



**LIMPOPO**  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

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**DEPARTMENT OF AGRICULTURE**

**PRODUCTION INPUT SUPPORT POLICY**

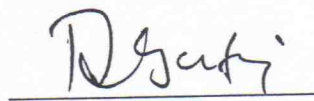
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## 1. INTRODUCTION

- 1.1 The Limpopo Employment, Growth and Development Plan (LEGDP, 2009-2014) prioritized agriculture, alongside mining and tourism as the cornerstone of the economy.
- 1.2 Agriculture, dominated by animal and crop production, is experiencing a serious decline in productivity, a situation which leads to diminishing contribution of the sector to the Provincial Gross Geographic Product (GGP).
- 1.3 Contribution of the sector to the Provincial GGP is currently just under 3%, and this situation is attributable to a number of factors which include limited access to production inputs. This challenge has a huge effect of reducing farm yields and therefore food security as most farmlands in communal areas and properties under ownership of emerging farmers are not optimally utilized.

## 2. LEGAL MANDATE

The policy derives its legal mandate from:

- 2.1 Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996);
- 2.2 Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
- 2.3 Strategic Plan for South African Agriculture: 2001;
- 2.4 Land Redistribution for Agricultural Development: 2001, as amended;
- 2.5 Comprehensive Agricultural Support Program: 2003;
- 2.6.1 Limpopo Growth and Development Strategy: 2005 (currently under review);
- 2.7 Strategic Plan for Limpopo Department of Agriculture: 2009 – 2014.

### **3. PROBLEM STATEMENT**

#### **3.1 Lack of access to credit:**

Farmers lack access to credit and as a result are not able to afford production inputs. This leads to a reduction of agricultural production.

#### **3.2 Use of inappropriate and inadequate inputs:**

The effectiveness of production inputs in increasing agricultural production is influenced by type and level of application of the inputs. As a result of lack of access, farmers often apply inappropriate inputs at inadequate levels.

#### **3.3 Lack of integration of farmer assistance programs**

A lot of investment made by government towards development of the previously disadvantaged farmers remain disintegrated and fail to realize the intended objectives.

##### **3.3.1 Inadequate support to land reform beneficiaries**

Farmers and communities who obtained ownership of commercial agricultural properties through the land reform program are faced with challenges of lack of equipments and production inputs to ensure sustainability of the businesses they inherited. This has led to declining productivity and a number of job losses in the sector. In the horticultural areas of Vhembe and Mopani the job losses go beyond the farm-gate as there are many hawkers whose livelihoods depend on sustained productivity of the same farms.

##### **3.3.2 Lack of requisite input support to farmers under infrastructure support programs**

The department has programs that support farmers with production infrastructure. While the commercial and development banks do not accommodate this need adequately, there is no complementary intervention by government to ensure that the infrastructure does not become a white elephant once completed. The investment made towards development of the infrastructure become fruitless expenditure if such structures are not put into productive use to create jobs and increase food production.

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### **3.4 Natural Disaster Damage:**

The Province is often hit by natural disasters such as droughts, floods, frost, hail, and severe pest and disease outbreaks which reduce agricultural production.

## **4. POLICY OBJECTIVES:**

The main objective of the policy is to optimize use of production units by facilitating access to production inputs, and the specific objectives are to:

- 4.1 Facilitate improved access to production inputs by farmers;
- 4.2 Promote the use of appropriate types of production inputs at correct levels;
- 4.3 Prioritize support to needy land reform projects and those that received infrastructure investment in order to promote integration;
- 4.4 Facilitate mitigation and recovery of farmers who loose production through declared natural disasters.

## **5. DESIRED OUTCOMES:**

The overall outcome of the policy is increased agricultural production, food security and household income from the agricultural sector. The specific outcomes are:

- 5.1 Increased agricultural production and income;
- 5.2 Appropriate types of production inputs used by farmers and at correct levels;
- 5.3 Emerging and smallholder farmers graduating into commercial producers;
- 5.4 Agricultural production losses due to declared natural disasters mitigated and farmers assisted to recover.

## **6. APPLICATION OF THE POLICY:**

### **6.1 Inputs Covered by the Policy:**

The production inputs covered by the policy are:

6.1.1 Seeds, seedlings, and other plant propagation materials, fertilizers, lime, pesticides (herbicides, insecticides), fungicides, land preparation and energy for production in the case of crop production; and

6.1.2 Breeding and production stock, livestock feeds, medicines and vaccines for animal production.

## **6.2 Guiding Principles for Support:**

The Department shall be guided by the following principles in its support for input access to farmers:

6.2.1 **Demand-driven:** Support for input access will be given according to demand;

6.2.2 **Equity:** Previously disadvantaged applicants will be prioritized for support;

6.2.3 **Sustainability:** Input access support shall be a commercialization intervention aimed at making farming enterprises economically viable and self sustainable;

6.2.4 **Integration and complementarity:** Priority shall be given to projects where support will be complementing previous or existing state investments;

6.2.5 **Value for money:** Support for input access will be considered for farming enterprises where there shall be value for the money invested;

## **6.3 Applying for Production Input Support:**

6.3.1 Applications should be made on relevant application forms obtainable at all district and municipal offices of the Department;

6.3.2 For informed assessment, application forms must be accompanied by:

(a) Certified copies of identity documents with proofs of residence;

(b) Certified copies of title deeds, lease contracts, Permissions to Occupy (PTOs), or any other proof of tenure. Land reform beneficiaries have their farm details with LDA and do not have to provide title deeds, instead, they need to give project and farm name;

(c) Business plans;

- (d) Where possible, certified copies of certificates (or other proofs) of relevant training or experience acquired by the applicant(s); and
- (e) Where necessary:
  - (i) Documents to confirm water and/or energy availability; and
  - (ii) Documents to confirm compliance with tax and / or labor laws.

#### **6.4 Selection Criteria:**

Applicants for support under this policy shall be selected according to the following criteria:

##### **6.4.1 Applicant personal attributes:**

- (a) **Citizenship:** Applicants should be South Africans with farming enterprises within the Limpopo Province.
- (b) **Agri-business skills:** Applicants with relevant agri-business skills will be prioritized while those without should be trainable in order to be considered.
- (c) **Applicant profile in farming:** Applicants who already established good farming profiles will be preferred for support.

##### **6.4.2 Farm institutional attributes:**

- (a) **Land tenure:** Applicants should have legal ownership to land or land user rights in order to be considered.
- (b) **Water supply:** Applicants, especially those for irrigated cropping must have irrigation water and where possible, water rights to be considered;
- (c) **Energy supply:** Applicants in enterprises demanding energy to operate must have supply to be considered, except for cases where energy is part of the inputs applied for;
- (d) **Economic viability:** Assistance on input access will be considered where the farming enterprise is economically viable;



- (e) **Compliance with tax and labor laws:** Where appropriate, applicants will have to be compliant with tax and labor laws to be considered;
- (f) **Damage by natural disasters:** Farming enterprises hit by natural disasters that are accordingly declared will be considered for input support under this policy.
- (g) **Project Status:** Farmers settled through a government program that did not include production inputs;

## 7. PRODUCTION INPUT SUPPORT SCHEMES

Support to farmers for access to inputs shall be done under two schemes, viz. input access assistance scheme and production start up grant implemented as follows:

### 7.1 Input Access Assistance Scheme

The input access assistance scheme is intended to address the inaccessibility of inputs to emerging and commercial farmers and shall be implemented as follows:

- 7.1.1 The Department shall provide part ( $\pm 50\%$ ) or full quantity of inputs to individual and group farming enterprises with full quantity prioritized for enterprises where the state already invested in land or infrastructure. The assistance shall be non-refundable and shall be up to a maximum of:
  - (a) R200 000-00 per farmer for individual farmers;
  - (b) R500 000-00 per project for a group of farmers operating together under a legal entity; and
  - (c) R1 million for a group of farmers operating together under a legal entity with state investment in land or infrastructure;
  - (d) Any requirement justified to be above the maximum for enterprises under (a) – (c) above shall be recommended by **Production Input Support Selection Committee (PISSC)** and approved by the HOD.

7.1.2 Enterprises shall be supported up to break-even point (as determined by the business plan), depending on farming commitment of the farmer(s).

## **7.2 Production Start-up Grant**

The production start up grant is intended to address the inaccessibility of inputs to food security and micro enterprise projects and shall be implemented as follows:

7.2.1 The Department shall provide a grant of 100% to deserving applicants for the purchase of inputs. The grant shall be up to a maximum of;

- (a) R100 000-00 per farmer for individual farmers; and
- (b) R250 000-00 per project for a group of farmers operating together under a legal entity;

7.2.2 Enterprises shall be supported up to break-even point (as determined by the business plan where necessary), depending on farming commitment of the farmer(s).

## **8. ROLES AND RESPONSIBILITIES**

Different units of the Department have some roles and responsibilities in implementing this policy, and those are:

### **8.1 Districts and Municipalities:**

8.1.1 Inform farmers about the policy, assist them in applying for input support, and inform them about the outcomes of their applications;

8.1.2 Assist farmers with development of enterprise business plans;

8.1.3 Screen applications for support under this policy and make a submission to the secretariat of the PISSC for consideration; The submission should be signed by the District Senior Manager or his / her delegate;

8.1.4 Keep a register of all applications and of those approved;

8.1.5 Compile a data base of enterprises / projects to be supported each year with clear indication of the required inputs (type and quantity) and their budgets;

- 8.1.6 Provide the Training Centers of Excellence and other relevant training providers with database of prospective beneficiaries for the institutes to provide training and other support;
- 8.1.7 Identify input suppliers in the district and facilitate their registration in the database of the Department;
- 8.1.8 In compliance with the supply chain management principles, procure inputs for approved farming enterprises;
- 8.1.9 Provide regular monitoring, evaluation and support and regular reports to relevant units of the Department.

## **8.2 Farmer Training Centers**

- 8.2.1 Budget for training and for professional services for beneficiaries of this policy;
- 8.2.2 Conduct skills audit and facilitate resource assessment for beneficiaries of this policy, and develop relevant training and professional services programs;
- 8.2.3 Conduct relevant training and provide required professional services;
- 8.2.4 Report on training and professional services provided.

## **8.3 Technical Production Services:**

- 8.3.1 Conduct awareness workshops on this policy to all relevant branches / units within the Department;
- 8.3.2 Participate in facilitation of input support for enterprises hit by declared disasters.
- 8.3.3 Facilitate the formation of a **PISSC** and oversee its smooth operation. The mandate of such committee should be to adjudicate on the applications recommended by districts and to further recommend for approval by the Head of Department or his/her delegate.
- 8.3.4 Facilitate the development of application forms and reporting templates, and keep a register of approved applicants.

- 8.3.5 Informed by the enterprises / project budgets submitted by districts, develop provincial budget proposal for implementation of the policy;
- 8.3.6 Provide overall monitoring and evaluation of the implementation of the policy and conduct policy reviews.

## **9. TERMS AND CONDITIONS**

The Department shall, where possible, provide production input support under the following terms and conditions:

- 9.1 Support will be provided to approved applicants only when funds are available in the budget;
- 9.2 Production inputs are used for the intended purpose and according to the project / enterprise plan;
- 9.3 Project has a record keeping system and LDA has unhindered access to the financial records;
- 9.4 The recipient of production inputs provides information to the Department on the performance of the enterprise and the effect of the inputs provided;
- 9.5 Failure to stick to the terms and conditions may lead to withdrawal of the input support.

## **10. POLICY REVIEW**

The policy shall be reviewed annually.