THE (SMALL) FARMER SUPPORT PROGRAMME AFTER SEVEN YEARS OF IMPLEMENTATION[1]

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Abstract

DBSA's effort to introduce a small holder farmer support system through its funding programme was partly motivated as a response to the ineffective but costly large scale project approach in black agriculture. The aim was to construct a paradigm shift in policy thinking as well as to institute a shift in investment to provide access to support services to large numbers of small holders in homelands. It was further argued that such an approach conceptually constitutes the normalization of an agricultural support system which could provide a basis for integrating black and white agricultural services and for policy reform in South Africa. The programme approach also provided the basis to support farming within an integrated rural context. The FSP approach to agricultural development achieved the status of an important strategy for rural development in South Africa's homeland areas and it is estimated that 55 000 people are presently directly supported by 35 FSPs. Its application is characterised by a flexible "learning by doing" and "user friendly" approach. This philosophy largely explains the expansion and related changes in the implementation of FSPs. It is expected that FSPs will expand into a major development strategy in South African agriculture, especially in the rural sector in the homeland areas.

Uittreksel

Die Ontwikkelingsbank van Suider-Afrika se pogings om 'n doeltreffende kleinboerondersteuningsprogram daar te stel was gedeeltelik gemotiveer deur die waarneming dat grootskaalse en sentraal beheerde projekte in die tuislandgebiede relatief min voordele meebring. Kostes was hoog, gemeenskappe was nie na behore ingeskakel nie en daar was min, selfs geen, sprake van onafhanklike kleinboere nie. Die kleinboerondersteuningsprogram van die Ontwikkelingsbank was dus daarop gemik om groot getalle kleinboere met dienste en hulpverlening te bedien. 'n Geïntergreerde ontwikkelingsbendadering is gevolg. Die kleinboerondersteuningsprogram het tans status as 'n belangrike landelike ontwikkelingsprogram. Ongeveer 55000 persone baat direk by 35 programme. Die Ontwikkelingsbank het veral 'n pragmatiese "leer deur ondervinding" benaderingvoorgestaan en heelwat belangrike aanpassings is sedert die instelling van kleinboerondersteuningsprogramme in 1987, reeds aangebring.

1. Introduction

Marginal existence, low even negative growth in income and welfare levels, chronic poverty and restricted access to resources characterise the living standards generally experienced in the rural areas of South Africa's homelands. Agriculture often provides a potential base for economic development in parts of the homelands especially through food production and income and employment linkages and multipliers (Van Zyl & Vink, 1988). Strategies to stimulate rural development through farming are, therefore, expected to rate high on the future agenda for growth with equity in the rural areas of South Africa. (Brand *et al*, 1992).

Efforts to seriously develop the agricultural potential in the Homelands were only promoted since the late sixties. In the seventies to mid-eighties, centrally managed, capital intensive projects were generally relied on to provide employment and increase agricultural production in the homelands. The high cost and low productivity of most of these projects rendered this approach financially unviable and economically unsustainable. The development impact was also observed as limited. Since the mid-eighties, there has been an attempt to promote agricultural development by supporting smallholder farming to improve the level and efficiency of production across a broad front in homeland areas. The Development bank of Southern Africa (DBSA) played a major role in establishing the required policy and strategy framework to redirect funding into this development effort. An equally important role was played by the Bank's borrowers and their implementing agents in pioneering this particular strategy.

This paper firstly describes past approaches to farming in white and black areas as a background to the motives and considerations that led to the introduction of the farmer support programme in 1986 by DBSA. In section three the design of FSPs, as conceived by the Development Bank of Southern Africa (DBSA), is discussed. The extent of the programme is briefly described and analyzed and changes adopted to DBSAs approach to FSPs is described in Section 4. Comments on FSP and agricultural restructuring is made in Section 5. Brief conclusions are drawn in Section 6.

2. Approaches to agricultural development in South Africa[2]

Agricultural development in South Africa has been characterized by greatly differing approaches to white and black agriculture.

2.1 White agriculture

Agriculture and commercial farming have enjoyed high priority in South Africa's development policies. State intervention and support strongly influenced the pattern of agricultural development. Measures such as the 1913 and 1936 Land Acts, the 1937 Agricultural Marketing Act, the 1939 Agricultural Co-operatives Act, and the 1970 Act on the sub-division of agricultural land, assisted in the establishment of, and support to large scale

white commercial farmers on some 87 per cent of the land (Brand *et al*, 1992).

Other systems supporting commercial farmers included controlled marketing to reduce price and marketing risk, state run research and extension services, and agricultural credit measures (Vink and Kassier, 1990). From a certain perspective the result was not disappointing. Despite relatively limited natural resource potential the growth of agricultural production significantly exceeded that of population growth and consumption (Verbeek, 1976). For the period 1980 - 89 South Africa was self-sufficient in all major agricultural commodities having achieved an overall self sufficiency index of 130 (Van Rooyen and Van Zyl, 1990).

The protection and support of white commercial farmers thus helped establish a strong agricultural sector capable, not only of meeting internal requirements, but also of earning valuable foreign exchange through exports and employing large numbers. These measures also helped establish a strong (white) commercial farmers lobby, ("Organized Agriculture") which in turn, influenced agricultural policies.

Over the past ten years a number of factors underpinning the strength of agriculture, and its associated farming lobby, have changed. A decline in the overall economic activity has limited the extent to which existing commercial agriculture can be subsidised, forcing farmers and specialists to search for alternative patterns of production. Market related policies further decreased subsidies and protection. The ecological and environmental desirability, as well as sustainability, of existing production systems is being questioned. But, perhaps most important of all, political reform is exposing the historically favoured position of the white farmer vis-a-vis the restricted access to farming by blacks, to critical debate and various reform actions. These factors amongst others indicate that agriculture in general faces fundamental restructuring (Brand *et al*, 1992).

2.2 "Black" farming

Farming by Africans developed almost entirely as a 'separate' mode of agriculture in South Africa substantiating Lipton's (1976) description of 'two agricultures' having evolved in different environments or milieus within the South African political economy. In contrast to the 55000 white commercial farmers, the ± one million african smallholder farmers (usually operating at low output levels) face problems related to insecure and fragmented land rights, communal tenure arrangements, non-viable and small farm units, overstocking and the deterioration of land, as well as lack of support infrastructure, water supplies, transportation networks, financial support, extension and research services. In addition, they have restricted opportunities to compete in agricultural markets. Markets are often restricted by economic factors related to high transportation costs and legal arrangements, eg. quota entitlements, while representation and participation through the farm lobby in policy formulation processes by these farmers is limited. Access was until recently limited by legal restrictions along racial lines to entry in the South African land market as well as institutional membership to various support services (Van Rooyen *et al*, 1987).

A comprehensive agricultural development approach for the homeland areas, supporting small holder farming and aiming for a "middle class" rural citizen, advocated by the Tomlinson Commission (1955), was only partly accepted by Government, directing homeland agricultural intervention towards the provision of physical structures through the process of "betterment planning" and certain administrative control processes. As could be expected such an approach did not succeed in mobilising or attracting african entrepreneurs to farming in these areas nor did it empower rural communities. Although betterment planning's objectives and intentions were (partially) sound, it generally failed to achieve its fundamental objective of raising welfare in rural areas due to its emphasis on physical planning, failure to provide an economic base either for commercial farmers, small-holders or non-farming rural populations, and neglect of the social, cultural and political components of rural development (Working Group for Betterment Planning, 1988). Little attention was paid to services supporting those involved in farming while infrastructural and institutional support were restricted. Moreover, some african farmers were removed from proclaimed areas through legislation.

The virtual absence of commercial agriculture in the homelands was often incorrectly attributed to lack of entrepreneurial and managerial ability amongst african farmers. This, combined with "expert" knowledge on "British colonial style" approaches to agricultural development in South Africa's neighbouring states as well as the philosophy of "optimal resource use", and modern farming methods, dictated that expatriate management should be introduced in order to develop modern agricultural systems in the homelands (Hartzenberg, 1977). An approach followed which emphasised large-scale, centrally managed, project farming. Such projects or schemes were introduced in irrigation, dry land and livestock farming.

Higher levels of resource use and the creation of paid labour was promoted through modern farming enterprises, managed by parastatal companies, and consultants. Systems however, were not directed towards promoting a class of self-employed farmers. Little was also done to promote improved farming methods for small holders outside these schemes or solve their farming problems. The involvement of africans in project management, rather directed development efforts towards the establishment of a business cum corporate type of rural class who would use sophisticated, capital intensive methods to manage and co-ordinate the efforts of large labour forces. The fallacy of this approach soon emerged. Schemes were then adjusted to settle selected persons as "project farmers" operating under the strict control of central corporate project management. This so-called "disciplined" farmer settlement approach became the mainstay of agricultural development efforts in the late 1970s and early 1980s.

The philosophy of optimal resource use through modern, scientific farming methods led to a highly capital and management intensive approach. Sophisticated, mechanised, production systems using, for example, centre pivots, large tractor fleets, sophisticated milking parlours and high value cash crops proliferated. Decision making by so-called farmers was accommodated by using farmer committees to assist the project manager. A drive towards self reliant farm businessmen however did not materialize.

In this context it must be noted that "disciplined" settlement schemes provided the opportunity to establish white farmers especially on irrigation schemes during the thirties and forties (ie. Vaalhartz, Pongola, Rietrivier, Hartbeespoort etc). These schemes however, were substantially different from the homeland type of schemes, (introduced during the seventies and eighties), in so far as that the objective with the "white" schemes was to promote self reliant commercial farmers.

Table 4: Financial contribution towards Capital investment in the various FSP Support Elements (1987-1991).

	Training and Extension (R)	Production inputs (R)	Infrastructure and marketing (R)	Movable assets (R)	Policy and preparation assistance (R)	Total (R)	%
DBSA	1 074 946	32 277 878	45 092 604	23 837 680	1 736 299	104 019 407	67,8
Contractors	0	120 467	0	276 655	0	397 123	0,3
Private Sector	0	2 004 964	1 675 914	0	0	3 680 878	2,4
Farmers	44 633	6 954 544	87 251	7 395 760	0	14 482 188	9,4
State/Quasi	2 941 043	2 347 085	12 381 811	13 045 656	194 963	30 910 287	20,1
Total (R)	4 060 623	43 704 938	59 237 580	44 555 751	1 930 992	153 489 883	100,0
%	2,6	26,5	38,6	29,0	1,3		100,0

The funding of the FSP elements are indicated in Table 4. Of the total financial requirements, roughly 20 percent has been sourced from the public sector agencies (excluding DBSA), with 12 percent form the private sector and 68 percent or from DBSA. Cost recovery from farmers on infrastructure vary between 20 and 50 percent, while training and extension services are generally provided at no user charge. No significant defaults have been recorded yet.

A more complete and longer-term evaluation programme using consultants was embarked upon in 1991 and will be completed in 1994. Progress was reported on during a recent workshop at DBSA (Proceedings to be published).

4.2 Changes in the approach to FSP

The FSP concept was clarified through the implementation of 35 projects since 1987 and changes were affected to DBSA's approach in three major areas viz. scope of FSP's; making procedures more "user friendly"; and improved beneficiary participation in project design, planning and implementation. Access to land were also attended to. These changes were supported by an internal interim evaluation assignment in 1988/89 and through the continuous monitoring of the implementation of FSP's by DBSA project teams and implementing agencies. A learning by doing approach was advocated.

4.2.1 Clarifying the concept - which type of farmers? Which type of schemes?

The FSP approach was primarily directed towards supporting small holders in the homeland areas to achieve higher levels of farming efficiency through improved access to resources and support services. The focus was on broad based programmes directed by demand from small holders for services. However, initially DBSA teams were often confronted by borrowers and implementing agencies with various divergent interpretations of FSP. A potentially destructive view was when the "old style" project schemes were reinterpreted as "farmer support" actions. The basic structure of such schemes however, remained paternalistic and centrally managed. Such attempts were turned down or changed on insistence of DBSA, often through conflict and tension.

The concept thus had to be clarified to ensure that the main beneficiaries remained a broad based grouping of rural dwellers involved in farming and not a) exclusively selected individuals which needed to be guided/disciplined/led, etc to become model/master/leader etc full time small commercial farmers; b)"elite" farmers on high-cost, high-tech schemes. The rationality of these agricultural producers to optimize resource allocation became quite visible on various schemes. The local household food security policies on the Phokwane project stands evidence to such rationality (various other examples were quoted at a recent DBSA workshop on FSP evaluation - proceedings forthcoming).

The distinction between settlement projects and FSPs however, became increasingly blurred since 1987. Settlement projects funded by the Bank are now generally financed along the same lines as FSPs, the only difference being the settlement of new farmers within a project framework. "Grey areas" therefore exists and judgment in terms of the principle of FSP as a broad based support strategy is required.

4.2.2 Expanding Scope of FSPs - From FSP to RSP?

The above considerations led to a next set of changes. The original FSP development objective stated: "The promotion of structural change away from subsistence agricultural production to commercial production by providing comprehensive agricultural support services and incentives to existing farmers". Whereas the movement towards commercialisation in farming activities remains valid, the emphasis on "commercialisation" restricted perceptions on the applicability of FSPs. Farming in homeland areas is primarily directed towards supplementing household entitlements in the form of access to food; access to goods through trade and barter; access to income through selling; and access to income through savings due to household food production. Commercialisation therefore restricts the reality of agricultural activities in the homeland areas.

In addition there are also direct linkages between the various production activities of the household i.e. farming, business activities, employment etc. and consumption activities such as food storage, water provision, health services, etc. This observation agitated against the tendency to restrict the potential target group of FSPs to only those farmers who are orientated towards commercialisation.

Since 1989 FSP project descriptions increasingly provided for other initiatives to support household productive activities such as support to mechanisation contractors and transport contractors and small business activities. This led to the opportunity to involve private sector institutions as co-financiers of development programmes. The expanding scope of FSPs were furthermore reflected in the widening of project descriptions to include the funding of consumption type of activities such as storage facilities, water supply systems etc.

These realisations resulted in the change of the FSP development objective in 1989: "to promote economic development by improving farmers' access to support services over a broad base in a sequential and evolutionary manner". The concept of integrated rural development is increasingly been accommodated within FSPs. It might therefore be required to review the FSP concept as part of a "Rural Support Programme" (RSP) providing for production and consumption activities in support of rural dwellers across a broad front.

4.2.3 Making FSP's More "User Friendly"

An important problem experienced by DBSA's borrowers was the perceived rigidity of FSP project descriptions and disbursement procedures. It is, for example, often implied that the major cropping activity in FSP is maize production. Disbursements of DBSA funds therefore had to be checked against activities related to maize farming. In reality farmers operate in a changing environment and through rational responses, change cropping regimes etc. Such flexibility however is not provided for in earlier project descriptions and caused problems with the strict DBSA disbursement procedures. This required a cumbersome bureaucratic procedure to change project descriptions regularly to allow disbursements. It was therefore agreed to rather expand on the programme context of FSP to accommodate a wide range of changing farming enterprises. This approach considerably simplified the project description and disbursement procedures. At the same time increased accountability was placed on the project implementation committee to decide on changes during implementation in terms of the agreed upon objectives and criteria. This process essentially shifted the implementation stage forward and emphasised a learning by doing approach during implementation. These changes not only allowed for a quicker response by DBSA to local needs, but also required for a greater participation by local participants through their active involvement in project implementation committees.

4.2.4 Identifying new FSP elements - developing institutional capacity and accommodating gender issues

The above changes led to a reappraisal of the importance of active participation by beneficiaries during the preparation and planning a project. This confirmed ownership of projects/programmes and led to requests to support local capacity building and institutional development as associated elements in their own right. In response Bank FSP's loans were therefore expanded to include technical assistance directed towards institutional development as a "new" and important FSP element. This emphasis also highlighted the significance of gender issues. By far the majority of participants in FSPs are women and older men. One particular observation is the participation of women clubs and saving groups in FSP activities. It also is observed that younger men are increasingly participating in FSPs.

4.2.5 Access to land

Access to land production rights remain a major constraint for the expansion of farming in homeland areas. Under communal tenure situations such a provision however, will have a limited immediate impact as land purchases are not presently possible. The observation of informal rental arrangements on communal land where a wide distribution of de facto farm sizes are observed, however suggest that the provision of financial support to lease land, complemented by formalised land lease arrangements could greatly increase de facto access to production rights for enterprising farmers. A pilot project is presently under consideration to develop approaches and institutions within the communal land system to accommodate more formal and secure land lease arrangements.

5. FSP and agricultural restructuring

The legacy of the dualistic support systems which operated in black and white agriculture is presently still restricting the integration of these two sectors. Such integration will equalize access to support elements, allow for the optimal and cost effective use of existing facilities and provide the policy and strategy framework for a newly structured agricultural system.

The FSP approach essentially directs development effort and resources toward the supply of "user friendly" farmer support services. It constitutes a major change from the project approach previously applied to black agriculture. The approach therefore provides a framework to align the black with the white agricultural support system, because both require the same set of support elements, albeit differently structured. The framework allows for policy reform within the various support elements as well as for co-ordination of movement towards the integration of support systems. (DBSA, - 1992), and land reform (DBSA, 1993).

Attempts towards restructuring and integration of support systems within this FSP framework is already observed in proposals by the SA Department of Agriculture to restructure extension, training and research services, in the restructuring of the sugar industry while "white" co-operatives increasingly provides services to black small holders in the homelands.

This argument does not negate the need for a fundamental restructuring of South African agriculture. It rather argues that attempts to align the previous divergent approaches to agricultural development are facilitated by a FSP frame of reference. This allows for a more effective use of present, available, support capacities to serve a continuum of large scale to small scale farmers. The FSP framework also highlights the set of elements which require reform and give focus to appropriate affirmative action procedures in agriculture. Proposals in this regard is discussed by Brand *et al* (1992).

6. Conclusions

DBSA's effort to introduce a small holder farmer support system through its funding programme was initially motivated as a response to the ineffective but costly large scale project approach in black agriculture. The aim was furthermore to construct a paradigm shift in policy thinking as well as to institute a shift in investment to provide access to support services to large numbers of small holders in homeland rural areas. It was subsequently argued that such a framework constitutes a normalization of an agricultural support system and could provide a basis for integrating black and white agricultural support

services and policy reform in South Africa. The programme approach also provided the basis to support farming within an integrated rural context.

The FSP approach to agricultural development achieved the status of an important strategy for rural development in South Africa's homeland areas and it is estimated that 55 000 people are presently supported by 35 FSPs. Its application is characterised by a flexible "learning by doing" approach. This philosophy largely explains the expansion and related changes in the implementation of FSPs as discussed in this paper. Evaluation efforts should attend to the impact of these changes. It is expected that FSPs will expand into a major development strategy in South African agriculture, especially in the rural sectors in the homeland areas.

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Notes

1. This paper is based on a workin document presented at the Evaluation of the Farmer Support Programme Workshop on 29th and 30th April 1993 at the Development Bank of Southern Africa.

2. This section draws heavily from Thomas and Van Rooyen, 1990.

3. This section is based on DBSA documents entitled: "Policy Guidelines in respect of Farmer Support Programmes", and "A Framework for a Livestock Farmer Support Programmes.

4. This section draws on on information provided by McKenzie (1992) and through research assistance by Mrs Germaine van Rensburg, DBSA. Note that some tables and calculations do not include 1992 figures.

ANNEXURE 1:

FSPs funded by DBSA (1987-91)

Biyela/Ndlangubo Sugar Farmer Support Programme
KaNgwnae Farmer Suport Programme V - Sugar
KwaNdebele FSP Project I
KwaNdebele FSP PRoject II
Lower Fish River Development Programme : Ndwayano
Tshiombo/Rambuda FSP
Moretele II Phase II Dryland Crop Production
Venda Woodlot Support PRogramme - Project I
Umvoti Irrigation FSP - Daka Daka

Uthekela Ferry Irrigation Restructuring and FSP
Umvoti Irrigation (First phase Sinanfini)
Macekane Sugar Farmer Support Programme
Phokoane Maize
Lebowa Farmer Support Programme I
Sterkspreuit Irrigation Upgrading and FSP
Mokerong Farmer Support Programme II
Majeje Agricultural Development Phase I
KwaZulu Farmer Support II
KaNgwane Farmer Support Programme IV
KaNgwane Farmer Support Programme III
KaNgwane Farmer Support PRogramme II
Makhatinit Farmer Support Programme - Phase I
KaNgwane Farmer Support Programme I
Farmer Support Programme III
Hoxane Irrigation Upgrading and FSP
Ciskei Livestock FSP - Project I
Keiskammahoek FSP Phase I
Herschel FSP Phase 1 (Sterkspruit Irrigation)
Supingstad Livestock Farmer Support Programme
Commercial Farming Areas - Ongeluksnek
Ganyesa SADT FSP
Hoxane Irrigation Upgrading and FSP
Ndumu B Irrigation FSP
North Pondoland Sugar Phase I
Commercial Farming Areas and FSP