2005 – and as of to date - there is no under-study to take over when this particular official finally retires. However, the province has complied in terms of the DORA in the first and second quarters for both CASP and LandCare.

Alternative mechanisms for delivery

The Department has aligned its priorities with those of the Premier and the State of the Nation Address. The Department is also “sorting out” its procurement processes, which is now far better than it used to be in the past. The Department has also been successful in lobbying the provincial Department of Economic Affairs to support some of their development initiatives, particularly around LRAD and Land Restitution.

The Department has improved its communication with the Local Municipalities. Joint meetings on IDPs and Regional Committee which prioritize development (composed of PDA and LM) have been institutionalized. This makes it possible for PDA and LM and Community Representative Committee to agree on developmental projects prior to business plans being developed.

The Department believes that focused meetings such as “Project Consolidate” could help in terms of delivery if they occur early in the life of the programme.

The beneficiaries at Khuis (CASP Project) are very much involved in the project implementation – to provide labour. During the project site visit, building materials were being delivered and construction teams were scattered all over the farm. It was however very clear that the project budget will come short in terms of infrastructural development requirements at Khuis. The project budget did not cater for access road into the farm for marketing purposes as well as jackal fence and initial maintenance/running costs (Annexure 1).

At Kono (LandCare Project), the beneficiaries are happy with the interventions by PDA. This Land Restitution project is, however, unlikely to become a self-sustainable agricultural operation as many (300 families) will be spread on a 10 500 hectares (Annexure 2).

Conclusion

The Department believes that given the latest developments, they will spend at least 95% of their CASP budget and 100% of the LandCare budget. This was the view of the HOD as well.

NORTH WEST

WESTERN CAPE

Introduction

The provincial visit took place from the 1st to the 3rd of November 2004. In its presentation the PDA made reference to how much they have spend so far and how the province intends spending the remainder of the funds. During the three days the emphasis was mainly on CASP. Two project visits were made both being to share equity projects.

Provincial Response to the Terms of Reference

A presentation was made per project as to the spending of that project. In the presentation it was emphasised that the province has only started spending in September due to the planning and procurement processes taking place from April to August.

Five main projects emanated from the presentation, namely;

- 1) The province will be issuing out a tender during this month for a feasibility study on FALA to determine viable land for settlement. The FALA feasibility study will cost R750,000
- 2) A tender has been sent out to assist communities in the Boland and Overberg region with drawing up of business plans. The tender is to the value of R1, 355,000.
- 3) R8mil will be transferred will be CASIDRA (section 21 company) for implementation of some of the projects due to the provinces insufficient staff capacity.
- 4) R2mil will be used for a share equity project. The R2million will be the farm workers part contribution, which will buy them 48%, shares in the company. According to the PDA the wine cellar owner and a farmer will have 52% shares in the project, their contribution being land, water rights and the usage of the cellar. It is anticipated that this contribution is a start of a 3yr project of assistance to this group of 304 farm-workers.
- 5) R450 000 is being spent for mechanisation in a LRAD farm owned in an equity scheme by 59 Women LRAD beneficiaries and another farmer.
- 6) R1 mil was spend on the Land Care conference held in September 2004

7) Land Care will be spending R2.5mil on projects of which 50% will be paid to labour

Challenges

- The planning and procurement phase has taken till the end of August, hence the province being slow in the spending of both CASP and Land Care funds
- The province is experiencing staff capacity problems with close to 70 vacant positions, thus the transfer of project implementation to CASIDRA
- Most of the projects do not have legal entities, thus making it difficult for the province to fund them.
- The CASP document is not clear as to what the provinces are not allowed to fund especially on the following three issues;
 - a) Training- is the PDA to offer bursaries out of the CASP grant
 - b) Labour- does the grant allow for the payment of labour
 - c) Production inputs - how much or for how long should the province buy production inputs for the beneficiaries
- The province has a problem with the reporting format for the EPWP especially with regard to reporting on the number of jobs created. The present format does not allow for double counting.
- The accounting officer in the province is always behind in capturing the actual amount spent, resulting in delays in the submission of reports due to the discrepancies in the reports.
- The changing of procurement codes also affected spending, due to officials still using the previous codes resulting in their procurement requests being returned or spending being captured under the wrong the funding.

Recommendations and action plan

- 1) Since the WC-PDA is funding equity share schemes projects, which can also be regarded as Agri-BEE there is an urgent need for technical evaluation of these projects.
 - a) DoA will assist by linking PDA with IDC, their (IDC) role being advisors as to how shares should be allocated
 - b) Land Bank will also be brought on board because of their experience on share equity and technical evaluation of empowerment deals.

- c) The PDA will send the DoA specific contracts of the share equity projects for comments.
-
- 2) Due to the large amount of money being transferred to CASIDRA for the implementation of projects, DoA (COO) will send the PDA comments on the MOU with CASIDRA.
 - a. PDA should look into appointing a project manager who will be responsible in overseeing the implementation of projects by CASIDRA
 - 3) Once the credit scheme is in place, production inputs will be financed through this scheme. DoA will keep the province informed as when the credit scheme will be in place, as it is supposed to be launched in December 2004.
 - 4) DoA will arrange a meeting with DEAT to discuss the EPWP reporting format. The LandCare coordinator in the WCape provincial dept requested clarity on the indicators reflected on the EPWP reporting format because there are different interpretations that can be attributed to the employment creation indicator. LUSM could also assist in setting norms and standards for this reporting so that all provinces can report on the same basis.

Conclusion

The WC-PDA slow implementation of both CASP and Land Care this year is largely to the fact that they have been trying to put systems in place and also due to the lack of staff capacity. The benefits of these systems will be seen in the next financial year.