

**PROVINCE OF THE EASTERN CAPE**



**DEPARTMENT  
OF  
RURAL DEVELOPMENT AND AGRARIAN  
REFORM**

**MECHANIZATION POLICY**

## MECHANIZATION POLICY

### Table of Contents

DEFINITIONS OF TERMS AND CONCEPTS.....	2
ABBREVIATIONS AND DEFINITIONS.....	4
1. INTRODUCTION .....	5
2. OBJECTIVES .....	7
3. REGULATORY FRAMEWORK.....	7
4. PRINCIPLES, VALUES & PHILOSOPHY .....	8
5. SCOPE OF APPLICABILITY .....	8
6. IMPLEMENTATION PROCEDURES .....	9
7. ROLES AND RESPONSIBILITIES.....	11
8. RESOURCE IMPLICATIONS .....	12
9. MONITORING AND EVALUATION.....	12
10. POLICY REVIEW .....	13
11. RECOMMENDATIONS & APPROVALS .....	13

## MECHANIZATION POLICY

### DEFINITIONS OF TERMS AND CONCEPTS

**Agricultural Mechanization:** embraces the use and maintenance of tools, implements and machines for agricultural production and on-farm processing: agricultural land development, crop production, harvesting, product handling, packaging and preparation for storage and marketing.

**Mechanization Unit:** is a standardized set of power unit, implements, equipment, tools and accessories for crop production from seedbed preparation/tillage operation, planting/transplanting, weeding/fertilizer application, pest control, harvesting, transportation/handling, storage, processing and operators/repair and maintenance. The level of a mechanization unit is measured in terms of kW/ha, ha/tractor, number of tractors/1000ha, equipment weight/tractor, and mechanical power/total power.

**Mechanization Research Unit:** To engage in innovative and adaptive research leading to design and development of efficient agricultural machineries and technologies in order to reduce cost and improve the quality of agricultural production and ensure food security for the province.

**Program:** referring to Cropping program of the Department where more land in the Province is brought under production, Government with Private partners and farmers are contributing their resources to the program to enhance food security.

**Scheme:** a scheme is a mechanization support service referring to Scheme A (State owned mechanization units) and Scheme B (Privately owned mechanization contractors)

**District Mechanization Centre:** refers to the central coordinating unit for the mechanization activities of the District.

**Draught Power Technology:** refers to implements and machines utilizing draught power as the main power source.

**Farm Power:** includes three main power sources for farming: human, draught, and mechanical.

**Hand Tool Technology:** is the simplest and most basic level of agricultural mechanization: tools and simple implements using man power as the main power source.

## MECHANIZATION POLICY

**Mechanical Power Technology:** is the highest technology level in agricultural mechanization and encompasses all agricultural machinery where the main source of power is from sources other than manpower or draught power.

**Subsistence Farmer:** is a member of society who practices agriculture with the main objective and productivity to feed his/her family from resources that are available within the immediate vicinity of the household residence.

**Smallholder Farmer:** is farmer who aims to produce at levels above that needed to provide the food needs for his or her family and, where the income from agriculture is insufficient to cover basic household income needs and has to be supplemented from other sources to financially support the family.

**Commercial Farmer:** is a farmer who's objectives and levels of trade of own produced agricultural product are able to financially fully support his or her family.

**The State:** means the Government of the Eastern Cape represented by the Eastern Cape Department Rural Development and Agrarian Reform (the Department) and, in terms of matters relating to the policy, the agencies appointed by the Department to implement and manage the policy on behalf of the Department.

## **MECHANIZATION POLICY**

### **ABBREVIATIONS :**

DRDAR	: Department of Rural Development and Agrarian Reform (The Department/ State)
ECRDA	: Eastern Cape Rural Development Agency
EC	: Eastern Cape province
SCM	: Supply Chain Management
SG	: Superintendent General (Head of Department)
DMC	: District Mechanization Committee
PMC	: Provincial Mechanization Committee
FAO	: Food Agriculture Organization
UN	: United Nations
SOMU	: State Own Mechanization Units
POMC	: Private Owned Mechanization Contractors
MRU	: Mechanization Research Unit
SLA	: Service Level Agreement
M & E	: Monitoring and Evaluation
SOEs	: State Owned Enterprises

## **MECHANIZATION POLICY**

### **1. INTRODUCTION**

#### **1.1 A need to increase agricultural productivity**

Food and Agriculture Organisation (FAO) of the United Nations (UN) projects that by 2040-world food production would need to be seventy percent greater than current levels to meet the requirements of the world.

In South Africa there has been a shift from being a net exporter of food towards being a nett importer of foods. Any move to increase the total food production will require both the use of additional farm power and the efficiencies of use, to prepare larger areas, to bring marginal lands into production, to adopt more intensive cultivation methods, and to harvest, transport and process greater volumes of output.

#### **1.2 Mechanisation in developing Eastern Cape agriculture**

In the Eastern Cape Province (EC), the agricultural sector is required not only to produce enough food to feed its increasing population but also act as a catalyst in reviving the rural economy and that of the Province. Environmentally suitable cropland is not a constraint in the Eastern Cape Province so increased farm power can lead to direct increases in production by simply increasing the use and production efficiencies of such areas in terms of crop, forage and animal production. The promotion of appropriate mechanisation can do for the socio-economy of the Eastern Cape, albeit at a smaller scale, what the industrial revolution did for the agricultural economies of Europe.

Hence the Eastern Cape Department of Rural Development and Agrarian Reform (DRDAR) has identified a need to intensify its support to the farmers and other entities (cooperatives and / or farmers associations) to improve mechanization within the agricultural business value chain by facilitating access to appropriate mechanisation for all previously disadvantaged farmers and agricultural entities. The Department seeks further, in this regard, the facilitation of linkages between farmers, retailers and wholesalers, manufacturers and importers of agricultural machinery.

Inappropriate selection and use of certain mechanisation input have, in many parts of the world including EC, led to heavy financial losses and lowered agricultural production as well as contributing to environmental degradation. In almost any agricultural production system the annual expenditure on farm power, whether on labour, draft animals, or fuel and depreciation of machines, largely exceeds the costs of other inputs

## **MECHANIZATION POLICY**

such as seeds and agro-chemicals. The need to improve agricultural labour productivity is, therefore, increasingly recognized in the EC.

### **1.3 Succession from existing mechanisation interventions**

Given the legacies of ambitious mechanization policies implemented in the past three to four decades in the EC, the mechanization policy seeks to provide a framework within which the outcomes of these past policies relating to mechanization can be taken up within a single integrated service and management continuum within the context of agriculture as an integral part of Rural Development. This succession is envisaged to involve where it is feasible, the incorporation, change and taking-up of some ongoing mechanisation interventions into this policy and, in other cases, taking up the outcomes of the past interventions as and when these reach conclusions.

### **1.4 Mechanization for sustainable productivity and development**

The development of mechanisation within respective areas is to take place in terms of area based planning informed by the agro-ecological potential, the need for mechanisation in terms of production enterprises, status of existing equipment and services, skills levels and other related factors.

The mechanisation policy, therefore, should create an environment for self-sustained development that optimises the use of additional farm power in production systems by increasing agricultural production and production efficiencies in the EC.

#### **1.5.1 Structure of the Mechanization policy**

Given the socio-economic landscape of the farming fraternity in the EC and the Rural Development imperatives, the Mechanization policy is crafted into two (2) Schemes that collectively strive to provide an appropriate continuum of mechanisation support across the spectrum of potential beneficiaries ranging from subsistence farmers, smallholder farmers to aspiring commercial farmers.

The components are to be complimentary and are not mutually exclusive and in some cases a beneficiary may make concurrent use of the respective Schemes as farming development progresses. DRDAR may set up or engage appropriate trading entities to manage and implement the policy. The schemes of the policy should operate, at all times, under conditions of a positive balance sheet, inclusive of the budget contributed by the Department.

While some schemes of the policy are to be managed and implemented by the referred agency on behalf of the Department in terms of an appropriate Service Level Agreement, the role of the Department, specific to the scheme is complimentary to its routine responsibilities. This role, encompasses the provision of budget (assisting in capital costs, maintenance and operating

## **MECHANIZATION POLICY**

costs), monitoring and evaluation, fulfilling a regulatory role and providing support for beneficiaries in terms of identifying and assisting in the preparing of applications, and further, participating actively the screening and adjudication processes.

### **2. OBJECTIVES**

- 2.1. To provide conditions conducive to developing sustainable and more efficient farming in the previously disadvantaged areas and by previously disadvantaged individuals who are residents and farming in the Eastern Cape and who are South African citizens.
- 2.2. To enhance agricultural productivity at all levels of farming, subsistence, smallholder and commercial operations, with particular focus on mechanization as one of the key management tools that the resource-poor farmers can use to maximize production and profit and contribution to the local socio-economy.
- 2.3. To ensure sustainable and viable agricultural production in the EC.
- 2.4. To provide an input to the formulation of a national agricultural mechanization policy; and
- 2.5. To provide support to developing farmers to access and procure mechanisation equipment and services to enhance levels and efficiencies of production, to prepare larger areas, to adopt more effective cultivation methods, and to harvest, transport and process greater volumes of agricultural products.

### **3. REGULATORY FRAMEWORK**

The following legislations and prescripts will guide the policy:

- 3.1. Conservation of Agricultural Resource Act No 43, 1983
- 3.2. Departmental Policy Speech(s)
- 3.3. Eastern Cape Agriculture Development Act No 8, 1999
- 3.4. PGDP, 2004
- 3.5. Preferential Procurement Framework Act No5, 2000
- 3.6. Sector Plan for South African Agriculture, 2001
- 3.7. Agricultural Economic Transformation Strategy, 2016 - 2021
- 3.8. Rural Development Bill, 2010



## **MECHANIZATION POLICY**

### **3.9. National Framework for Local Economic Development (LED) in South Africa (2006 – 2011)**

#### **4. PRINCIPLES, VALUES & PHILOSOPHY**

- 4.1. The mechanization support strategy must be based on an evolutionary approach, sustainability and will be in synchrony with the rate and scope of local agricultural development.
- 4.2. Additional power and the use of appropriate equipment for the efficient use of such power in the production system is a prerequisite to enhance productivity in the province.
- 4.3. Increasing 'on-farm' use of tractors and machinery by promoting cooperative contracting among farmers in a coordinated manner is one of the priorities.
- 4.4. Mechanization is just one of the major/key inputs to enhance productivity, and must, therefore, be implemented simultaneously with other existing government initiatives.
- 4.5. Mechanization is demand-driven.
- 4.6. The introduction of machinery must be seen as improving labour efficiency and an endeavour associated with the release of labour for employment in other sectors of the economy.
- 4.7. Promotion of environmentally friendly mechanization practices must be a priority; and
- 4.8. Requirement/application for mechanization schemes must be linked to the cropping plan and other programmes of the Department.

#### **5. SCOPE OF APPLICABILITY**

The scope of the policy covers all self-propelled agricultural equipment and may apply to any agricultural equipment, including, but not limited to, tools, implements and machines for agricultural land development, agricultural production, harvesting, storage and on-farm processing. The schemes emanating from this policy may be used for provision of new and/or used equipment and machines as well as for up-grading of existing equipment and machines through repairs or renovation (part replacement) subject to the relevant prescribed procedures and conditions.

The provision of support to farming communities in the EC will always have a strong element of social responsibility whilst retaining appropriate elements of accountability and economic advancement. Preference will be given to previously disadvantaged individuals and entities in the application of the mechanization policy. Aspiring

## **MECHANIZATION POLICY**

commercial farmers / operators, whether operating as producers and / or service provider(s), are both considered as beneficiaries of the policy.

Therefore, land users in the province including individuals, associations, cooperatives and trusts formed by EC citizens and NGOs engaged in food production are all stakeholders and beneficiaries of the EC mechanization policy. Government employees including its entities are regarded as the key stakeholder in the formulation and implementation of the policy.

### **6. IMPLEMENTATION PROCEDURES**

The policy has two (2) schemes or areas of participation:

- Scheme A (State owned mechanization units) managed by DRDAR.
- Scheme B (Privately owned mechanization contractors) contracted by DRDAR.

#### **6.1. SCHEME A**

##### **STATE OWNED MECHANIZATION UNITS (SOMU)**

The Scheme A is whereby Department of Rural Development purchase or invest on mechanization units (tractors and equipment) for the support mechanization services in order to enhance food security initiatives for the province.

- (i) The DRDAR may procure mechanization units in support of establish District Mechanization Centers
- (ii) Community may lease these units at a tariff approved by Provincial Treasury.
- (iii) The lease shall be responsible for the license operator of the mechanization unit.
- (iv) The Department may establish a mechanization centre if a private partner to invest is available.
- (v) Shareholding shall be such that the majority investor shall not exceed a 60:40 proposition.
- (vi) The department shall hold the shares of the community where the centre is established for a period not exceeding the years or sustainability has been achieved.

## **MECHANIZATION POLICY**

### **6.2 SCHEME B**

#### **PRIVATE OWNED MECHANIZATION CONTRACTORS (POMC)**

This is the scheme where by DRDAR facilitate and support the provision of mechanization services to historically disadvantaged farmers and farming community through contracting local mechanization service providers. The Scheme is managed by DRDAR.

- 6.3.1 This scheme is meant to benefit smallholder/subsistence farmers by availing mechanization units through contracting of service providers while creating business opportunities for such contractors.
- 6.3.2 The facilitation must include the opportunity for local mechanization contractors and service providers to be engaged, on a contractual basis, to be available to provide the required services to beneficiary farmers.
- 6.3.3 For Government food security programs, the mechanization support to the farmers should be on 50:50 basis, where government will hire contractors to provide mechanization services for farmers and the farmers will provide inputs for production per hectare, or
- 6.3.4 In the case where grain-producing farmers own tractors and equipment, they will provide mechanization services as their own contribution and government provides production inputs (fertilizer, seeds and chemicals) to the program.
- 6.3.5 Farmers / Contractors /service providers that wish to have the availability of their mechanization services contracted into the scheme must be required to register and comply with the conditions of the scheme so as to ensure that a quality service is provided to farmers.
- 6.3.6 Those farmers who have registered entities and are participating on the grain production program may apply as private contractors to render mechanization services for themselves on behalf of Government if they met the set selection criteria of contractors, or may sub contract to the contracted service provider at their own terms.
- 6.3.7 If the farmers are participating on their own land as private contractors, this means they are going to make mechanization claims from the state and therefore that will mean the Government has contributed for mechanization services, same farmers on this category should provide production inputs for the program as per 50 : 50 contribution.

## MECHANIZATION POLICY

- 6.3.8 The scheme is managed by DRDAR through conducting assessment to the privately owned mechanization contractors and follow Supply Chain Management policy for contracting.
- 6.3.9 Local mechanization contractors and service providers are eligible to be considered to contractually implement the mechanization service to the farmers on behalf of the DRDAR for respective geographic areas with regard to specific terms.
- 6.3.10 The contract entered between DRDAR and mechanization service provider is valid for a ploughing season or not exceeding 10 months.
- 6.3.11 A franchisee or a mechanization entrepreneur registered as a service provider within the scheme may require upgrading or doing corrective maintenance of equipment to initially qualify for registration in terms of the set criteria.
- 6.3.12 Through contractors own initiative, such upgrade/corrective maintenance can be supported through Micro finance schemes offered by ECRDA or any other private funding.
- 6.3.13 Subsequent to this the registered service provider is responsible to maintain the equipment in the appropriate serviceable state from the mechanization fees received for work rendered and replace such equipment through appropriate investment of a portion of the proceeds.
- 6.3.14 Registered entrepreneurs may at any time apply to expand their mechanization capacity through procurement of additional equipment using ECRDA micro finance scheme A or private funding.
- 6.3.15 DRDAR should provide capacity building for emerging contractors where necessary.
- 6.3.16 At the end of the planting season, DRDAR should conduct a contractor performance review and closeout report with the consultation of those affected including mechanization contractor, suppliers of inputs and farmers.

## 7. ROLES AND RESPONSIBILITIES

### 7.1. DRDAR

- 7.1.1 Establish District Mechanization Centers with a partner such as other role players (Other Departments, Municipality, Farmers, SOEs, Private Partners, NGOs etc).
- 7.1.2 Coordinate and lobby other stakeholders (Other Departments, Municipality, Farmers, SOEs, Private Partners NGOs etc).
- 7.1.3 Issue expression of interests for prospective farmers / entities to participate in various schemes.
- 7.1.4 Conduct mechanization needs analysis to facilitate planning.

## **MECHANIZATION POLICY**

- 7.1.5 Establish District Mechanization Committee and Provincial Mechanization Committee.
- 7.1.6 Through Training Institutes, Research Institutions and Private Partners DRDAR should provide training on tractor maintenance, mechanization and calibration of tractor equipment for Agricultural advisors, Artisans, Tractor operators and Emerging contractors.
- 7.1.7 DRDAR should establish a Mechanization Research Unit at Research Station in order to engage in innovative and adaptive research leading to design and development of efficient agricultural machineries and technologies in order to reduce costs and improve the mechanization efficiency and ensure food security for the province.
- 7.1.8 Budget for mechanization support on an annual basis.
- 7.1.9 Artisans should assist in repairs, maintenance for Scheme A and infield technical support services to the mechanization operations.
- 7.1.10 Conduct Monitoring and Evaluation and prepare closeout reports.

### **7.2 SCHEME B PARTICIPANTS**

- 7.2.1 Avail and maintain machinery and equipment to the required standards.
- 7.2.2 Provide quality service to clients as stipulated in the contract.
- 7.2.3 Honour a contract signed with DRDAR.

## **8. RESOURCE IMPLICATIONS**

- 8.1. DRDAR will budget for capital, maintenance and operating costs for 1 mechanization scheme.
- 8.2. The success of the mechanisation schemes requires that complimentary services and support are made available by DRDAR, directly or through appointed agents.

## **9. MONITORING AND EVALUATION**

- 9.1 The Monitoring and Evaluation of mechanization schemes is the responsibility of the officer in the ward level, to oversee all the operations and writing of the progress reports.
- 9.2 The Deputy Director - Coordination or delegated official at Local Municipality and District municipality shall ensure that both beneficiary and the delegated officers meet all the requirements contained in this policy.

## MECHANIZATION POLICY

9.3 The District Director or delegated official should ensure the implementation of the schemes at district level and report to Head office.

9.4 Agricultural Advisors should do the monitoring of the performance of both Scheme A and B at Ward level.

9.5 The DRDAR M&E shall develop an M&E tool for the purposes of getting feedback from the beneficiaries and participants to ensure proper functioning of the policy.

9.6 The M&E should also conduct evaluations on the implementation of the policy and report to the District Director.

### 9. POLICY REVIEW

This policy shall be assessed in 5 years from its effective date to determine its effectiveness and appropriateness. This policy may be assessed before that time as necessary, to reflect substantial organisational changes or any change required by law.

### 10. RECOMMENDATIONS & APPROVALS

#### ENDORSEMENT:

Comments:

The policy has been reviewed and as such it is supported for implementation



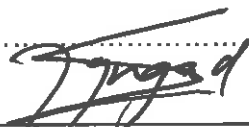
L. COETZEE

DDG: AGRICULTURAL DEVELOPMENT

DATE 28/03/2018

APPROVED/NOT APPROVED:

Comments:



L.L. NGADA

HEAD OF DEPARTMENT

DATE 2018/03/28