rural development & land reform

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA

Final Draft Master Plan

AGRI-PARK MASTER BUSINESS PLAN

Dr. Kenneth Kaunda District Municipality

North-West Province

MANAGING FOR EXCELLENCE

amissa

Agri-Park Details	
Province:	North-West Province
District:	Dr. Kenneth Kaunda District Municipality
Agri-Hub Site:	Klerksdorp - Matlosana Local Municipality)

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Document Control:

Document Purpose	First Working Draft
Document Author(s)	Gregory Blose
Document Version	Version 1

Revision History

Version	Author	Date	Comments
Version 01	Gregory Blose	29 February 2015	First draft due for presentation to Dr. KKDM and DRDLR district authorities for initial approval and final inputs.
Version 02			
Version 03			

Document Approval:

Approved: _____ Date: / /2016

(Dr. Kenneth Kaunda District Municipality)

_____ Date: / /2016

(District - DRDLR)

_____ Date: / /2016

(Head-NW PSSC)

Extract from Agri-Park draft Policy Framework, page 25:

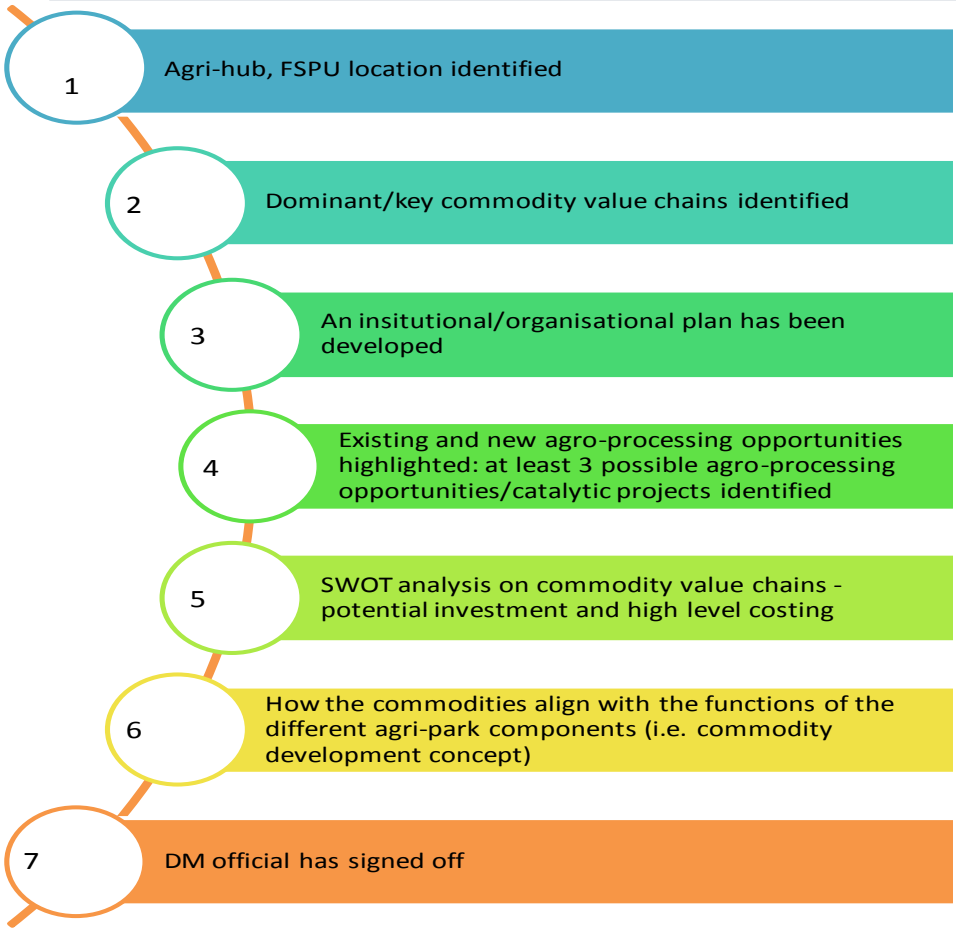
Three critical success factors have been identified in ensuring that the proposed Agri-Parks are successful in achieving their intended outcomes including that:

a) They must be supported by provincial governments and signed off by District Municipalities;

b) District Municipalities, Provincial and National Departments must agree on the commodities to be processed at each of the Agri-Parks; and,

a) All relevant government actors must demonstrate adequate support in implementing the Agri-Parks Policy, especially in terms of water, energy, roads and transport, environmental matters.

BUSINESS PLAN CHECKLIST



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List of Abbreviations and Definitions

Abbreviation	Description
ABET	Adult Basic Education and Training
ABP	Area Based Plan
APAP	Agriculture Policy Action Plan
CARA	Conservation and Agricultural Resource Act
CASP	Comprehensive Agriculture Support Programme
CBO	Community Based Organisation
CBNRM	Community-based Natural Resource Management
CIF	Capital Investment Framework
CRDP	Comprehensive Rural Development Programme
CSIR	Council for Scientific and Industrial Research
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DEA	Department of Environmental Affairs
PDEDAT	Provincial Department of Economic Development and Tourism
DFI	Development Finance Institutions
DGDS	District Growth and Development Strategy
DM	District Municipality
DMA	District Municipal Area
DoE	Department of Energy
DRDLR	Department of Rural Development and Land Reform
Dr. KKDM	Dr. Kenneth Kaunda District Municipality
Dr. KKDM RDS	Dr. Kenneth Kaunda District Municipality Rural Development Strategy
Dr. KKDM SDF	Dr. Kenneth Kaunda District Municipality Spatial Development Framework
EIA	Environment Impact Assessment
EMF	Environmental Management Framework
EPWP	Expanded Public Works Programme
ETDP-SETA	Education, Training and Development Practices- Sector Education and Training Authority
FAO	Food and Agriculture Organisation
FET	Further Education and Training
FPL	Food Poverty Line
FPSU	Farmer Production Support Units
FR	Functional Regions
GDP	Gross Domestic Product
GVA	Gross Value Added
HDI	Human Development Index
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HR	Human Resource
ICT	Information Communications and Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IGR	Intergovernmental Relations

Abbreviation	Description
IPAP	Industrial Policy Action Plan
IWRM	Integrated Water Resource Management
LED	Local Economic Development
LM	Local Municipality
LRAD	Land Redistribution for Agricultural Development
LUMS	Land Use Management Strategy
M & E	Monitoring and Evaluation
MDG	Millennium Development Goals
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MPT	Municipal Planning Tribunal
MSDF	Municipal Spatial Development Framework
MTSF	Medium Term Strategic Framework
NARYSEC	National Rural Youth Corps Strategy
NWDC	North-West Development Corporation
PGDS	Provincial Growth Development Strategy
PSDF	Northern Cape Provincial Spatial Development Framework
NWRDS	North-West Rural Development Strategy
NDA	National Development Agency
NDP	National Development Plan
NEMA	National Environmental Management Act
NFSD	National Framework for Sustainable Development
NGO	Non-Governmental Organisation
NGP	New Growth Path
NMT	Non-Motorised Transport
NPO	Non-Profit Organisation
NSDP	National Spatial Development Perspective
NSSD	National Strategy for Sustainable Development
OECD	Organisation for Economic Co-operation and Development
PIC	Public Investment Corporation
PLAS	Proactive Land Acquisition Strategy
PPP	Public Private Partnership
RDP	Rural Development Plan
REID	Rural Enterprise and Industrial Development
RID	Rural Infrastructure and Development
SALGA	South African Local Government Association
SANBI	South African National Biodiversity Institute
SANRAL	South African National Road Agency Limited
SANS	South African National Standards
SDF	Spatial Development Framework
SETA	Sector Education and Training Authority
SIP	Strategic Integrated Project
SLP	Social And Labour Plans
SLAG	Settlement for Land Acquisition Grant
SMME	Small Medium Micro Enterprise

Abbreviation	Description
SPLUMA	Spatial Planning And Land Use Management Act
SPISYS	Spatial Planning Information Systems
StatsSA	Statistic South Africa
SWOT	Strength, Weakness, Opportunities and Threats
TOD	Transit Orientated Development
TRANCRAA	Transformation of Certain Rural Areas Act
TVET	Technical Vocational Educational and Training
UNESCO	United Nations Educational, Scientific and Cultural Organisation
WFW	Working for Water
WWTW	Waste Water Treatment Works
WSA	Water Service Authority
WSP	Water Service Provider

Table of Contents

Chapter One: Introduction and Background

1. Introduction

The Department of Rural Development and Land Reform (DRDLR) commissioned Camissa Institute of Human Performance and Managing for Excellence to develop an **Agri-Park Master Business Plan (APMBP)** aligned to its Agri-Park model and the main agricultural commodity value chain (s) in the **Dr. Kenneth Kaunda District Municipality (DR.KKDM) in the North-West Province** of South Africa.

1.1. Project Scope and objectives

Camissa and Managing for Excellence was expected to:

a) Develop a **Dr. Kenneth Kaunda District Municipality** Master Agri-Park Business Plan, aligning the Agri-Park model developed by the DRDLR and the dominant Commodity Value Chain (s) in the specific district.

b) Develop the APMBP in line with the commodities in the respective:
   1. Farmer Production Support Units (FPSU) linked to Farmers and farming areas;
   2. Agri-Hub and feeder FPSUs; and
   3. Rural Urban Market Center (RUMC) and linkages with Agri-Hubs and FPSUs.

c) The APMBP must highlight existing and possible new agro-processing initiatives, possible synergies and linkages based on market analysis and financial viability.
   1. **Three possible agro-processing business opportunities** must be identified
   2. An **institutional/organisational plan** must be developed showing how existing Farmer support organisations, support services (private and public sector) and Farmers will be linked to the Agri-Park model

d) Consider during the development of the APMBP, but not limited to:
   1. Review all existing documentation available in terms of status quo information, maps and reports for the district under consideration this would include social, economic, and institutional matters
   2. To work with the district identified representatives and the DRDLR provincial office to develop APMBP aligned to the Agri-Park model.
   3. To utilise tools developed by the DRDLR and CSIR. Identify the dominant commodity value chains through liaison with the district and local municipalities and the following should be considered:
      i. Socio-economic viability and sustainability:
      ii. SWOT analysis that includes legal, environmental, financial and technical analysis
      iii. Identify current agro-processing initiatives and possible synergies, linkages and opportunities to buy into existing businesses.

1.2. Methodology and Approach

To deliver on the project scope and objectives the service provider applied a methodology and approach based on secondary information analysis and primary information gathering through engagements with targeted stakeholders. The development of this APMBP followed steps outlined below:

Step One	• Project inception and consultations
Step Two	• Provincial and Municipal engagements
Step Three	• Information gathering and Analysis
Step Four	• Development and compilation of the analysis report
Step Five	• Analysis Report inputs gathering exercises (further engagements and consultations)
Step Six	• Review and finalisation of the analysis report
Step Seven	• Development of Agri-Park Master Business Plan
Step Eight	• Agri-Park Master Business Plan inputs gathering exercises (further engagements and consultations)
Step Nine	• Review and finalisation of the Agri-Park Master Business Plan
Step Ten	• Project Closure

1.3. The Agri-Park Master Business Plan

This APMBP draws on the findings, recommendations and conclusions of the Situational Analysis report (see annexure A) for the **Dr. KKDM** which was part of phase 1 for the drafting of this APMBP. In terms of the above definition the APMBP for the **Dr. KKDM** can be described as an operational network of agriculturally driven production, contracts and value adding business interventions, spatially situated at carefully selected/chosen Agri-Hub (AH) site, Farmer Production Support Units (FPSUs) sites and Rural Urban Marketing Centre (RUMC) site to provide technical support and assistance to Black smallholder and emerging commercial Farmers.

The AH, FPSUs and RUMC are also selected/chosen to facilitate the movement of agricultural outputs to consumers and fits a specific typology to match its objective, leading to the clustering and location of smallholder and emerging Farmers with the focus on enhancing their access to physical, economic and social capital, production inputs, agricultural outputs, finance, markets, extension services, education and training and organisation opportunities.

This APMBP is anchored on sound principles of sustainable development (people, planet and profit), financial viability and business management and governance as these are the foundation of sustainable Agri-Parks and inclusive agricultural and rural economic growth and development.

1.4. Instruction for reading Agri-Park Master Business Plan

Chapter 1:	Introduces the APMBP project scope and methodology used, and also outlines a background to the Agri-Park concept and to this Master Plan
Chapter 2:	Provides a summary of the situational analysis conducted to inform the Master Plan with emphasis on dominant commodity analysis, District Agri-Park, SWOT, and findings and conclusions.
Chapter 3:	Drawing from chapter two analyses, this chapter proposes the District Agri-Park Strategy aligned to the provincial agriculture and district priorities for the establishment of the Agri-Park across the Local Municipalities.
Chapter 4:	Provides the physical and spatial context in which the District Agri-Park Master Plan can be situated, as a connection point within the different spatial locations.
Chapter 5:	Looks towards the implementation of the District Agri-Park Master Business Plan.

2. Background and Context

Most rural areas in South Africa face the triple structural challenges of unemployment, poverty and inequality as can be attested by the profiling of Comprehensive Rural Development Programme sites by the DRDLR in the 27 priority districts in South Africa. This is an unwanted economic legacy of the apartheid state that still haunts us. This is most aptly evident in the crisis of rural underdevelopment, underutilisation and unsustainable use of productive land (including redistributed and state-owned land), the plight of Black small-scale and emerging Farmers across the country.

The overall purpose of rural development is to improve the quality of life of rural households, enhancing food security through a broader base of rural industrial and agricultural production and exploiting the varied economic potential of each rural district municipality. In response to the above, the Department developed the Agri-Park concept for South Africa as one of the potential strategies to address the issues of rural poverty, unemployment and inequality.

Smallholders and subsistence Farmers currently farm some 10 to 13 percent of available agricultural land in South Africa. About 40 percent of this land is under cultivation by smallholders whose farm sizes range from five to 20 hectares, of which nearly four-fifths is used as an additional source of food for the household. By raising the productivity of these smallholdings and helping Farmers gain access to markets, South Africa can support many rural households in making farming a commercially viable concern that sells crops and employs workers. We estimate that South Africa has the potential to boost the productivity of its smallholdings by switching to high-value crops and using improved inputs.

Empirical evidence suggest that smallholders are not always less productive than commercial Farmers, but there is scope to improve their value added, quality of life, and income (McKinsey, 2015). Empirical evidence also suggests that the success of small-scale Farmers' success is partially determined by the level of state and/or institutional support extended to Farmers.

In comparison to other countries, South Africa provide the lowest support to producers especially smallholders. There is a need to adequately support these Farmers otherwise the Agri-Park initiative would not be realised. Smallholder Farmers have inadequate access to high-quality inputs, and improvement in this area could increase the quality and quantity of their commodities.

Agri-Parks as a concept is new in South Africa though it is practiced in other parts of the world. The concept draws on existing models from countries such as Mexico, India, Netherlands, amongst others and experience and empirical evidence from these countries show that Agri-Parks offer a viable solution in addressing social and economic inequalities, unemployment and poverty by promoting agro-industrialisation within small-scale farming and emerging commercial farming sectors, thus ensuring that the escalated land distribution, more inclusive restitution and strengthen land rights are accompanied by equitable, efficient and well-planned land and agricultural development.

The first draft version of the Agri-Parks Policy (2015) defines an Agri-Park as:

An Agri-Park is a networked innovation system of agro-production, processing, logistics, marketing, training and extension services located in District Municipalities. As a network it enables the growth of market-driven commodity value chains and contributes to the achievement of rural economic transformation.

The draft Agri-Park Policy was developed to address issues such as underdevelopment, hunger, poverty, joblessness, lack of basic services, and the challenges faced by small-Farmers and emerging commercial Farmers in terms of limited access to physical, economic and social capital, production inputs, finance, markets, extension services, education and training and organisation opportunities. The DRDLR recognizes that significant economic growth points do exist in rural areas of South Africa which remains under-exploited or unexploited. The DRDLR further recognizes that the current agricultural production and business is maintained in some rural areas and leveraged to address the growth of small-scale Farmers and emerging commercial Farmers in the agricultural sector and by doing so attend to the development of the rural areas is such a way that we narrow the gap between the industrial side of some rural economies and the currently underdeveloped, underutilised and unsustainable rural component.

The Agri-Parks model seeks to strengthen existing and create new partnerships within all three spheres of government, the private sector and civil society.

2.1. Agri-Park Model

The **draft Agri-Park Policy outcome** is to establish Agri-Parks in all of South Africa's District Municipalities that will kick start the **Rural Economic Transformation** for these rural regions. This policy outcome is to be realised through the implementation of the Agri-Park Model that is driven by the principles outlined in figure 1. The five principles are:

I. Targeted Commodity(ies) Producers

A District Municipality, based on its **agricultural comparative advantage** will target one or more commodities. The targeted commodity is the first primary contributing driver for social and economic development of a District Municipality and local Farmers. The producers or Farmers are to be provided with support in order for their produce to move from their respective farm gate (point A) to consumer plate and/or finished products (point B) linked to the commodity value chain.

a. **Market**: The Farmers or producers primary outputs is supplied to FPSU and/or local community markets

II. Farmer Production Support Unit

At locally based and accessible FPSU, the Farmers are provided with production, technical and infrastructure support. The Farmers aggregated Farmers outputs is supplied to the linked Agri-Hub .

b. **Market**: The FPSU suppliers primary and/or processed Farmers produce to the local community market, Agro-processers (at the Agri-Hub) and RUMC.

III. Agri-Hub

The Farmers produce (input) is processed in large scale at the Agri-Hub. The Agri-Hub also provides provides quality production support services to the Farmers including product development and improvement (i.e. Innovation, Research and Development) and links the Farmers to the targeted commodity value chain.

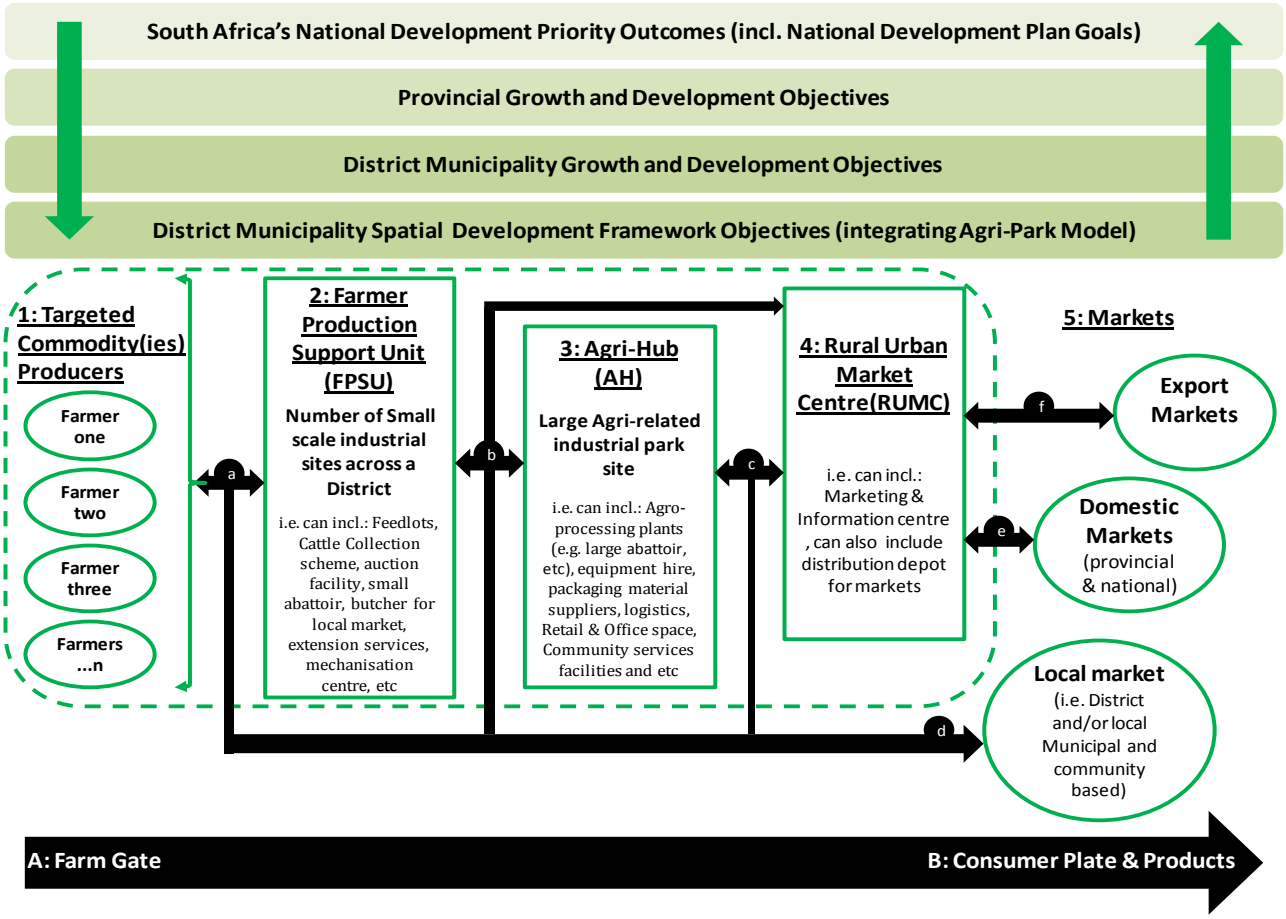
c. **Market**: The Agri-Hub mainly suppliers agro-processed products through the RUMC and local market.

IV. RUMC

The RUMC functions as a marketing and distribution channel for primary products from FPSU and processed products from the Agri-Hub. The RUMC is also an information nerve centre for the Agri-Park and facilitates for information flow between the market and producers.

d. **Market**: The RUMC is a market access facilitator for both domestic and export markets.

Figure 1: Adapted Agri-Park Model



V. Markets

Sustainable markets are essential to the success of the Agri-Park. The markets include (d) local municipality or community based market; (e) domestic markets provides a foundation for export market; and (f) export markets contributes to Farmers and agro-processing competiveness, and foreign currency earnings for local economies.

2.2. Agri-Park Support Institutional Framework

In order to conceive, develop policies for, guide and sponsor the establishment of Agri-Parks in South Africa, the DRDLR has identified a number of institutions which contribute different values to the creation and implementation of Agri-Parks, as depicted in Table 1 below:

Table 1: Agri-Park Support Institutional Framework

Levels of Sphere of Government	Agri-Park Task Team		Agri-Park Committee		Agri-Park Aligned Land Reform	
	Name	**Mandate**	**Name**	**Mandate**	**Name**	**Mandate**
National	NAPOTT	Strategic management and oversight on the roll out of the Agri-Parks program Monitor progress against the business and project plans Assist with resolving any blockages at district and provincial level	National Agri-Park Advisory Council	National Agri-Parks Advisory Council (NAAC) will provide oversight to the functionality of the District Agri-Parks Management Councils (DAMCs), organise markets, both domestically and internationally, control the quality of products, and provide advice to the political authority.		
Provincial	PAPOTT	Provincial Operations management: implementation Provide technical support and guidance for planning and implementation Identify projects that contribute to Agri-Parks business plan and to compile a provincial project register Monitor implementation Report to National Operations Team				

District	DAPOTT	District operations management implementation Provide technical support and guidance for implementation Oversight of the implementation of the district plan Coordinate relevant stakeholders as per plan Manage expenditure against business plan Identify district projects that contribute to the Agri-Parks business plan and to compile a district project register Report to provincial operations task team	DAMC	The DAMC will act primarily as the voice of key stakeholders in the relevant districts and will leverage support for the Agri-Park developments. It will therefore not consist of government representatives but will interface with various structures at provincial and district level to provide advice and support. It will also act as an independent watchdog in relation to the development of the Agri-Park.	DLRC	The overall aim of the DLRCs is to facilitate the protection, promotion, provision and fulfillment of the rights, and responsibilities, in the management of district land ownership and use that is consistent with South Africa's Constitution.

Chapter Two: Dr. Kenneth Kaunda District Agri-Park Commodity

For the establishment of the Agri-Park, the dominant commodities selected by Dr.KKDM are Poultry and Pork, the former referring to Chicken (Broilers and Egg-layers) sub-sector. This chapter outlines both commodities subsectors in terms of industry forces, poultry and pork production and consumption, industry structure and links with the Agri-Park, and value chain players.

A. COMMODITY ANALYSIS 1/2: POULTRY

3. South African Poultry Industry, Production and Consumption

The poultry industry is the largest segment of the South African agricultural sector, contributing more than 16% of its share of gross domestic product. It provides employment, directly and indirectly, for about 108 000 people throughout its value chain and related industries. It supports many businesses and provides a strong platform for rural development, as well as the government's zero-hunger goals, as it is the main supplier of a protein diet. It has evolved, over more than 100 years, from basically a set of backyard activities into a complex and highly integrated industry.

The industry is, however, highly concentrated, reflecting the levels of investment required to improve efficiencies and produce competitively. The value chain is dominated throughout by a few large companies that rely on the benefits associated with the economies of large-scale production, as well as integrated supply chains that reduce production costs, ensure high throughput levels and diversify products to improve risk management. The industry faces several significant challenges that have hindered its competitiveness and growth potential. The principal ones pertain to rising feed costs, import penetration, rising electricity tariffs and access to reliable supply, exchange rate fluctuations and, among others, access to finance and markets. Considering its pivotal role in the economy, particularly employment and food security, the industry's long-term sustainability needs to be prioritised. It is vital to improve the competitiveness of various segments of the value chain, especially those aimed at lowering feed costs. [1]

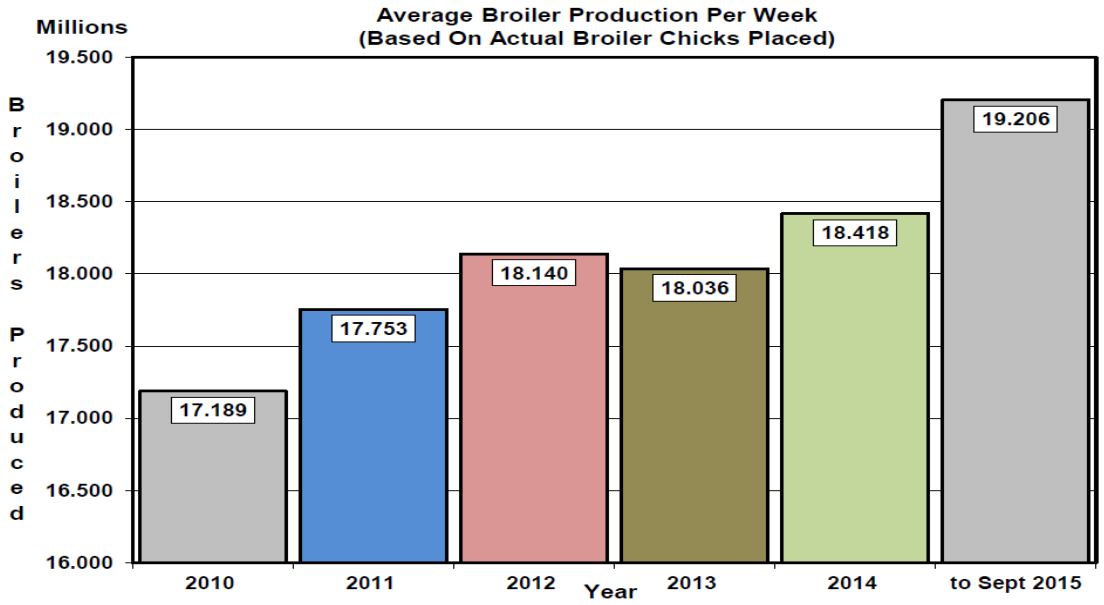
3.1 Poultry Production

The production of poultry in general has been generally on the rise, this linked to the increased demand for chicken as a cheaper protein source, compared to read meat. The demand itself is largely driven by South Africa's growing population and the relative affordability of chicken compared to read meat. According to the South African Poultry Association, during the period 2010 to September 2015, the average weekly production

[1] Bolton, T., The State of the South Africa Poultry Industry; Supermarket & Retailer (March 2015)

of broilers grew from 17,189 million birds to 19,206 birds, this translating to a 11.73% production growth, as depicted by Table 2 below.

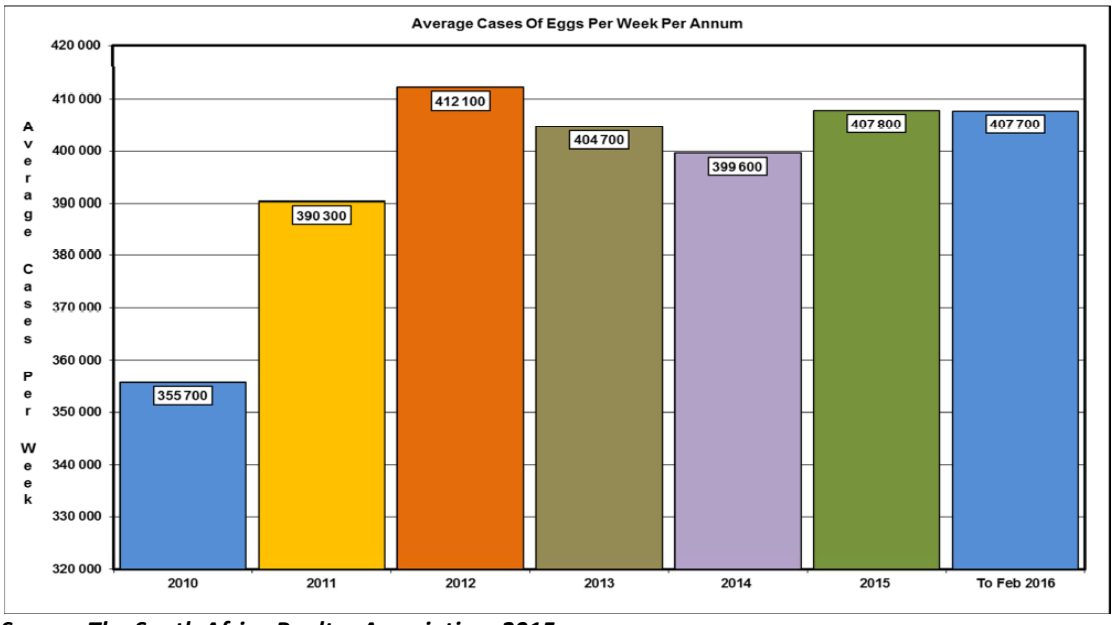
Table 2: SA Broilers Production, 2010-2015.



Source: The South Africa Poultry Association, 2015.

Again, according to the South African Poultry Association, during the period 2010 to 2015, the average weekly production of eggs grew from 355 700 cases to 407 800, this translating to a whopping 14.65% production growth difference, as depicted by Table 2 below.

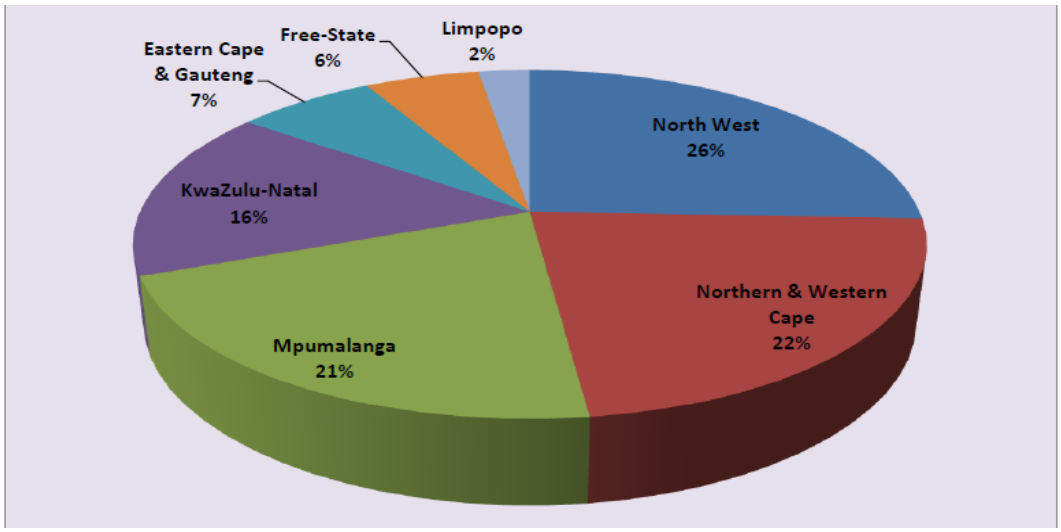
Table 3: Egg Production Growth, 2010-2015.



Source: The South Africa Poultry Association, 2015.

In terms of production of broilers by provinces in South Africa during 2013, the North West province was the largest at 26% and this shows the importance of this province in poultry production and supply in South Africa.

Figure 2: Distribution of broilers in South Africa by Province in 2013:



Source: DAFF (2013)

3.2 Poultry Consumption

3.2.1 Consumption (Globally and Locally)

The per capita of broiler meat consumed in South Africa has increased from 22.0 kg per person in 2002 to 36.27 kg per person in 2012. Broiler meat has the highest per capita consumption than all other animal protein sources.

a. Consumer Demand

South Africans eat about 1.8m tons of broiler meat annually. In 2014 SA's per-capita consumption was (prices in Jan 2015):

- 36kg of broiler meat (R50/kg fresh)
- 17kg of beef (R65/kg fresh)
- 5kg of pork (R72/kg fresh)
- 3kg of mutton (R114/kg

The R50/kg price for chicken portions in South Africa, compares to the average landed price for chicken meat in Jan 2015 of R11/kg. This shows the extent to which the SA chicken industry is being protected by import tariffs. South Africans have doubled their poultry consumption since 1993. Factors which affect consumers' spending ability, such as economic growth, interest rates and inflation rates, impact on the demand for broiler meat. The lower income groups, in particular, use the additional disposable income to eat better.

Imports and exports of eggs into and out of South Africa are driven by exchange rates and phytosanitary regulations. South Africa is self-sufficient in egg production; this implies that local egg production does meet the local demand. Some amount of eggs are either imported or exported as egg in a shell or yolks (liquid or dried). The Provinces that have the greatest amounts of eggs exported are also areas where the largest egg production centres and exit points are located. These are the Gauteng province, followed by KwaZulu–Natal

and Western Cape Provinces. Other Province's also do produce eggs for local and export consumption; these include the Eastern Cape, Free State, North West, Mpumalanga and Limpopo Provinces.

b. Supply

In the recent years , poultry domestic supply has been:
- 2011 : 979m broilers (1.4m tons of meat)
- 2012 : 997m broilers (1.4m tons of meat)
- 2013 : about 1010m broilers (1.4m tons of meat)
- 2014 : about 1bn broilers (1.5m tons of meat)

In 2014 SA imported 369 935 tons of broiler meat, about 27% of local consumption. Most of the imports are from Brazil (154 429 tons), Netherlands, UK, Germany and Argentina.
- In 2013 forecasts were for 395 000 tons of broiler meat to be imported
- In 2012 367 500 tons of broiler meat were imported
- In 2011 325 052 tons of broiler meat were imported

c. Imports

With the massive difference between the landed price of chicken and the sale price of domestically produced chickens, tariffs and anti-dumping duties are the main drivers of broiler meat imports into SA. A stronger Rand exchange rate makes imports cheaper, and places downward pressure on chicken prices. However, a weaker Rand protects local industry from overseas competition. Whilst these things are difficult to predict, it seems probable that Rand weakness will last for some time. As shown earlier in this write-up, even given the Rand weakness the landed price of imported chicken is far lower than the price of domestically produced chicken.
Whilst SA has since liberalisation been a net importer of poultry, since the 2008 financial crisis imports have increased.

5.1.3 Trade

Most of South Africa's broiler meat is exported to SADC. Most of the SADC countries removed the preferential tariffs, which was at 0% and apply different MFN tariffs. Mozambique is the only country within SADC which South Africa supplied with broiler meat which applied a preferential tariff of 15% during 2012 and 2013. Angola and DRC apply the lowest 10% tariff to South African broiler meat exports in 2012 and remained the same in 2013. Zimbabwe applies the highest tariff of 40% and Ghana applies 20%.

Table 4: North West Broiler Exports

Years District	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bojanala	0	0	1.53	0	0	100	0	0	15.81	75.73
Southern	0	100	98.47	100	100	0	100	100	84.19	24.27
Total	0	100	100	100	100	100	100	100	100	100

Source: Calculated from Quantec Easydata (2014)

In terms of the above table, Bojanala District recorded the highest broiler meat exports from the North West compared to the next most significant producer and exporter of broiler meat in the same province, i.e. Dr. Kenneth Kaunda District Municipality.

Compared to other provinces in terms of meat broiler exports , the North West Province ranks at number 6 compared to other provinces, as indicated in the table below:

Table 5: Provincial Contribution to Broiler Exports

Years Province	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Western Cape	18.86	31.14	41.77	42.65	34.30	29.70	17.27	9.18	10.01	7.81
Eastern Cape	0.17	0	0.02	0.03	0	0	0	0	0.01	0.40
Northern Cape	0	0	0	0	1.40	46.22	21.59	0	2.06	8.12
Free State	51.34	12.22	7.40	17.41	19.65	1.14	7.35	16.02	14.12	7.49
Kwazulu-Natal	0	0.59	1.10	0.78	0.38	0.03	0.14	0.14	1.96	1.03
North West	29.23	52.54	38.00	37.92	42.58	17.23	37.29	41.64	27.86	23.58
Gauteng	0.40	3.52	11.71	0.13	1.59	4.79	11.05	30.57	43.97	51.58
Mpumalanga	0	0	0	1.09	0.10	0.89	5.31	2.45	0	0
Limpopo	18.86	31.14	41.77	42.65	34.30	29.70	17.27	9.18	10.01	7.81
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Calculated from Quantec Easydata (2014)

Importantly though, the table above indicate that the North West is the most regular exporter of broiler meat, compared to all other provinces.

According to Trademap (ITC), during 2013 South Africa exported a total of 55 249 tons of meat & edible offal of broiler at an average value of US$ 1 515/unit. The major export destinations for meat & edible offal of broiler originating from South Africa during 2013 were Lesotho, Namibia, Mozambique, and Botswana. The greatest share of South Africa's meat & edible offal of broiler exports were exported to Lesotho which commanded a share of 35.6% during the year 2013 followed by Namibia which commanded 23.1%.

South Africa's meat & edible offal of broiler exports increased by 13% in value and 17% in quantity between the periods 2009 and 2013. During the same period, exports for meat & edible offal of broiler to Lesotho increased by 0% in value while in quantity it increased by 0%. Between the periods 2012 and 2013, South Africa's exports value of meat & edible offal of broiler decreased by 52%. During the same period, exports value of meat & edible offal of broiler to Mozambique decreased by 34% and Zimbabwe experienced decreased by 47%. This shows that Mozambique remained the net importer of South African meat & edible offal of broiler.

If South Africa is to diversify its meat & edible offal of broiler exports, the fastest growing markets exist in Swaziland Malawi and Zambia,. Their annual import growth is at 136%, 110% and 85% per annum respectively during 2013. South Africa stand a chance to penetrate these markets since their imports from the world are more that their imports from South Africa.

In terms of imports, during 2013 South Africa imported a total of 389 946 tons of meat & edible offal of broiler at an average value of US$ 1 036/unit. The major origins for meat & edible offal of broiler imported by South Africa during 2013 were Brazil, Netherland, United Kingdom, Germany and Argentina. The greatest share of South African meat & edible offal of broiler imports were from Brazil which commanded 39.5%

during 2013 followed by Netherlands by 22.3%, United Kingdom by 13.2%, Germany by 7.8% and Argentina by 4.6%. Following the newly signed poultry trade agreement with the USA, it is likely that the USA poultry meat imports into SA will overtake most of the current exporters to South Africa.

3.3 Poultry Industry Structure

The South African Poultry industry features the following players and organizations:

(i)**The South African Poultry Association (SAPA):** The Association has members farming poultry on a commercial level and those termed small to medium scale developing poultry farmers. However, it is effectively a fully-fledged commercial representative body. It seeks to advance all matters relating to the improvement of the poultry and allied industries. It does this by embracing and co-coordinating the objectives of subsidiary organizations.

(ii) **The Developing Poultry Farmers' Organization (DPFO), a division of SAPA:** It was established in 2003 to provide for the needs and requirements of emerging and small-scale poultry producers.

(iii) **The Egg Producers Organization:** Its main focus is to improve the egg industry and promote its products nationally.

(iv) **The Chick Producers' Organization:** its focus is to support members by creating a favorable business environment for them to supply quality breeding stock for South Africa.

Poultry farming covers the following branches but may be integrated depending on operations of the poultry value chain. Major branches of Poultry production in South Africa include:

(i)The day-old chick supply industry

(ii) The egg industry

(iii) The developing sector

The industry provides direct employment for over 56 218 people and indirect employment to some 108 000 people, it is the largest consumer of maize, it supports many peripheral businesses, and it is a strong platform for rural development as well as the government's zero hunger ambitions. Known poultry farmers include 275 producers and 231 contract growers in the commercial broiler sector, and 383 commercial egg producers. An important contributor to job creation and formal employment opportunities, around 10% of all workers in agriculture are employed in the poultry sector. However, it is in the informal sector that the industry impacts positively on the lives on so many more of the country's people, with over 80% of producers consisting of Small, Medium and Micro Enterprises. Approximately 2 264 small scale farmers from previously

disadvantaged communities have been established by government.[2]

The broiler industry in SA is dominated by Astral & Rainbow, which together produce 46% of broiler chickens in the country (2013 stats):[3]

- Rainbow 24%
- Astral 22%
- Country Bird 7%
- Tydstroom 6% (Quantum Foods)
- Fouries 6%
- Daybreak 5%
- Rocklands 6%
- Hundreds of smaller producers supply the balancing 25% of broiler chickens.

Pertaining to the eggs industry, commercial egg production is dominated by:

- Nulaid (37%)
- Highveld Cooperative (12%)
- Eggbert (7%)

In effect, the big 3 named above control some 51% of the market, with SMMEs producing the remaining 49%.

- Eggs are produced at a feed conversion ratio of 2.2kg per kg of egg: Nulaid, Highveld & Eggbert.
- Distribution to the public, mainly by the 5 large retailers (PnP, Shoprite, Spar, Woolworths & MassMart), SMME's & informal traders.

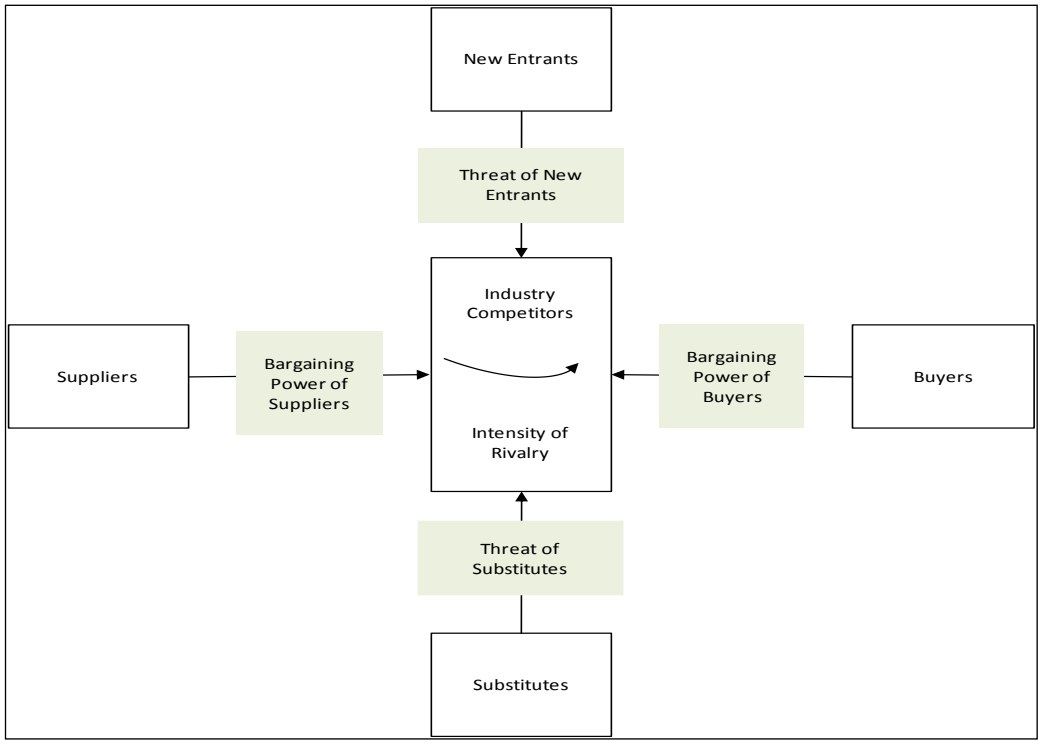
3.2.1 Poultry Industry Forces

Porters Five-Forces Model is used as an analysis model for the assessment of the beef industry in South Africa. The five-forces outlined in Figure 3 are:

- **Competition** - assessment of the direct competitors in a given market
- **New Entrants** - assessment in the potential competitors and barriers to entry in a given market
- **End Users/ Buyers** - assessment regarding the bargaining power of buyers that includes considering the cost of switching
- **Suppliers** - assessment regarding the bargaining power of suppliers
- **Substitutes** - assessment regarding the availability of alternatives

[2] SAPA; The South African Poultry Industry Profile 2012.
[3] http://bestsaexporters.com/south-african-poultry-industry/ (Accessed on 20/01/2016)

Figure 3: Porter Five-Force Model: Elements of the Poultry Industry in SA:



Source: (Oliver G. C., 2004)

New Poultry Entrants	**The threat of new poultry entrants is low:** There are major challenges that new Black poultry farmers, especially, have to overcome. These include but are not limited to: (i) Access to inputs by way of the expensive capital infrastructure like breeding houses, of laying flock and medication al this exacerbated by poor access to finance by Emerging Farmers. (ii) Uncertain access to working capital and finance to buy poultry stock and to cover overhead stock. (iii) Lack of the required poultry rearing, value adding or marketing knowledge and skills to implement the business plans. (iv) Low levels of poultry business experience along the whole value chain (v) The lack of abattoirs/slaughter houses to market/sell dressed chickens in the formal markets. (vi) Purchasing poultry value chains or farms with deteriorating and non-functional infrastructure (vii) Inability to put in place best practices such as grading, packaging, transportation and bar coding of the eggs. (viii) It is thus difficult for new poultry farmers to gain formal market access from emerging egg producers to the commercial sector. Especially, the requirements for major market outlets or supermarket chains require formalized distribution channels, which many small farmers do not have access to.

Poultry Suppliers	**Bargaining power of suppliers is low:** • The number of primary producers far outstrips the number of buyers and abattoirs, resulting in the farmer being an absolute price taker. Most farmers are contract farmers contracted to large chicken brands like Rainbow, Early Bird and others. The supply price by the farmer is usually controlled against confirmed purchases by the Buyers. • Moreover, the cost of feed and delivery transport implies that many producers have only a small number of abattoirs that they can realistically deliver to. Due to the intensive nature of the production system, mature birds have to be sold when they reach marketing age, as the entry of new chicks into the growing houses requires the exit of mature birds. The cost of feeding the birds for an additional time period reduces flexibility in postponing marketing, leaving producers with few alternatives to accepting the price offered by the abattoir.
Poultry Buyers	**Buyers' bargaining power is low** • On the other hand, the Consumers have very little influence on the market prices that they are prepared to purchase their chicken or eggs at in retail and wholesale outlets including butcheries. In addition to general economic factors like inflation, if anything, wholesale and retail market prices are highly influenced by the abattoirs themselves when they supply wholesalers and retailers. Moreover, as explained above, the margins at abattoirs are generally small and call for optimum operational efficiency hence the great influence in pricing that abattoirs have in the poultry (broiler) industry. • It must be noted that the prices that Consumers pay either for broiler meat or eggs at the main retail and wholesale chain outlets like Woolworths, pick and pay, etc is largely influenced by the strong concentration of large-scale production companies who enjoy efficacy benefits.
Poultry Substitutes	**Threat of substitution is low:** Poultry, both chicken and eggs, is the most affordable source of protein in South Africa and thus commands the most meat market. It's direct substitute competitor is red meat and poultry emerges the stronger of the two by far as illustrated below. Broiler production, especially broiler meat production is the largest segment of South African agriculture by 17% in 2012 which is 1.7% of the total gross value of agricultural products, but it remains the major broiler producer in Southern Africa accounting for 80% of total broiler production in the region. The farm income from broiler meat for 2012 was R29.845 billion. Broiler production dominates the agricultural sector and it is the main supplier in protein diet than all other animal proteins combined followed by beef. The growth had spill-over effects in the grain and chick industries. Broiler meat accounts for about 93.6% to the total poultry-meat production, with the rest made up of mature chicken slaughter (culls), small-scale and backyard broiler meat production and other specialized broiler meat products (geese, turkey, ducks and guinea fowl).[4]
Intensity of Rivalry / Competition	**Intensity of rivalry and competition is high:** • There are 35 producers who provide 61% of the total broiler meat market. Imports control 27% of the market. The balance 12% is being supplied by hundreds of small/emerging farmers. New entrants are free to enter but are limited in terms of capital, expertise and the availability of day-old chicks. In the eggs industry again, there

[4] DAFF; A Profile of the South Africa Broiler Market Value Chain (2014)

	are 3 very large egg producers who collectively control about 57% of the market. These companies are well capitalized in terms of breed and processing and are even able to produce at lesser transaction costs than their emerging counterparts. • Farmers have to compete for contract farming opportunities to ensure market access to large national retail and wholesale markets. On the other hand there is al large section of the market that remains by way of smaller independent retailers and wholesaler as well as the informal market for which competition is still huge. However, the informal market including townships is attractive for farmers, logistical and transport costs, to supply live birds to at profitable prices.

3.2.2 Poultry Industry Structure

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(iii) **The Egg Producers Organization (EPO):** Its main focus is to improve the egg industry and promote its products nationally.

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Small, Medium and Micro Enterprises. Approximately 2 264 small scale farmers from previously disadvantaged communities have been established by government.[5]

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- Astral 22%
- Country Bird 7%
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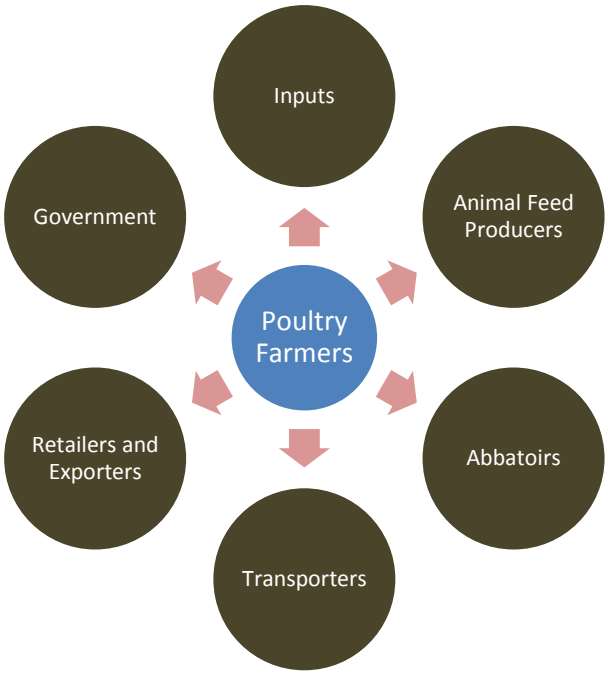
- Distribution to the public, mainly by the 5 large retailers (PnP, Shoprite, Spar, Woolworths & MassMart), SMME's & informal traders.

The industry structure shown in Figure 4 below depicts the core components that drive the poultry industry all centered around the poultry Farmer and featuring the following main poultry industry organizations:

- The South African Poultry Association **(SAPA)**
- The Developing Poultry Farmers' Organization **(DPFO)**, a division of **SAPA.**
- The Egg Producers Organization **(EPO)**
- The Chick Producers' Organization **(CPO)**
- Animal Feed Manufacturers Association **(AFMA**)

[5] SAPA; The South African Poultry Industry Profile 2012.
[6] http://bestsaexporters.com/south-african-poultry-industry/ (Accessed on 20/01/2016)

Figure 4: Poultry Industry Structure



Poultry Farmers - These are the producers of both broilers and eggs which can be processed further into various edible and non-edible products.

Poultry Feed Producers including suppliers of 1 day year old for growing into full birds and or into layers as as well as suppliers of medicines to prevent and minimize mortality

Abattoirs: As of the year 2012, there were 30 formal chicken abattoirs by throughput size ranging from 400 to 400 000 birds in any slaughtering cycle. **(See Annexure???? 1)**

Transporters – Transport companies play the role of delivering and feed chicks to farms, thereafter, from farms, collecting fully bred birds and eggs to abettors and the market in general.

Exporters – They help to develop foreign markets especially in neighboring SADEC countries thereby assisting to growing and strengthen the South African poultry industry.

Retailers - The formal retail market is relatively concentrated, with some national chain stores dominating the market. The seven major players in the formal retail industry include Pick'n pay, Shoprite, Metcash, Spar, Massmart, Fruit & Veg City and Woolworths.

Government through its various agricultural support institutions like DAFF, DRDLR, SEDA, SEFA , IDC, Land Bank, and others also adds support value to the poultry farming community. Also, the government plays the role of determining and administering poultry import tariffs in order to protect the local poultry industry.

3.2.3 Industry Structure link with the Agri-Park

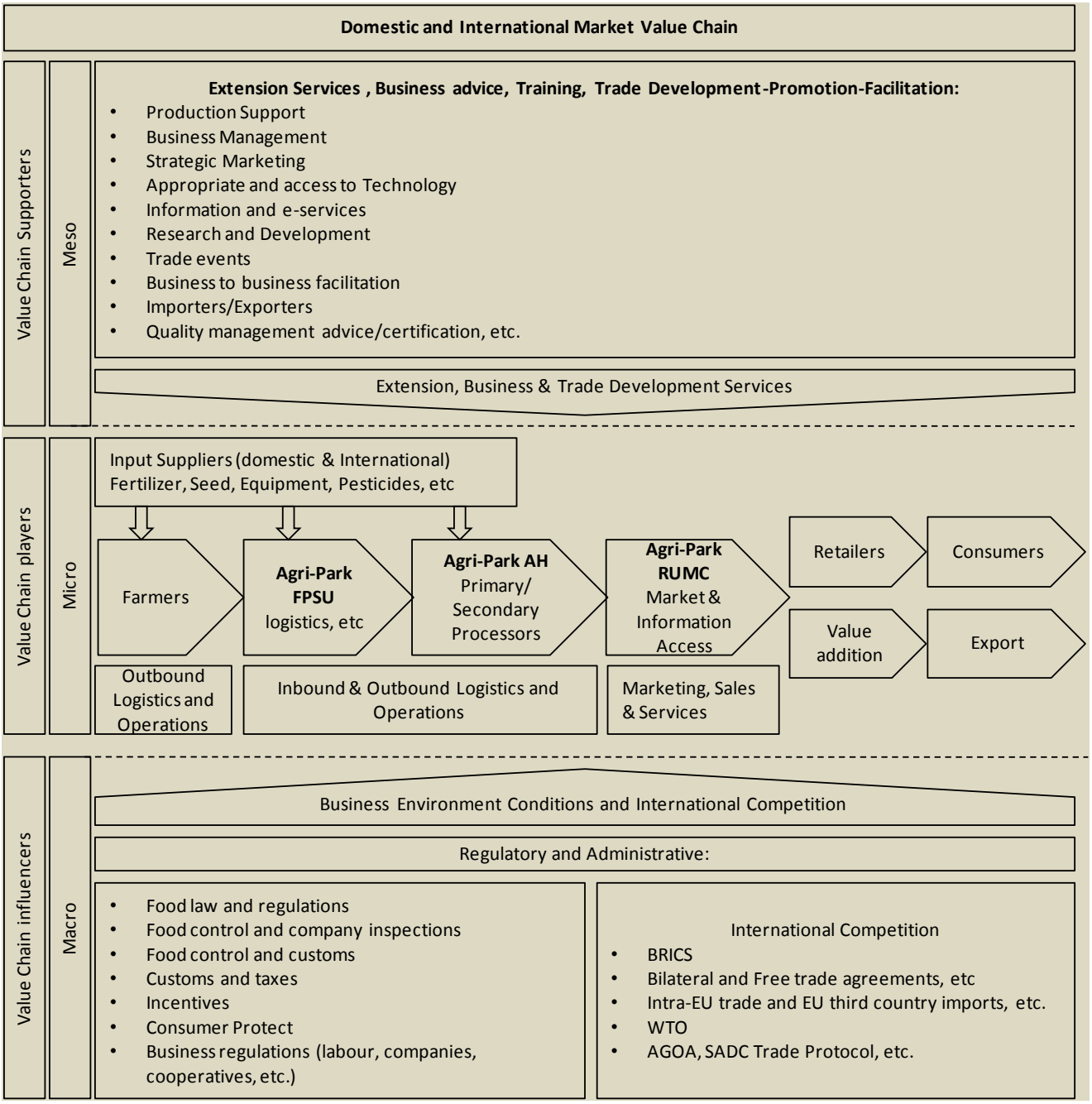
Table 6: Poultry Industry Bodies

	Agri-Park Model			
	Emerging Farmers	**Farmer Production Support Unit**	**Agri-Hub**	**Rural Urban Centre Market**
Links with Poultry Industry Organisations	• **The Developing Poultry Farmers' Organization (DPFO)** for technical support. • **NAFU and AFASA** for being the voice of Black Farmers	• **DRDLR and DAFF:** Farmer Enterprise Support i.e. RID, etc. • **DAFF** – Farmer Capacity-building • **Animal Feed Manufacturers Association (AFMA)** – Feed Quality technical Assistance and Lobbying • **The South African Poultry Association (SAPA)** • **The Egg Producers Organization (EPO)** • **The Chick Producers' Organization (CPO)** • **Land Bank, Private Banks, NWDC, SEFA and IDC** for financial support		• **NWDC, TISA, SEDA** altogether can help farmers with poultry local and export markets • **Independent Export Marketing Agents** – Market Access Support
	• **Information, Research and Training**: DAFF, ARC • **Support, Training, Funding & Information**: Provincial and Local Agriculture Department and development agencies (e.g. North West Development Corporation - NWDC) • **Funding and Support: Private Banks, NWDC, DRLR, DAFF, TheDti,** the National Empowerment Fund **(NEF)** and Industrial Development Corporation **(IDC),** Small Enterprise Development Agency **(SEDA**), Small Enterprise Finance Agency **(SEFA).**			

3.2.4 Poultry Industry Value Chain Players, Supporter and Influencers Analysis

The analysis unravels the meso and macro environment within which the micro Dr. KKDM Agri-Park environment will exist. It depicts how the broader environment will impact upon and influence the daily operations of the Agri-Park and will thus assist Agri-Park management in maintaining a strategic direction for the Agri-Park.

Figure 5: Domestic and International Market Value Chain



Source: (adapted from Spies, 2011)

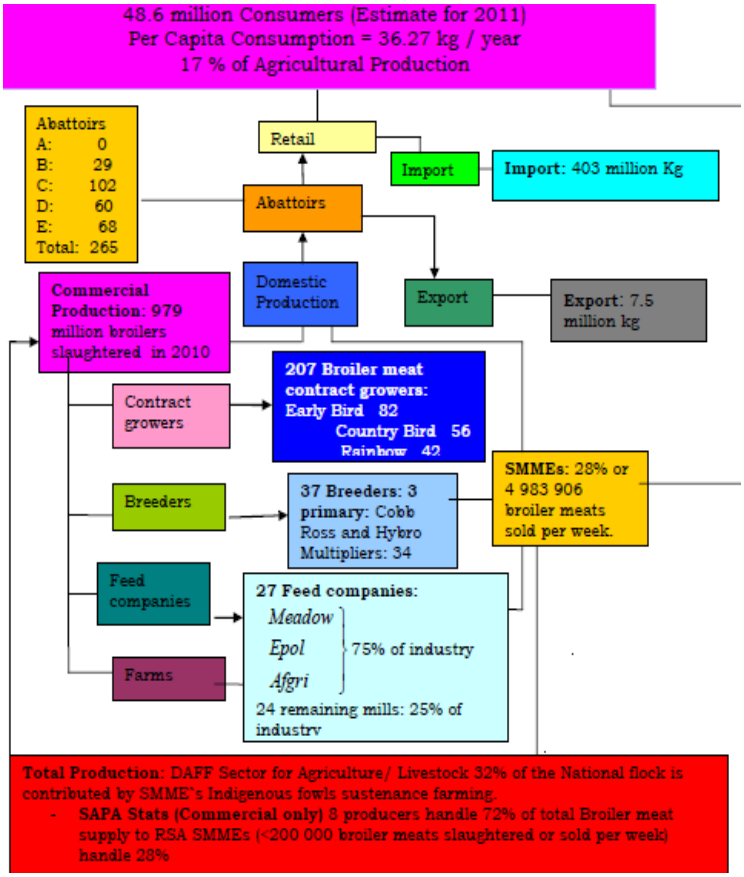
3.2.5 Poultry Value Chain Analysis

A. Poultry Production Value Chain

The purpose of this section is to provide an overview of the extent to which the value chain of the poultry industry and commodity is established in the Dr.KK District Municipality, in an effort to recognise opportunities for the inclusion of local piggery farming and processing establishments. The ultimate goal is for the local population to derive the maximum benefit from agricultural networks that are situated within the district.

As depicted by the broiler meat industry structure on the right, the South African broiler meat value chain consists of broiler meat farms and contract growers, feed companies and other input suppliers and breeders. In the secondary sector we have abattoirs, importers, exporters and retailers. There are around 52 million consumers with a per capita consumption of 36.27 kg. Production in tons is around 448 million, consumption around 464 million kilograms, Imports 403 million kilograms and Export 7.5 million kilograms.

Figure 6: Poultry Production Value Chain

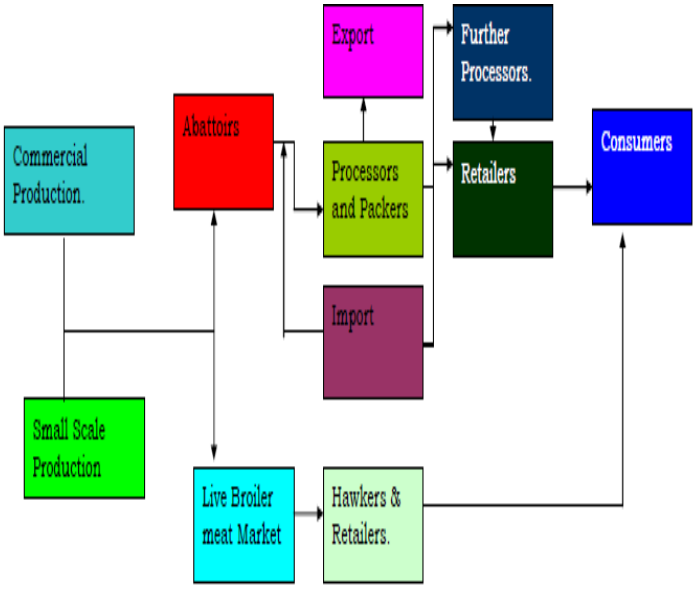


B. Poultry Meat Market Value Chain Analysis

The value chain starts at the primary producer level. The poultry is slaughtered at abattoirs. The meat is sold to the butcheries, wholesalers, retailers, and processors. The meat can be bought by consumers directly from abattoirs and/or butcheries and/or wholesalers and/or retailers. In the case of small-scale cases, the consumers buy live chickens and perform abattoir and processing activities themselves.

The value chain analysis also integrates the market channels for the industry as depicted in the diagram 15 aside.

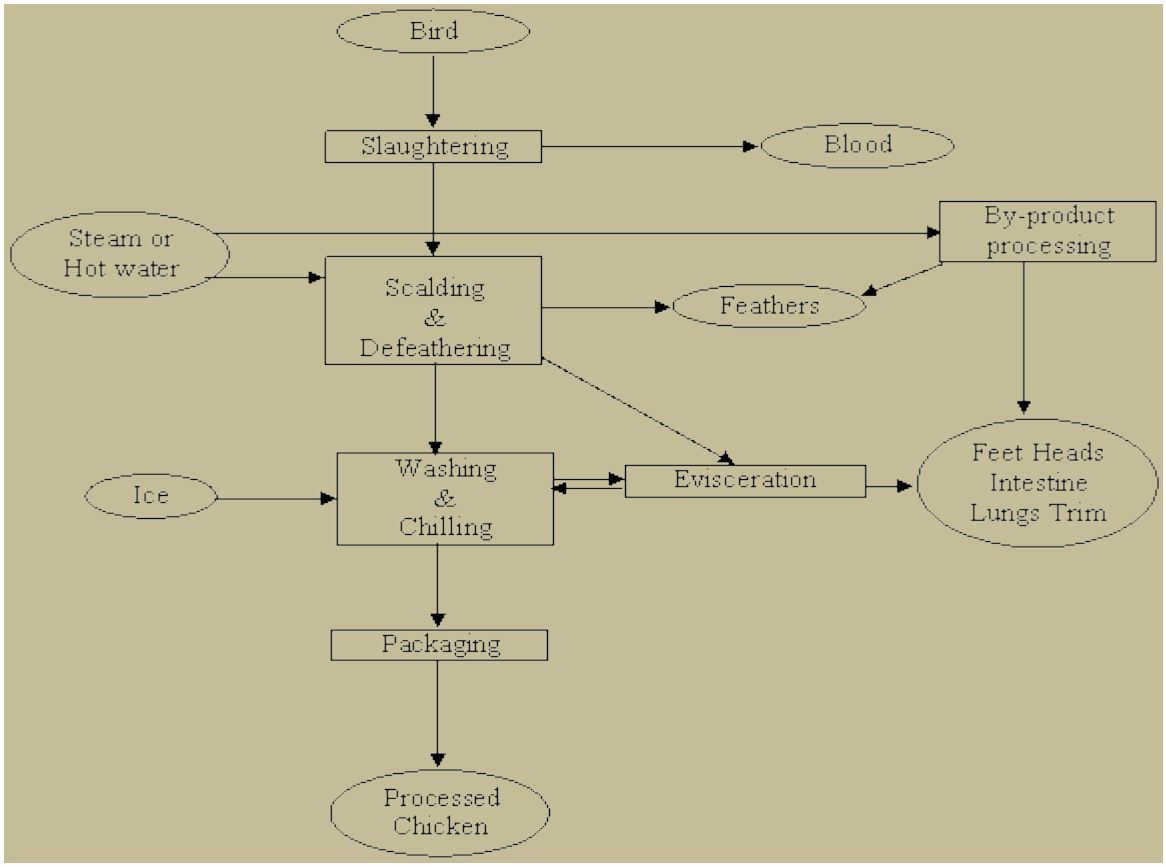
Figure 7: Broiler Meat Market Value Chain Analysis:



3.2.6 Agro-Processing Opportunities

The following diagram represents the various products and by-products that can be derived from poultry processing. Poultry by-product meal is one of the most important sources of animal protein used to feed domestic animals, along with meat and bone meal, blood meal, feather meal and fish meal (Meeker et al., 2006). It is made by combining the by-products coming from poultry breeding, poultry slaughterhouses or poultry processing plants.

Figure 8: Poultry Agro-Processing Businesses



Source: http://ljs.academicdirect.org

For the Dr. KKDM Agri-Park, the 4 business opportunities linked to poultry processing are namely:

- Bird Carcass slicing and packaging into chicken pieces
- Processing and packaging of chicken offals like fee heads, gizzards and intestines
- Animal Feed Manufacturing (Carcasses and Egg shells Meal, Feather meal,
- Fertilizer Production from waste materials

Processing poultry by-products into feed is a good way to mitigate the environmental problems caused by poultry processing. If not properly managed poultry offals released in the environment are vectors for insects, vermin, bacteria and viruses, which may result in water contamination (leaching of nutrients and pathogenic microorganisms) and air pollution (noxious gases and nuisance odorants) (FAO, 2011).

3.2.7 Poultry Industry SWOT Analysis

Strengths:

- The turnaround production time is quicker than red meat production. It is becoming a meat of choice.
- Poultry production facilities can be established in relatively small areas.
- Feed costs are much lower than other meat production costs.
- The demand for pork meat has increased significantly over the years due to the high prices and unavailability of red meat substitutes.

Weaknesses :

- The poultry industry is susceptible to diseases. Health, safety and phyto-sanitary issues can be inhibitive in terms of growth.
- Shortage of water could affect the cleaning of pens and this could be a challenge in terms of meeting the safety requirements.
- It is more labour intensive than the general red meat industry.
- The industry is dominated by very few companies that are able to participate throughout the industry value chain.
- The industry offer limited scale of participation for many piggery farmers.

OPPORTUNITIES	CHALLENGES
Important supplier of quality protein for human health	Very susceptible to world conditions and cheap imports
Industry with tremendous Growth Potential	Stiff competition both nationally and internationally
Pro-active in addressing consumer requirements and doing promotions	Health and safety requirements can be onerous
Dedicated social development training programme to integrate new industry entrants albeit at primary level	Integration into the established value chains and markets can meet with industry resistance.
Export market opportunities	Outbreak of diseases such as swine fever pose industry investment threat

B. COMMODITY ANALYSIS 2/2: PORK

4. South African Piggery Industry, Production and Consumption

In this section an analysis of the Piggery Industry is presented covering industry overview, production, consumption, trade and industry capitalization. It is in this context and environment that the envisaged Dr. KKDM Agri-Park will be operated and managed.

4.1 South African Piggery Industry

South African pork industry is relatively large in terms of overall South African agricultural sector. It contributes around 2.15% to the primary agricultural sector. The gross value of production of pork is dependent on the quantity produced and the price received by farmers. The trend in gross value follows a pattern of prices since the industry is characterized by volatile prices. The average gross value of pigs slaughtered over the past 10 years amounted to R 19.8 billion. The contribution of pork to the gross value of agricultural production increased steadily from 2001/02 to 2005/06. From 2006/07 to 2010/11 there were substantial increases in gross value due to an increase in prices. Gross value of pigs slaughtered experienced a drastic increase of 230% compared to 2001/02.[7]

Commercial pig farmers are estimated at 4000, stud farmers at 19 and smallholder farmers at 100. The total number of sows is estimated at 125 000 sows (100 000 sows commercial and 25 000 smallholder farmers). The industry is estimated to employ about 10 000 workers, comprising of about 4 000 farm workers and 6 000 workers in the processing and abattoir sectors.[8]

According to RMRD SA[9] the service provider entity that administers research fund of the Red Meat Research and Development Trust of SA, the pig industry, as any other industry, has the responsibility and commitment to deliver on the core strategies of the Strategic Plan for South African Agriculture, namely to:

- enhance equitable access and participation in agriculture
- improve global competitiveness and profitability, and
- ensure sustainable resource management

Within these core strategies are implicated those that have been defined above as visionary and associated goals with the primary aim of creating wealth, prosperity for those involved in the industry, a sustainable natural and competitive environment, and safe, sound and wholesome quality food for those who utilize products of the industry.

[7] DAFF (2012); A profile of the South African Pork Market Value Chain
[8] Ibid
[9] RMRD SA (2012); Research and Development Plan for the Pork Industry in South Africa 2012-2015

Of concern is that pig production in the developing sector is still in its infancy if considered in terms of viable intensive production systems as well as in terms of total contribution to the pork economy. The estimated contribution of the communal areas to the total numbers of pigs is about 26%, with significant numbers only in the Eastern Cape and Limpopo provinces. These are primarily housed in extensive systems with low turnover, the off take being largely consumed on site and in the immediate vicinity. A major challenge would be to establish viable commercial units with associated processing and retail outlets in partnership with black entrepreneurs and shareholding by suppliers, to support job creation and participation in the mainstream supply chain and / or export markets. Such units will also be in a better position to promote pork in the rural and peri-urban environment to promote higher per capita consumption. It will, furthermore, contribute to a culture of safe production and processing practices especially in combination with pressure measures such as traceability and HACCP as a red meat safety, quality and value management system. Secondary benefits would be the establishment of or linkages with suppliers such as feed, pharmaceutical and construction companies.

The per capita consumption of pork at 3.1 kg per year is low in comparison to European standards, mainly because of poor pork consumption by particular groups. Marketing therefore, should be addressed in a different way. The right target group is of paramount importance, for example the black market with strategies to scientifically promote pork as the alternative to white meat. The market is also not sufficiently diversified and is in fact limited, because of insufficient distribution points and no coordinated export strategy. Demand, furthermore, is apparently also low because of a negative consumer perception that pork is unhealthy, variable in quality, not well displayed and product options limited.

Some of these constraints appear to be poor coordination and a lack of common goals between producers, input suppliers and those participating in the value-adding chain. At worst, there are sometimes clashes of interest and such should be addressed as a matter of urgency. Inconsistency in quality of products may relate to PSE pork, poor colour and fat distribution, careless slaughtering, incompetent deboning, unprofessional display of cuts and irregular re-evaluation of the classification system for pork. The problem may be exaggerated by some slaughter facilities that are not up to standard, inappropriate pig genetics, poor pre-slaughter handling of pigs and the wrong production practices. A major goal would be to systematically analyze major flaws in the production chain and to put in place food quality management measures through collective actions of all role players. Food quality management embraces ideally the integrated use of technological disciplines and managerial sciences. A balanced approach is a techno-managerial approach to red meat safety, quality and value. The aim of this is to guarantee that quality requirements are realized by the quality system in place, so that customer expectations on red meat safety, quality and value are not only met, but also exceeded. The philosophies of a technical approach (good manufacturing practice codes) are

blended with the management focus of the International Standard Organization Series (ISO), through total commitment to the HACCP managerial approach to total food quality management.

The profitability of production in intensive systems is highly dependant on size of operation, turn over and input costs. These put high demands on production efficiency which requires continuous improvement in genetics, nutrition, health, management, housing and the number of slaughter stock in relation to maintenance costs of sows and boars. Increased efficiency in production and processing should ensure an affordable and viable alternative to white meat, which would be the major challenge if pork is to increase its market share, particularly in the comparatively unexploited emerging sector market.

The export market provides a further dimension to a diversified market, with benefits in selling to markets that have high demand for pork and foreign currency entering the country. The identification and development of such markets should be investigated carefully with suitable contacts, partnerships and relevant information to ensure sustainability.[10]

4.1.1 Production

Pork is produced throughout South Africa with Limpopo and North West provinces being the largest producers accounting for 44% of total production during 2011. The lowest pork producing provinces are Northern Cape (2%) and Eastern Cape (6%). There are approximately 400 commercial producers and 19 stud breeders in South Africa. Pig numbers are estimated at 1 573 million, this is a decrease of 1.3% compared to 2010. During 2011, Limpopo province produced 24% of all pork produced in South Africa followed up by North West with 20% then Western Cape and Gauteng by 11% each.

Evidently, the analysis points to a serious problem that the South African pork production industry is facing, i.e. dominance by White commercial farmers and effective exclusion of the Black farmers who are invariably involved in subsistence and or are small-holder farmers with no significant participation in the industry.

John Wright[11], SAPPO's Vice Chairman submits that pork production has risen by about 8% since 1998. It is estimated to rise by a further 4% over the next three years. Statistics show that most of the producing nations are importers as well as exporters. Trade up 26.5% in the past five years. Thus export markets are at a premium with health the single biggest inhibitor, and control. That is why our national herd health is so important.

By contrast, the South African industry comprises some 100 000 sows, slaughtering 1.8 million pigs, giving a total production of 115 000 to 120 000 tons per annum with a per capita consumption of 2.6kg. Compare this to Brazilian production of 2.6 million tons, the USA 8.9 million tons, the EU 17.6 million tons and the big one,

[10] Ms P Davids et al; University of Pretoria; Evaluating the South African Pork Value Chain

[11] John Wright (2004); SAPPO; The future competitiveness of the pork industry; www.sappo.biz; (Accessed on 11 November 2015).

China, a staggering 43 million tons. Whether we like it or not, big is beautiful in pork production, and South African production is totally insignificant in world terms.

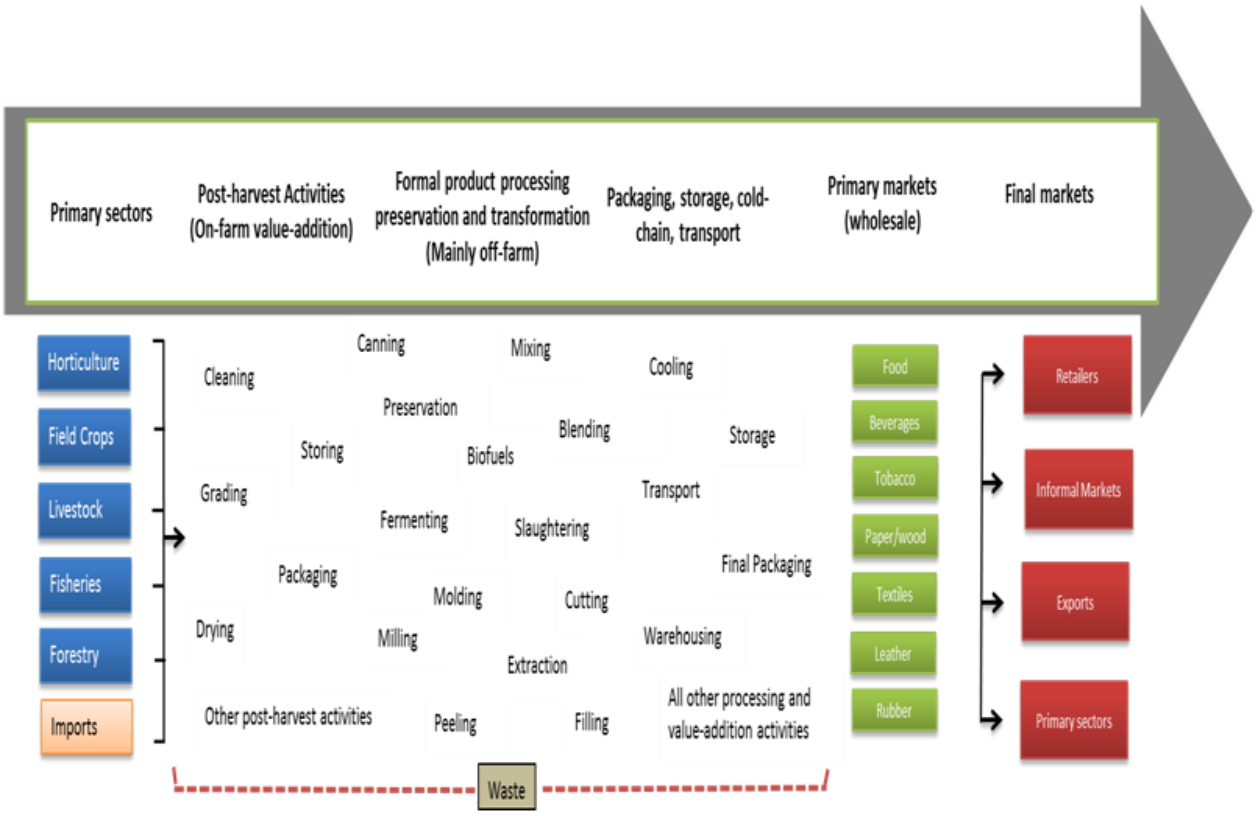
In South Africa, abattoirs that slaughter pigs tend to be specialised for this purpose. While a total of 485 abattoirs exist in South Africa (RMAA, 2010), only 150 of these slaughter pigs at all, while less than 20 of these abattoirs slaughter 98% of the pigs in South Africa (Louw *et al*., 2011). Kirsten *et al.* (2007) further indicates that the 10 largest abattoirs slaughter 80% of South Africa's pigs. The principle barrier to entry for new abattoirs is the capital investment required to enter the market. Markets require a high standard of hygiene as well as traceability and abattoirs are required to comply with the standards set out in the Meat Safety Act of 2000. Export markets are more stringent in their requirements however and currently only 5 of the pork abattoirs in South Africa comply with international standards and regulations in order to be accredited for exports (Louw *et al.*, 2011; Kirsten et al., 2007).

Kirsten *et al.* (2007) indicates that abattoirs are one of the key areas in the supply chain where South African performance is below that of European counterparts. Pre slaughter handling was often found to be below par, with the use of electrical stunning methods considered unacceptable (Kirsten *et al*., 2007). While South Africa has some state of the art abattoirs in operation, the limited number of abattoirs accredited for exports limits other available marketing opportunities when products are not sold for domestic consumption. The margin received at abattoir level is greater on a Baconer carcass than on a Porker carcass, whilst margins increase significantly if additional value is added by converting the carcass to primal cuts before sale.

4.1.2 Agro-processing

Generally, across various primary agricultural activities by commodity, a range of agri-processing opportunities and activities emerge, as depicted in Figure 9 below:

Figure 9: Examples of Agri-processing activities



Source: (Partridge & Pienaar, 2015)

Heldman et al (1997) defines food-processing as the manufacturing process that converts raw animal, vegetable, fruit or marine materials into intermediate or final use foodstuffs for human or animal consumption. Traditionally, food-processing has been strongly linked to the preservation of food, and this remains the most prominent reason for food manufacture, although a more general definition is the value adding conversion of raw materials —through the application of labour, machinery, energy and scientific knowledge. While the manufacture of food may entail a single step conversion of raw material to a consumer product, the number of conversion steps has increased over time, largely in response to the increasing sophistication of consumers, as well as the increasing capacity of multinational food producers to meet (and lead) consumer expectations. The food processing industry has 12 downstream sub sectors. They are:- (1) meat processing; (2) dairy products; (3) preservation of food and vegetables; (4) canning and preserving fish; (5) fruit canning and jams; (6) vegetable and animal oils and fats; (7) grain mill products; (8) sugar mills and refineries; (9) chocolate and sugar confectionery; (10) prepared animal foods; (11) bakery products and other food products, such as starch and starch products; and (12) ready-made meals.

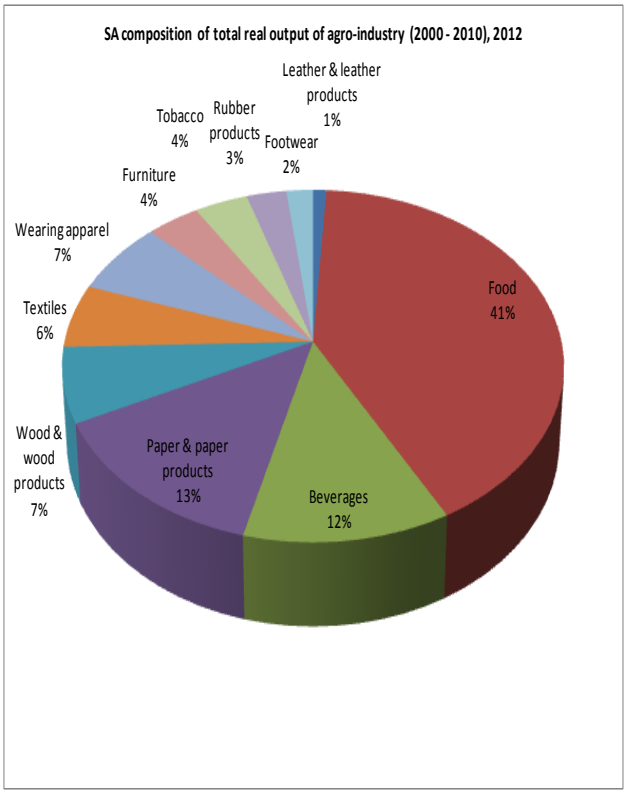
Processed meat is defined as any meat preserved by smoking, curing or salting, or with the addition of chemical preservatives and it apt to pork meat processing.

According to DAFF (2012)[12], the agro-processing industry is among the sectors identified by the Industrial Policy Action Plan (IPAP), the New Growth Path and the National Development Plan for its potential to spur growth and create jobs owing to its strong backward linkage with the primary agricultural sector. Agro-processing (industry) is a subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector. Agro-processing thus means transforming products originating from agriculture.

The general trend of most economic indicators shows that the agro-processing industry makes a significant contribution to the manufacturing sector. On average its contribution to the output and value added of the manufacturing sector was 29.3% and 29.1%, respectively, during 2006-2010.

Figure 19 displays the relative shares by divisions in the agro-processing industry during 2000-2010, which is largely dominated by four divisions that contribute more that 70% of the agro-processing industry. These four divisions, food accounts for 41%, followed by paper (13%), beverages (12%) and the wood division (7%) from agriculture, and the rest comprises divisions utilizing inputs mainly from forestry products (wood, paper, furniture and rubber).

Figure 10: SA Composition of Total Real Output of Agro-industry (2000-2010)



Source: (DAFF, 2012)

4.1.3 Pork Processing and Wholesale

The South African pork industry has two distinct branches, with around 45% of pigs produced being sold for the fresh meat market and approximately 55% being sold for the processed market. When considering the further processing stage of the value chain, a clear distinction must be made between the processor, who undertakes a substantial amount of value adding before selling the product on to the retail stage and the wholesaler, who is mainly a distributor. In some instances in the fresh meat chain, the wholesaler undertakes cutting and packing operations, but these are limited in number and more often than not, cutting and packing will also take place at abattoir level.

As a result of the immense capital investment required to enter the meat processing sector, concentration levels are high and the 2 largest processors (Enterprise Foods and Eskort) account for 80% of the market between then. Extensive overhead costs related to the processing facility further mean that high throughput is required in order to capitalize on economies of scale benefits. In other industries with similar characteristics, significant vertical integration has occurred in order to ensure numbers through the processing facility; yet in the pork processing sector, vertical integration has not been adopted as widely.

[12] DAFF (2012); Economic Profile of the Agro-Processing Industry in South Africa: 1970-2010; MARCH 2012; http://www.nda.agric.za/doaDev/sideMenu/AgroProcessingSupport/docs/Economic%20Profile_Agro-Processing%20Industry%20Final%20III.pdf; [accessed on 08 December 2015]

While most processors are backward integrated to an abattoir, only a few small processors have integrated the entire chain to primary producer level. Enterprise Foods use contracts to secure production, with a small group of farmers supplying the bulk of pigs to the abattoir. Within the contracts, producer prices are linked to a formula which includes the cost of production.

Producers within this system are assured of a market for output, with clear price formation. The result is that these contracted producers have been able to invest in modern technology and expand to a size that allows them to maximise efficiency. This coordination within the chain has additional benefits to the processor, who is able to secure supply of the most important input in his production process, while allowing for specialisation in the primary production process.

The ownership and shareholder structure of Eskort negates the need for backward integration to primary producer level in that the shareholder of the company are primary producers themselves and are able to supply the abattoir with the pigs needed for optimal operation. Though Eskort is run as a separate enterprise from any of the primary producers, the supplier shareholder model is beneficial in that it gives the producer an interest in the success of the processing company, which leads to the constant supply of good quality inputs from the primary producers to the abattoir. Both Eskort and Enterprise use a small number of suppliers that are assured of a market and therefore are able to produce at a large efficient scale. The small number of producers used is beneficial to the processing company by allowing greater control of quality in the most crucial input to his production process.

Interestingly, the pork breeding industry offers business opportunities beyond primary farming and includes agro-processing beyond meat cutting but extends to include sausages, mincing, etc. as depicted in the table 15 below:

4.1.3.1 Piggery Meat Processing opportunities by product type

- Fresh Processed Meats - Vacuumed portions, mince, patties, sausages, kebabs ad wors.
- Raw/Dry Fermented Sausages – salami sausages
- Cured Meats – Raw cured pork, cooked pork.
- Pre-Cooked Products – Blood sausages, corned meats
- Dried Meats – Biltong
- Various Edible by-products- e.g. intestines become sausage casings.
- In-edible by-products – e.g. Pig skin is used for leather jackets

4.2 Consumption (Globally and Locally)

According to DAFF (2012), South Africa produced over 2 million tons of pork during the 2010/11 season. This is in comparison with just less than 250 tons consumed locally during the same year. South Africa's production of pork is far higher than its consumption. This makes South Africa to be self-sufficient in pork. As will be seen in the sections that follow South Africa still imports more pork than it exports because of the high need of the processed pork products food like ribs. During the period under review, production volumes have been increasing while the volumes consumed in South Africa have been relatively stable. The local market is split at almost 50:50 between the fresh meat market and the processing meat market. The pork industry evolved from a highly regulated environment to one that is totally deregulated today. Various policies, such as the distinction between controlled and uncontrolled areas, compulsory levies payable by producers, restrictions on the establishment of abattoirs, the compulsory auctioning of carcasses according to grade and mass in controlled areas, the supply control via permits and quotas, the setting of floor prices, removal scheme, etc., characterised the pork industry before deregulation commenced in the early 1990s. Since the deregulation of the agricultural marketing dispensation in 1997, the prices in the red meat industry are determined by demand and supply forces.

Despite recent downturns in economic growth around the world, meat consumption trends have been predominantly upward and are expected to continue increasing. South Africa is no exception, with increased spending power and growing urbanisation fuelling dramatic increases in meat consumption through the past decade. In contrast to global trends, the share of pork in total meat consumption in South Africa is small, with chicken being the protein of choice. Despite pork consumption growth of 5.3% per annum through the past decade, which was second only to chicken (8% per annum), pork still accounted for only 7% of total meat consumption in 2011. Projected growth of 4% per annum through the next decade will see pork increase its share in total meat consumption only marginally to 8% by 2022.

The most important economic factors that influence the consumer's decision on pork consumption are income per capita, price of pork in relation to other meat products as well as changes in the size and structure of the population. The past decade has been characterised by a steady increase in per capita consumption levels (South African Reserve Bank, 2013), as well as a growing, increasingly urbanised population. Improved purchasing power resulted in rapid growth in meat consumption through the past decade. Economically, relative prices of different meat products remain an important determinant of pork consumption in relation to alternative meats. Despite being a relatively low cost option, more than 65% of pork consumed in South Africa is by established consumers in LSM groups 8 – 10, with only 10% being consumed by low income consumers.

In response to demand increases, pork production increased by an annual average of 4.5% over the past decade, second only to broiler production which grew at an annual average of 6%. Following with the international trend, production increases can be ascribed to higher slaughter weights, more so than greater slaughter numbers. From 2000 to 2012, the number of pigs slaughtered in South Africa increased by 23.6%, yet pork production increased by 69.3% through the same period as a result of increased slaughter weights. Following the impressive projected growth in pork consumption in the coming decade, pork production has the potential to increase accordingly. As indefinite expansion of carcass weights is not feasible, further increases in production through the coming decade would have to be as a result of increased sow numbers and/or further improvements in production efficiency.[13]

Global meat markets are characterised as among the fastest growing consumption sectors of all major agricultural commodities. Quality-conscious urban consumers in developing countries have spurred global demand for meat products and much of this demand has been met by increased meat output in these countries themselves. This rapidly growing demand for meat products in developing countries has shifted the global base of animal production from developed to developing countries. By 2010, nearly 80 percent of ruminant animals will be reared in these regions, while the share of poultry and pigmeat will be slightly less, at 70 percent. This growth in demand has also stimulated a sustained growth in meat trade, with trade gains for poultry and pigmeat exceeding that of beef.

4.2.1 Trade

South Africa has been a net importer of pork products since the early 1990's, with pork imports increasing steadily from almost 14 thousand tons in 1994 to 33 thousand tons in 2012. Despite its history as a net importer of pork products, the past decade has revealed an increasingly upward trend, a fact that should be of concern to the domestic industry. While imports comprised only 6% of domestic consumption in 2002, imported products accounted for 15% of domestic consumption in 2012. While domestic consumption increased significantly through the past decade, this increased demand has largely been met by growth in imported products. Imports have a fundamental role in balancing the pork market in South Africa, a fact illustrated by the product mix, where ribs account for more than half of total pork products imported into South Africa (Trademap, 2013).

[13] Ms P Davids, et al.

In terms of Trademap, 2015, South Africa's top 10 pig-meat export markets are found in fellow Africa. Interestingly, Namibia leads in the importers of SA pork, followed by Mozambique and Bostwana which are all also SADEC countries.

The top 4 markets have been either consistent or growing over a 5 years period covering 2010 to 2015.

This analysis points to serious growth prospects for the SA pork production industry, including the North West Province, the steep industry entry requirements considered.

Table 7: Top 10 Importers of SA Pork (Hs Code 0203)

Importers	Exported value in 2010	Exported value in 2011	Exported value in 2012	Exported value in 2013	Exported value in 2014
World	21,598	19,264	15,654	17,483	22,180
Namibia	9,292	8,322	5,854	5,965	6,996
Mozambique	553	878	951	1,102	3,782
Botswana	1,881	2,861	2,167	2,635	2,498
Lesotho	2,383	2,386	2,245	2,151	2,029
Swaziland	2,415	3,004	1,645	1,888	1,960
Zimbabwe	648	248	1,024	377	897
DRC	413	207	241	294	658
Mauritius	1,706	212	108	434	535
Angola	365	264	495	872	493
Zambia	33	50	108	334	375
Malawi	24	1	63	233	308
Congo	3	44	15	23	262

Source: www.trademap.org/data (2015)

Tracking a few years up to 2011, from North West Province, Bojanala and Southern District Municipalities recorded intermittent exports for pork during the period under analysis. Bojanala district municipality recorded exports of pork during 2011 only and Dr. KKDM district municipality exported from 2009 to 2011. Clearly, the North West piggery industry is at its infancy as depicted by the table below.

5. Piggery Industry Structure

South African Piggery industry features the following players and organizations:

The Role players in the pork industry are:

- **The SA Pork Producers' Organization (SAPPO),**
- **SA Meat Processors Association (SAMPA),**
- **Pig Breeders Society (PBS),**
- **SA Meat Industry Company (SAMIC), and;**
- **The Pig Veterinary Society (PVS).**

All these organisations have constitutions and are bodies corporate with full autonomy regarding aspects affecting the industry. In brief, their structure and functions are as follows:

- **SAPPO** consists of five provincial organisations namely 1) Premier Pork Producers' Organisation, 2) Cape Pork Producers' Association, 3) KwaZulu-Natal Pork Producers' Organisation, 4) Free State Pork Producers' Organisation and, 5) Eastern Cape Pork Producers' Association.

It is financially self-sufficient through voluntary / compulsory contributions. It serves as a mouthpiece for commercial pork producers, irrespective of size, ethnic origin or locality. SAPPO strives to facilitate the efficient and profitable production and orderly marketing of pork to enable producers to obtain the best prices, benefits and stability. Amongst, others SAPPO promotes PIGPRO, a breeding management programme that ensures optimum value pig breeding.

- **SAMPA** is a voluntary association of stakeholders in the meat processing and related industries. It was founded in 1945 as the SA Meat Packers Association, but was later renamed the SA Meat Processors Association which is more descriptive of the operations of its members. Full membership requires involvement in the meat processing business in South Africa. Associate membership is available to establishments who have an interest in the industry. SAMPA is registered as a Section 21 company and operates according to the policies determined by its Annual General Meeting within the parameters of its constitution.

- The **PBS** is a voluntary association for persons engaged in the breeding of pigs in South Africa. The Society is affiliated with SA Stud Book and is responsible for the registration of all animals meeting the minimum performance and requirements laid down by the Society. The PBS also functions to promote the breeding and genetic improvement of pigs in South Africa and generally to foster the pig industry's interests.

- **SAMIC** is registered as a Section 21 company and is managed by a board of directors representing the entire spectrum of the meat industry. SAMIC's establishment resulted from a need for an umbrella organisation that would ensure the effectiveness and survival of the industry in a deregulated environment. SAMIC operates as a national organisation for the red meat industry and is a service provider, facilitator and communicator for all whom it represents.

- The **PVS** is a voluntary organisation for veterinarians interested in the pig industry and the improvement of performance of pig herds. The Society forms a group within the national South African Veterinary Association.

For Dr.KKDM it will be crucial to also organize and possibly integrate the targeted local community of piggery farmers in the established structures to ensure their access to industry support.

Figure 11: Piggery Industry Structure

- **Piggery Farmers -** These are the producers of pigs for slaughtering and which can be processed further into various edible and non-edible products.

- **Piggery Feed Producers including suppliers of** breeding stock with strong genetic quality for growing into full animals as well as suppliers of medicines to prevent and minimize mortality
- **Abattoirs:** As of the year 2012, there were 16 formal pig abattoirs in the North West Province. **(See Annexure????)**
- **Transporters –** Transport companies play the role of delivering and feed piglets to breeding farms, thereafter, from farms collecting fully bred animals to abettors and the market in general.
- **Exporters –** They help to develop foreign markets especially in neighboring SADEC countries thereby assisting to growing and strengthen the South African piggery industry.
- **Retailers -** The formal retail market is relatively concentrated, with some national chain stores dominating the market. The seven major players in the formal retail industry include Pick' n Pay, Shoprite, Metcash, Spar, Massmart, Fruit & Veg City and Woolworths.
- **Government** through its various agricultural support institutions like DAFF, DRDLR, SEDA, SEFA, IDC, Land Bank, and others also adds support value to the piggery farming community. Also, the government plays the role of determining and administering piggery import tariffs in order to protect the local poultry industry.

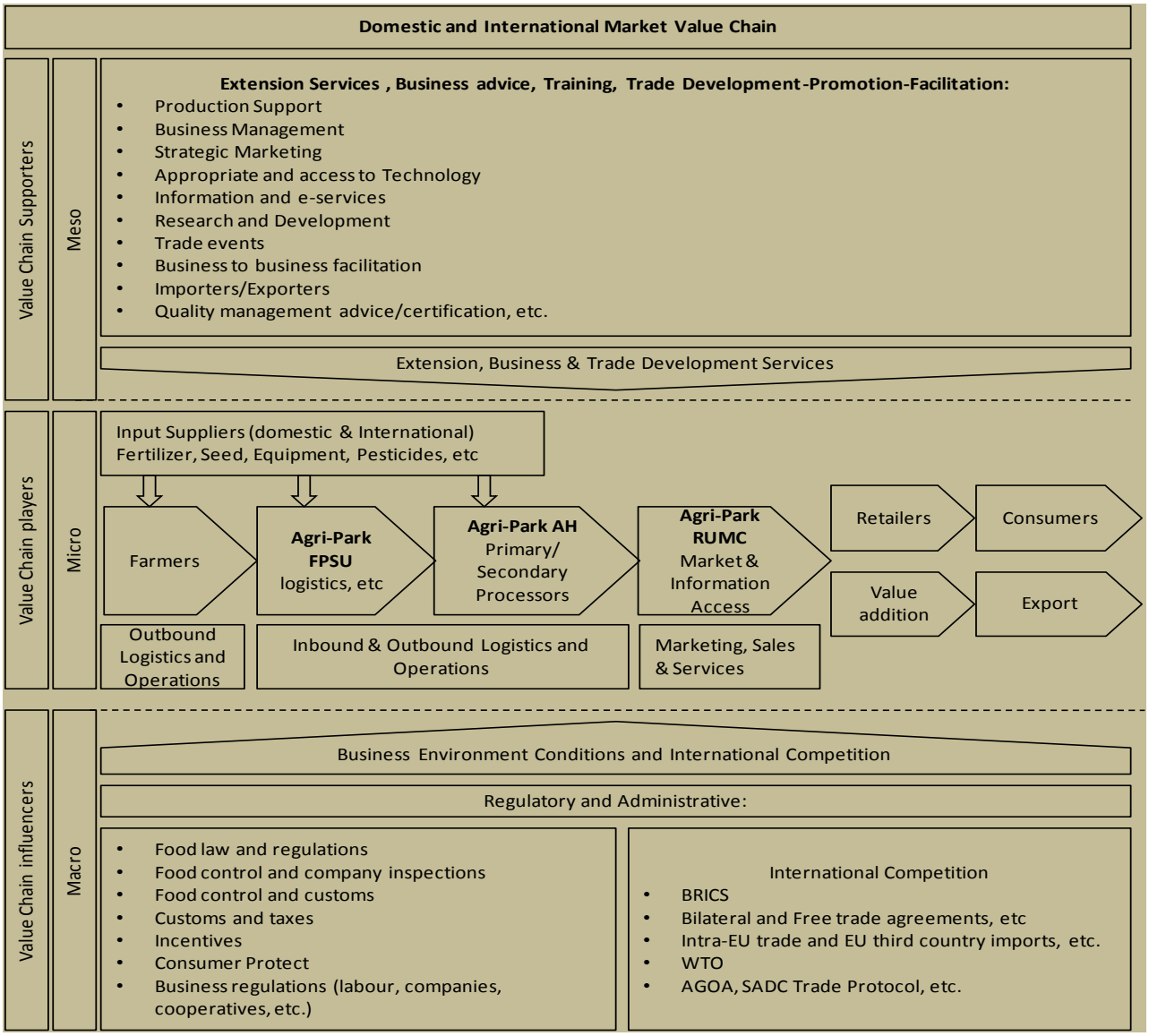
Table 8: Industry Structure link with the Agri-Park

	Agri-Park Model			
	Emerging Farmers	**Farmer Production Support Unit**	**Agri-Hub**	**Rural Urban Centre Market**
Links with Poultry Industry Organisations	• **Farmers Primary Cooperatives** • **SAPPO** • **NAFU and AFASA** for being the voice of Black Farmers	• **DRDLR and DAFF:** Farmer Enterprise Support i.e. RID, etc. • **DAFF** – Farmer Capacity-building • **Animal Feed Manufacturers Association (AFMA)** – Feed Quality technical Assistance and Lobbying • **The SA Pork Producers' Organisation (SAPPO),** • **SA Meat Processors Association (SAMPA),** • **Pig Breeders Society (PBS),** • **SA Meat Industry Company (SAMIC), and;** • **The Pig Veterinary Society (PVS)** • **Land Bank, Private Banks, NWDC, SEFA and IDC** for financial support		• **NWDC, TISA, SEDA** altogether can help farmers with poultry local and export markets • **Independent Export Marketing Agents** – Market Access Support
	• **Information, Research and Training**: DAFF, ARC • **Support, Training, Funding & Information**: Provincial and Local Agriculture Department			

	and development agencies (e.g. North West Development Corporation - NWDC) • **Funding and Support: Private Banks, NWDC, DRLR, DAFF, TheDti,** the National Empowerment Fund **(NEF)** and Industrial Development Corporation **(IDC),** Small Enterprise Development Agency **(SEDA**), Small Enterprise Finance Agency **(SEFA).**

5.1 Piggery Industry Value Chain Players, Supporter and Influencers Analysis

The analysis unravels the meso and macro environment within which the micro Dr. KKDM Agri-Park environment will exist. It depicts how the broader environment will impact upon and influence the daily operations of the Agri-Park and will thus assist Agri-Park management in maintaining a strategic direction for the Agri-Park.



Source: (adapted from Spies, 2011)

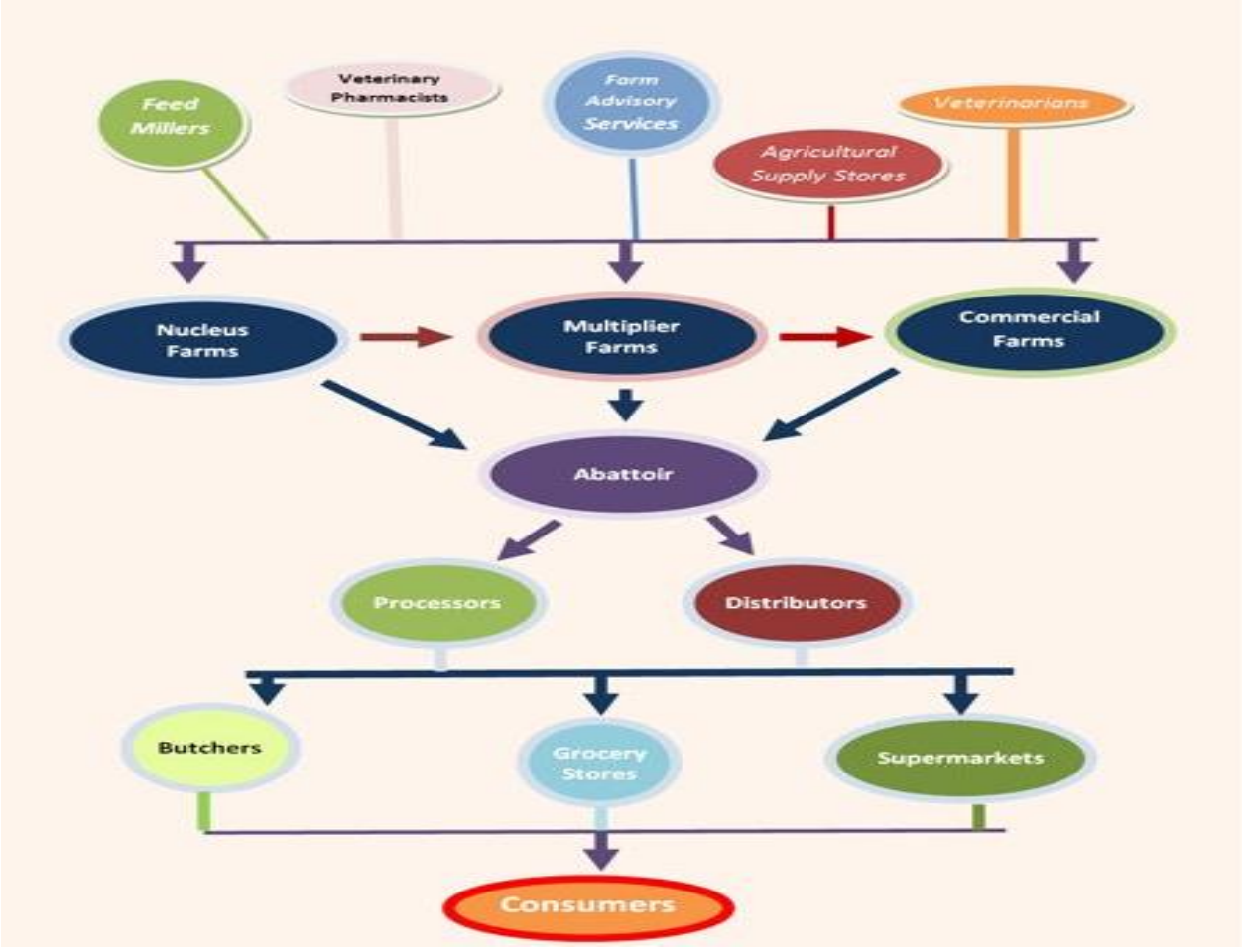
5.3 Piggery Value Chain Analysis

Due to the predominantly rural character of the district, it is the common expectation that all economic activity is dominated by the primary sector. The purpose of this section is to provide an overview of the extent to which the value chain of the piggery industry and commodity is established in the Dr.KK District Municipality, in an effort to recognise opportunities for the inclusion of local piggery farming and processing establishments. The ultimate goal is for the local population to derive the maximum benefit from agricultural networks that are situated within the district.

The value chain starts at the primary producer level. The pigs are slaughtered at abattoirs. The meat is sold to the butcheries/wholesalers/retailers/processors. The meat can be bought by consumers directly from abattoirs and/or butcheries and/or wholesalers and/or retailers. In some cases, the consumers buy live pigs and perform abattoir and processing activities themselves. The same analysis applies for exported pork.

The value chain analysis also integrates the market channels for the industry as depicted in the diagram aside.

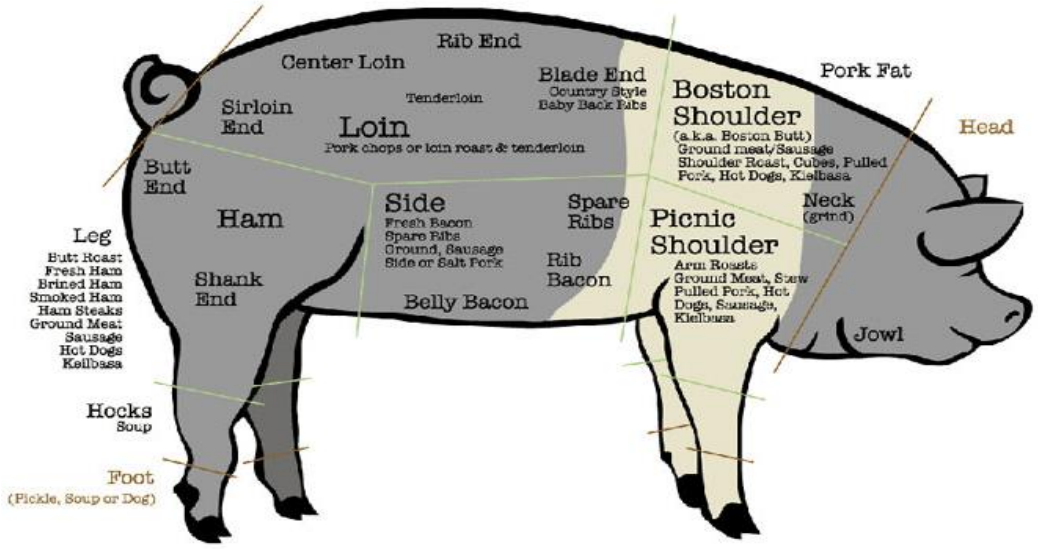
Figure 12: Piggery Value Chain Analysis



5.3.1 Pork Agro-Processing Opportunities

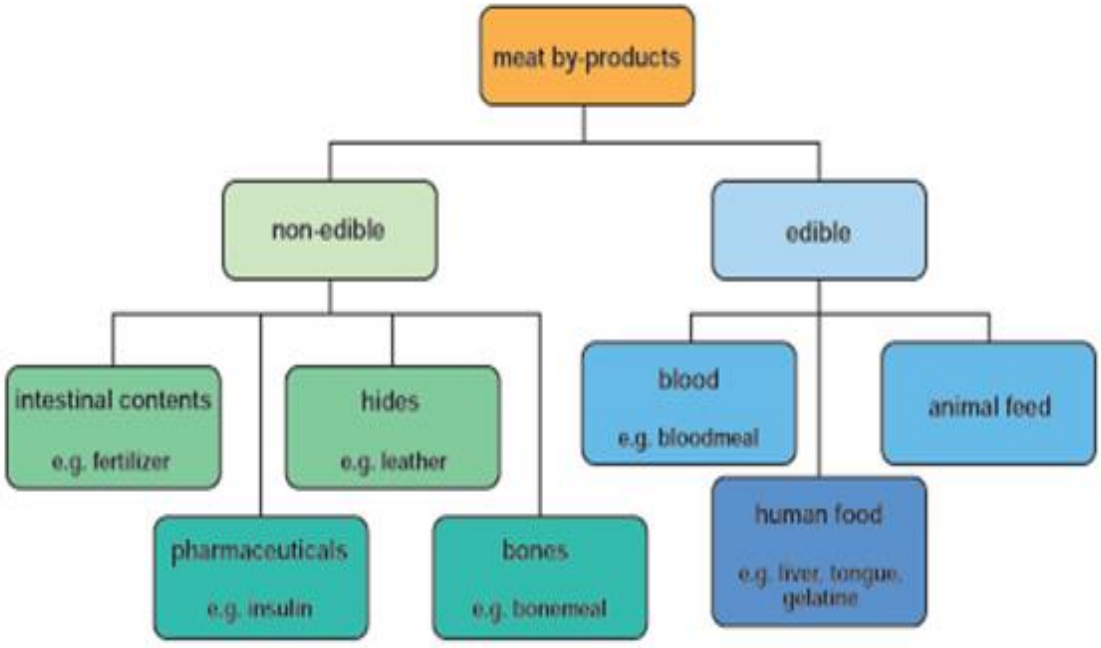
Interestingly, the pork breeding industry offers business opportunities beyond primary farming and includes agro-processing beyond meat cutting but extends to include sausages, mincing, etc. as depicted below:

Figure 13: Pork Agro-Processing Businesses



Source: http://www.jammzranch.com

Figure 14: Pork Meat Processing Opportunities



Source: Verheijen, et al, (1996)

Pork Meat Processing opportunities by product type:

- Fresh Processed Meats - Vacuumed portions, mince, patties, sausages, kebabs ad wors.
- Raw/Dry Fermented Sausages – salami sausages
- Cured Meats – Raw cured pork, cooked pork.
- Pre-Cooked Products – Blood sausages, corned meats
- Dried Meats – Biltong
- Various Edible by-products- e.g. intestines become sausage casings.
- In-edible by-products – e.g. Pig hides, pharmaceitucal, bonemeal

For the Dr. KKDM Agri-Park, the proposed 3 main business opportunities linked to poultry processing are:

- Pig Carcass slicing and packaging into packaged commercial pieces
- Processing and packaging into various sausages and processes meats.
- Production of pig hides for wide manufacturing applications as in clothing, furniture, bags, etc.

Processing by-products into feed is a good way to mitigate the environmental problems caused by processing. For example, if not properly managed, pork offal released in the environment are vectors for insects, vermin, bacteria and viruses, which may result in water contamination (leaching of nutrients and pathogenic microorganisms) and air pollution (noxious gases and nuisance odorants) (FAO, 2011).

5.4 Piggery Industry SWOT Analysis

Strengths:

- The turnaround production time is quicker than red meat production. It is becoming a meat of choice.
- Piggeries can be established in relatively small areas.
- Feed costs are much lower than other meat production costs.
- The demand for pork meat has increased significantly over the years due to the high prices and unavailability of red meat substitutes.

Weaknesses:

- The industry is susceptible to diseases. Health, safety and phyto-sanitary issues can be inhibitive in terms of growth.
- Shortage of water could affect the cleaning of pens and this could be a challenge in terms of meeting the safety requirements.
- It is more labour intensive than the general red meat industry.
- The industry is dominated by very few companies that are able to participate throughout the industry value chain.
- The industry offer limited scale of participation for many piggery farmers.

Opportunities:

- The opportunities in terms of ownership and procurement presented by AgriBEE
- The opportunities in terms of skills development by means of training presented by AgriSETA
- The Utilisation of Information Technology to enhance the front Office and back office operations as well as key areas such as processing, marketing and distribution

- Technologies such as solar energy will be an opportunity for the project as there is potential for a 24.8% increase in electricity prices by Eskom
- The increasing per capita consumption of chicken as a protein alternative
- The increasing population of South Africa and double income families will be an opportunity for the business
- The reduced interest rates will mean lower costs incurred as a result of borrowed money
- Government support of the Poultry Industry as it is one of the industries that is considered to be 'feeding the nation'
- Increased emphasis on women and youth as demonstrated by financial and non-financial support by agencies such as The National Youth Development Agency.
- Increased small business support as demonstrated by the increase in small business support forums, Small Enterprise Development agency and many more
- The opportunity to supply government institutions such as prisons, collages, departments and other government units will be an opportunity for the business

Threats:

- Compliance with various acts and laws such as the Livestock Improvement Act, Occupational Health and Safety Act, Labour Relations Act and the Basic Conditions of Employment Act
- The threat from well-established competitors such as Chubby Chicks, Rainbow Chicken and many more
- The threat from rising electricity prices. Eskom shall increase electricity prices by at least 24.8%, this is a threat to the project as its operations will be more costly and thus force the project to pass on the additional costs to consumers. This is a threat to the project as it has potential to result in reduced sales and profits
- Indirect competition from distant emerging commercial and subsistence farmers and other small players in the industry
- The intensity of rivalry amongst players
- The threat from suppliers – in the case of feed, there is a threat of rising feed costs
- The threat from substitutes or alternative protein rich food
- The threat from changes in customer preferences as well as the fact that eggs are generic products that customers can buy from other food stores

Chapter Three: Dr. Kenneth Kaunda District Municipality Agri-Park Strategy

6. Dr. Kenneth Kaunda District Municipality (DC40)

Spanning an area of 14 642km², Dr Kenneth Kaunda District Municipality in the North West province is located 65km south-west of Johannesburg and borders the Gauteng province on that side. The municipality consists of four local municipalities: Tlokwe City Council, City of Matlosana, Maquassi Hills and Ventersdorp.

It is a region with a rich and diverse natural and cultural heritage, with the potential for sustained economic growth. The region is home to some of the most prominent gold mines in the world and one of the oldest meteor impact sites in the world.
The district is serviced by a number of primary roads, with the N12 Treasure Corridor forming the main development axis in the district and serving as a potential concentration point for future industrial, commercial and tourism development.
Cities/Towns: Hartbeesfontein, Klerksdorp, Leeudoringstad, Makwassie, Orkney, Potchefstroom, Stilfontein, Ventersdorp, Witpoort, Wolmaransstad.

The district IDP is the most comprehensive document that expresses the district plan to develop and grow in all aspects. Importantly for the envisaged Agri-Park, the Dr. KKDM IDP addresses the DGDS, rural and agrarian development, district road, water, electricity and other infrastructure development.

For example in their DGDS, under the Agriculture and Rural Development Pillar, the district intends to address backlogs in basic needs, capacitate and empower cooperatives and emerging farmers and to finance infrastructure, machinery and agro-processing technology and skills, whilst also promoting efficient land usage and environmentally sustainable agricultural production.

Outcome 7	Vibrant, equitable and sustainable rural communities
Outputs	1) Sustainable agrarian reform with a thriving farming sector 2) Improved access to affordable food – maize crop massification. 3) Improved rural services to support livelihoods 4) Improved employment and skills development opportunities 5) Enabling institutional environment for sustainable and inclusive growth
Vision	The Dr. KKDM Agri-Park will be a catalyst for rural economic development/industrialisation ensuring development and growth in order to improve the lives of all communities in the district.
Mission	Our mission is to strive for a viable and sustainable Agri-Park, delivering good returns for smallholder and emerging Farmers, investors, customers, Black entrepreneurs, tenants, its owners and all communities in the district.
Goal	By 2025 DR.KKDM's rural areas and small towns would be transformed into thriving areas in terms of jobs, food security and opportunities to prosper.

6.1 District Spatial Development Framework

Dr. KKDM IDP Relevant Goal and Objectives		Dr. KKDM Agri-Park Alignment
Overall Objective	**Building vibrant, equitable and sustainable rural communities with food security for all**	**Yes**
Objective 1	Support municipalities with the development of integrated land use management schemes	Yes
Objective 2	Ensures that Comprehensive Agriculture Rural Development (CARD) Programme is implemented to the fullest	Yes
Objective 3	Supporting National Rural Youth Service Corps (NaRYSeC) that complement CARD Programme	Yes
Objective 4	Assisting in redistribution of land back to the rightful owners without hindering with the agricultural developments and settlement of all outstanding land claims in the district.	Yes
Objective 5	Persuading possibility of provision of suitable land for sustainable human settlement, industrial, economic and recreational development	Yes
Objective 6	Establishment of functional monitoring mechanism that will forever follow on the progress and planning of rural development in total	

6.2 Dr. KKDM Economy

The district is a relatively prosperous and dynamic region of South Africa. Its quality of life is amongst the best that South Africa has to offer, reflected in its high average incomes, extensive access to basic infrastructure, world-class medical and educational facilities, and relatively low rate of serious crimes. Its excellent location, healthy climate and access to the largest markets in Africa make this area an ideal location for business.

The sectors with most potential are agriculture, agro-processing, pharmaceuticals, environmentally-friendly technologies, tourism, composite materials manufacturing, chemicals and fertilizers, property development, information and communications technology, education and training services and health services. In order of their contribution to the district's GDP, the main economic sectors of Dr Kenneth Kaunda District Municipality are: Mining (19.6%), Trade (17.3%), Finance (16.2%), Government (13.8%), Transport and Communications (9.1%), Manufacturing (8.8%), Services (8.0%), Construction (3.5%), Agriculture (2.3%). Initially, the district had targeted the following key economic development projects, namely: Ventersdorp Vineyard Project; Maquassi Hills Piggery Project; Matlwang Vegetable Project; Schikenmaster Meat Processing Plant.

6.3 DR. KKDM Strategic Intent

The proposed DR. KKDM strategic intent below reconciles the strategies and objectives of the district municipality as extracted from the IDP with those of the NDP (Outcome 7) and those of the Agri-Park development policy. This alignment is crucial to ensure that the development and implementation of the Dr. KKDM Agri-Park whilst driven by national enjoys all the necessary support of the Dr. KKDM as expressed in the Dr. KKDM IDP.

To achieve the stated Agri-Park Goal, the following objectives aligned to the Agri-Park draft policy framework are proposed for the implementation of Dr. Kenneth Kaunda DM Agri-Park:

(A) Objective 1: Transformation and Modernization

Proposed Objective One for Dr. Kenneth Kaunda DM Agri-Park –

- To transform and modernise rural areas and small towns in Dr. Kenneth Kaunda DM through the development of the Agricultural sector over the next 10 years.

The proposed objective among others, addresses issues indicated in the Agri-Park draft policy framework, including:

One of the Agri-Park draft policy provisions seeks to contribute to achievement of the NDP's "inclusive rural economy" and target of 1 million jobs created in agriculture sector through creating higher demand for raw agricultural produce, primary and ancillary inputs, as well as generating increased downstream economic activities in the sector.

Transformation: The Agri-Parks Programme forms part of the 2011 Green Paper on Land Reform policy review and reformulation process, which has been undertaken with a view to generate reforms that effectively address issues relating to tenure insecurity, food insecurity, rural underdevelopment and inequity in the agricultural sector. 'Agrarian transformation' denotes the 'rapid and fundamental change in the relations (meaning systems and patterns of ownership and control) of land, livestock, cropping and community'. The objective of the strategy is social cohesion and inclusive development of rural economies, in which rural-urban linkages are considered crucial in generating such inclusivity. A transformed rural economy is also inclusive of communal areas, commercial farming areas, rural towns and villages that can be organized to support both agricultural and non-agricultural sectors.

Modernisation: The Agricultural Policy Action Plan (APAP) is thus a programmatic response in achieving the above. The Agricultural policy plan vision statement is "***An equitable, productive, competitive, profitable and sustainable Agriculture, Forestry and Fisheries Sector" growing to the benefit of ALL South Africans".*** The APAP has 4 policy levers which seek to modernise the agricultural sector, among others for example:

<u>Equitable Growth and Competitiveness</u>

- Promoting import substitution and export expansion through concerted value chain/commodity strategies;
- Reducing dependence on industrial and imported inputs;

- Increasing productive use of fallow land; and
- Strengthening R&D outcomes.

(B) Objective 2: Agri-Park Infrastructure Development

Proposed Objective Two for Dr. Kenneth Kaunda DM Agri-Park –

- To develop an integrated and networked **Agri-Park Infrastructure** over the next 10 years.

According to the Agri-Park draft policy framework, Agri-Park Infrastructure Development must be based on existing and new business plans, infrastructure assessment and commodity and market requirements. This must consists of:

- Formulating infrastructure plans for each Agri-Park and ensuring alignment of plan with key infrastructure programmes, which requires consideration of: Agri-Park size; local building codes, health, sanitation issues; vehicle access and parking requirements; plot size and numbers; and, extent of space needed for common infrastructure facilities (e.g. laboratories, warehouses, quarantine, power generation plant, telecommunications, effluent waste treatment etc.);

- Working out logistical details including those concerning roads, communication networks, energy, bridges, water, and transport;
- Constructing and operationalizing the Agri-Parks, including working out logistical details.

(C) Objective 3: Agri-Park Governance and Management

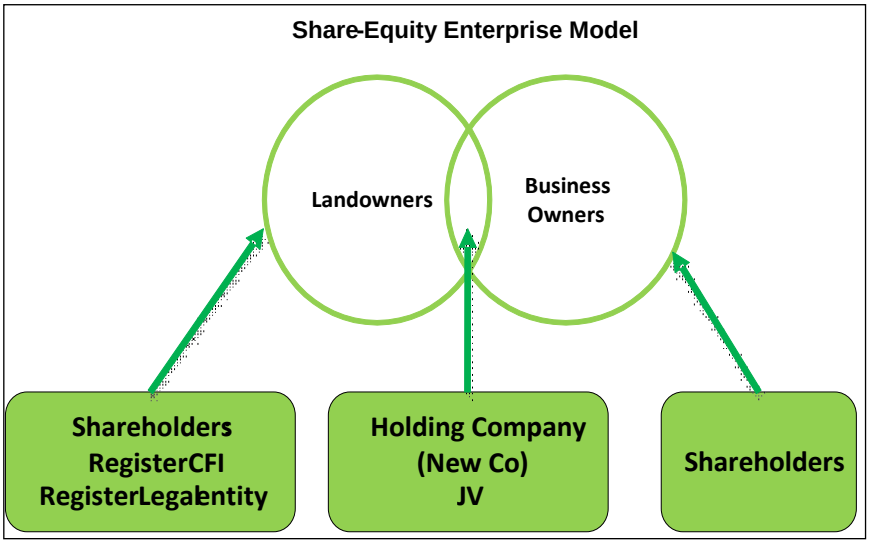
Proposed Objective Three for Dr. Kenneth Kaunda DM Agri-Park –

- To facilitate the establishment and implementation of a sustainable **Agri-Park governance and management** model over the next 3 years.

To enhance agricultural productivity, the Agri-Park is to:

- Enabling producer ownership of 70% of the equity in Agri-Parks, with the state and commercial interests holding the remaining 30% minority shares (see Figure 6 below); and,
- Allowing smallholder producers to take full control of Agri-Parks by steadily decreasing state support over a period of ten years.

Figure 2: Share-Equity Model



Box 1: Proposed Governance and Management Model for Dr. Kenneth Kaunda DM Agri-Park –

In response to the Agri-Park draft policy framework share-equity model, a number of principles help to guide the ownership, governance and management question of the envisaged Dr. Kenneth Kaunda DM Agri-Park, namely:

- ***Guiding Principle 1***: An Agri-Park must provide for Emerging Farmer/Producer ownership of the majority of Agri-Parks equity (70%), with the state and commercial, including Commercial Farmers, interests holding minority shares (30%). Simultaneously, all the shareholders must not view an Agri-Park as an immediate financial benefit vehicle. Rather, it must be considered as a vehicle to drive sustainable rural industrial development to secure the future of the affected rural community.

  In practice, this suggest that profits generated by the Agri-Park Holding Company (Secondary Cooperative) must be ploughed back into expanding the Agri-Park infrastructure (industrial Park) or into necessary community socio-economic development projects and, in that way, slowly but surely building a stronger rural economy and community.

- ***Guiding Principle 2***: As the Lead Sponsor, the DRDLR must appoint a suitably qualified and experienced Agri-Park Manager who will facilitate the formal establishment of the Agri-Park and its constituent institutional arrangements to ensure that the Agri-Park (at FPSUs and Agri-Hub levels) provides a comprehensive range of Farmer Support Services for farming excellence.

  Practically, the organization and management of the Agri-Park, through its constituent Hub, FPSUs and RUMC, would be best optimized through the five abovementioned business units to provide services to Farmers and their communities, namely;
  - Sourcing and supplying Farmers will all necessary farming inputs i.e. Farmers' shops or wholesaling.
  - Providing access and linkages to farming technical services like processing facilities, farming technologies and laboratory services ensuring that Farmers yield high quality and quantity of maize.
  - Promoting and ensuring investment within the Agri-Park sites/units in agri-processing and

manufacturing activities linked to the main commodity that belies the Agri-Park
  - Providing easier access to a comprehensive range of farming business and financial support services.
  - Providing Farmers with market intelligence and market access support for farm produce, including manufactured agri-products, to gain maximum local and export market access. This function will be best located under the Rural Urban Market Centre (RUMC) which is an invariable component of each envisaged Agri-Park in South Africa.

- ***Guiding Principle 3:*** The Agri-Park will be subject to influence and support of the government especially through DAMC, DAPOTT, DLRC, PAPOTT, NAPOTT for purposes of initiating implementing and sustaining Agri-Park operations.

  Practically, the main task of the Agri-Park Manager will be to ensure that optimum cooperation and alignment is maintained between the Agri-Park and the abovementioned government initiated and supported institutions**.**

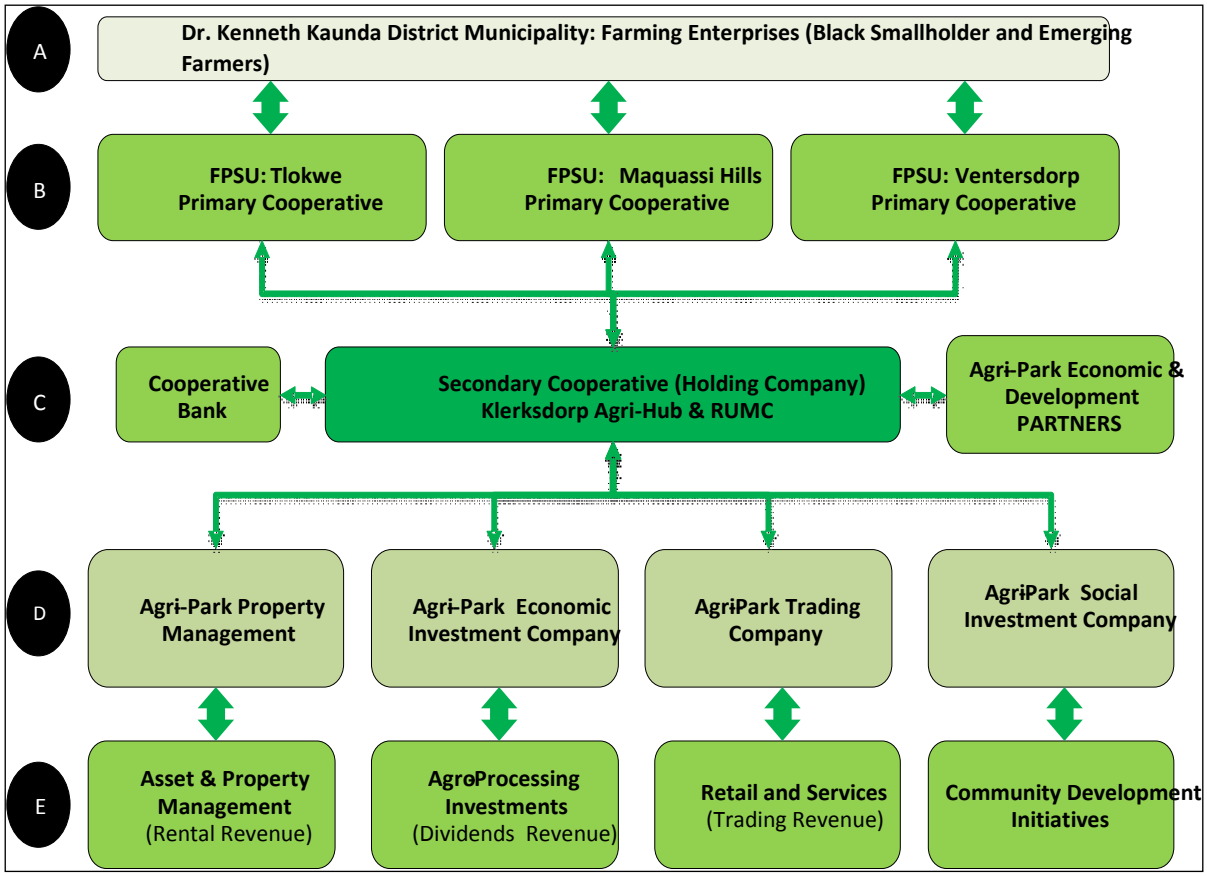
The table 9 and figure 16 below outlines a proposed Agri-Park ownership, governance and management model

Table 9: **Proposed Agri-Park Ownership, Governance and Management Model**

Level	Ownership	Governance	Management
A	Independently-owned Small-folder Farms and Farming Enterprises. However, these could also include local Commercial Farmers	Private Governance arrangements linked to legal ownership status of the farming enterprise.	Private management arrangements decided upon by each farming enterprise
B	A group of Farmers, at least 5 Members, will form and register a Primary Cooperative whose mission is to serve their common farming needs and interests. E.g. Maize Farmers For the Agri-Park, Farmers will be clustered geographically based FPSU locations and their respective catchment areas. across the district Each cluster will then from and own a Primary Cooperative linked to each FPSU.	The Governance of the Cooperatives must in terms Cooperatives Act 14 of 2005. To assist in this matter, each cooperative is required to develop and adopt a Constitution. . Chiefly, members of each cooperative will be required to elect a Board of Directors, to serve for two years, whose main responsibility will be to manage the business affairs of the cooperative. The business affairs of the Cooperative must be audited and Audited Reports, including Audited Financial Statements must be presented to	Board of Directors whose main responsibility will be to manage the business affairs of the cooperative. To dispense with its management duty, the Board has the power to appoint staff and engage external expert service providers.

Level	Ownership	Governance	Management
		Members at each AGM.	
C	A Secondary Cooperative is formed and owned by a two or more Primary Cooperatives. The main responsibility of the Secondary Coop is to serve the common farming needs and interests of the Primary Coops. E.g. Commodity marketing or bulk sourcing of inputs.	The Governance of the Cooperatives must in terms Cooperatives Act 14 of 2005. To assist in this matter, each cooperative is required to develop and adopt a Constitution. . Chiefly, members of each Secondary Coop will be required to elect a Board of Directors, to serve for two years, whose main responsibility will be to manage the business affairs of the cooperative. The business affairs of the Cooperative must be audited and Audited Reports,	Board of Directors whose main responsibility will be to manage the business affairs of the cooperative. To dispense with its management duty, the Board has the power to appoint staff and engage external expert service providers. It is proposed that the Board Members of a Secondary Cooperative comprise of at least one Board Member from each of its member Primary Cooperatives in order to streamline strategic thinking.
D	The Agri-Park Holding Company will establish and/or wholly or partly acquire a range of special- focus enterprises covering property management, economic investment, trading and social investment. Thus ownership of the said enterprises will either be 100% or spilt with external investors.	The special-focus enterprises will be separate legal entities (Juristic Persons) with own governance and audit arrangements suitable for each enterprises. As a subsidiaries, each enterprise will report to and account to the Agri-Park Holding Company. It will be advisable that the Board Members of the Holding Company be included in the governance arrangements of the special focus enterprises in order to bear influence upon them.	Each special-focus enterprise will assemble its own management arrangements best suited for its core business. However, the Agri-Park Holding Company will provide strategic management and performance direction to each special-focus enterprise.

Figure 16: **Proposed Dr. KKDM Agri-Park Ownership, Governance and Management Model**



(D) Objective 4: Agri-Park Funding

Proposed Objective Four for Dr. Kenneth Kaunda DM Agri-Park –

- To facilitate funding, and investment for the development of the **Agri-Park** over the next 5 years.

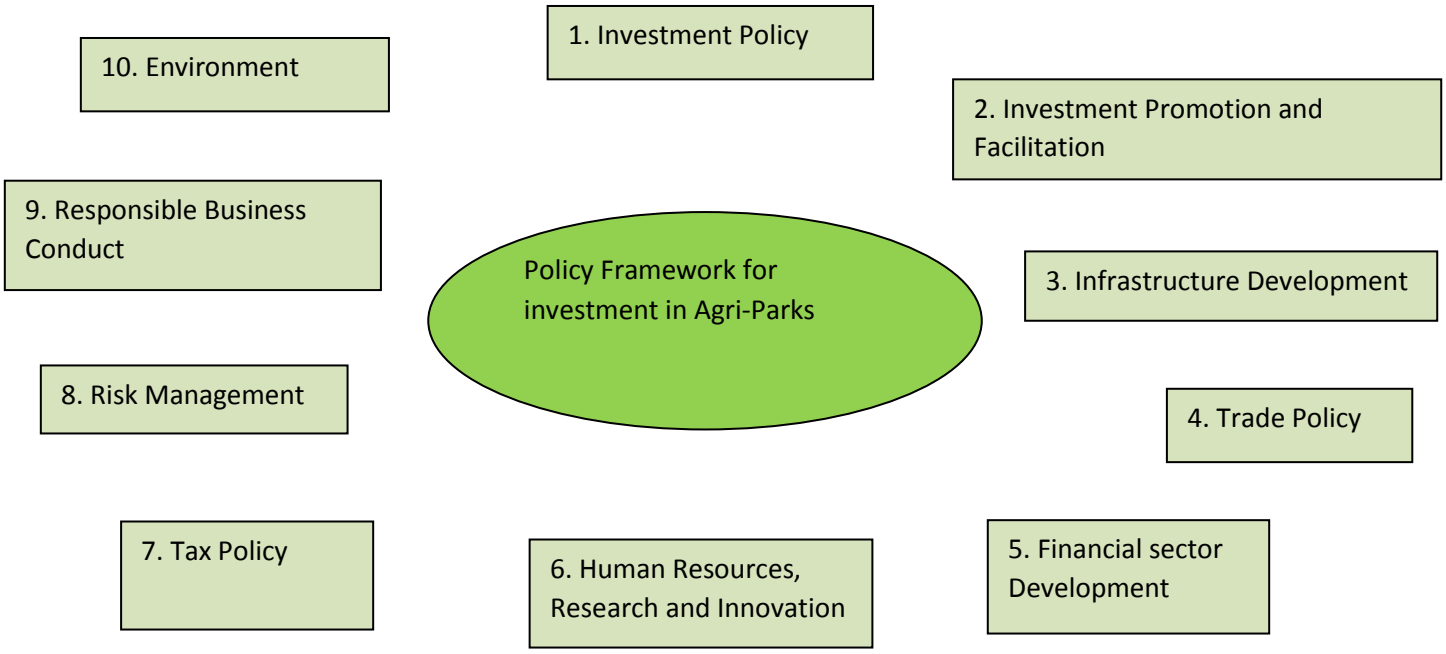
The Agri-Park initiative of Government offers small scale farmers the unique opportunity to become viable and profitable business owners. To achieve these two things need to happen. Firstly it is to see agriculture amongst smallholder, family farms and emerging farmers as a business. The more it is treated as a business, a way to create wealth, the more it will promote development and improve people's lives in rural areas. Secondly, is to provide financing and funding and attract investment in Agri-Parks that will transform family owned farms, smallholder and emerging farmers into market orientated commercial producers.

The renewed emphasis on and need for rural development in South Africa exposes the limited capacity of the Development Finance System(DFS) and other development agencies to transform the rural economy and reach marginalised enterprises in rural areas, notably the former Bantustans, where many of these Agri-Parks will be formed. This limitation is in line with the general inefficiency of the enterprise finance segment of the DFS. Improved coordination and collaboration is clearly a core requirement for successful rural development

financing, particularly within an institutional reality of differentiated roles and responsibilities amongst a number of State entities (and to which number one could then add the multitude of private sector and community entities). Government could create a platform that could oversee and direct improved collaboration between different role players in providing rural finance. This could be initiated by establishing an inclusive national rural financing forum. The most obvious location for this would be the National Rural Development Agency (RDA) and Financing Facility, which the DRDLR has indicated it intends establishing. As the national government Department with the mandate for rural development, DRDLR would be the champion and shareholder of the RDA

- **Proposed Policy Investment Framework for Investing in Agri-Parks**

Private (commercial farming agri-businesses, banks, processors, venture capitalists, investment companies, Agri-BEE entrepreneurs, agri-cooperatives (Senwes, GWK, VBK, etc), etc and non-private sector investment (not-for-profit organisations, stokvels, state development finance institutions, international development finance institutions, foreign donor partners, etc are essential if Agri-Parks are to fulfil their vital function of contributing to rural economic development, poverty reduction and food security in districts. A wide range of private and non-private sector investors are already involved in agriculture in South Africa, the trick is to attract them to invest in Agri-Parks and ensuring that the investment is sustainable.



Source: Adapted from OECD, 2013

- **Proposed Policy Investment Framework for Investing in Agri-Parks**

I. Investment Policy:

The quality of investment policies directly influences the decisions of all investors. Transparency, policy coherence and stability, and non-discrimination can boost confidence. Secure access to energy and water, well-functioning input and output markets and effective mechanisms for enforcing contracts and good governance and management of parks are also critical in attracting investment.

II. Investment Promotion and Facilitation

By highlighting profitable investment opportunities and providing investment incentives, investment promotion and facilitation measures can be effective instruments to attract Agri-Park investment provided they aim to leverage the comparative advantage of the district's agricultural potential.

III. Infrastructure Development

Well-developed rural infrastructure, including good irrigation networks and transportation and storage systems and a reliable access to energy and to information and communication technologies, can effectively attract private investors in Agri-Parks.

IV. Trade Policy

Open, transparent and predictable agricultural trade policies can improve the efficiency of resource allocations both domestically and across borders, thus facilitating scale economies, boosting productivity and rates of return on investment and fostering food security.

V. Financial Sector Development

Efficient financial markets (formal and informal) can allocate capital to innovative and high return investment projects of both large and small agricultural investors, thus increasing revenues and generating economic activities.

VI. Human Resources, Research and Innovation

Strong human capital and dynamic agricultural innovation systems are critical to attract further investment in Agri-Parks. Policies should support high-quality education and well-functioning extension and advisory services to enhance human capital. They should promote partnerships between national, local and international research, better connect research with demand and effectively protect intellectual property rights (e.g. ICT) to build effective innovation systems.

VII. Tax Policy

Sound tax policy enables districts and local municipalities to raise revenue while attracting further investment from both large (agribusiness, commercial farmers, BEE-entrepreneurs, etc and small investors (cooperatives, "agropreneurs", stokvels, etc).

VIII. Risk Management

There is much skepticism and doubt about Agri-Parks as new phenomena in South Africa, effective risk management instruments (insurance, forward contracts, extension services, government encouraging diversification, etc) can mitigate this risk, thus ensuring Agri-Park investors a more stable income and creating a predictable environment favourable to investment.

IX. Responsible Business Conduct

Policies promoting recognized principles for responsible business conduct (RBC) (laws and regulations, communicate RBC norms and standards, support investors' efforts and inter-governmental consultations) help attract Agri-Park investments that are both environmentally and socially sustainable, thereby bringing both short-term and long-term economic and development benefits to investors.

X. Environment

Strong and well-enforced environmental policies contribute to both attracting responsible investors and ensuring a sustainable use of existing natural resources, in particular land and water, renewable energy, integrated waste management thereby fostering long-term food security and mitigating climate change.

(E) Objective 5: Agri-Park Farmers and Communities Development

Proposed Objective Five for Dr. Kenneth Kaunda DM Agri-Park –

- To provide technical support and extension services to **Agri-Park** beneficiaries over the next 10 years.

The challenge now facing family farms, small-scale and emerging farmers are to transform their agricultural production which prevails on both communal and private own land to a vibrant commercial production system. The industry needs to stop thinking of small-scale farmers as family farmers (implies a struggle to survive and not an effort to build a business that thrives). One way of achieving this is to develop an inclusive and equitable farmer development framework, to ensure improved market linkages, to develop the relevant management, market access, production and business skills among developing farmers, and to ensure that the appropriate infrastructure is in place to subsequently create a vibrant commercial production system. Small-scale and emerging farmers are fully capable of becoming profitable business entrepreneurs. The development of a production system and plan becomes imperative for Government, non-governmental organisations and the private sector to provide small-scale farmers with the technical support and extension services to thrive.

- Capacity-building and support to smallholder farmers and communities through provision of land, education, training and development, farm infrastructure, extension services, production inputs and mechanization inputs (all of which should be aligned to priority commodities as set out in the APAP);
- Developing detailed production and capacity building (in situ training) plans for farms located in proximity of identified Agri-Park and FPSUs sites;
- Support and assist farmers organise themselves into agro-clusters around the FPSUs and AHs;
- Ensuring access of producers to improved infrastructure (water, irrigation, energy, roads, information, communication and technology) to carry products through the value chain process and to markets, as well as sharing critical market information;
- The provision of agricultural extension services allows farmers to be informed of new agricultural technologies (especially ICT), obtain advice on best agricultural practices (including video links), and obtain assistance with dealing with adverse shocks such as insect infestation or plant disease (Dercon et al., 2006)**;**
- Establishment of Cooperative/Village Banks at FPSUs and AHs;
- Research and development in innovative ITC platforms (agricultural data, information and statistics);
- Establishing preferential procurement mechanisms to both promote the entrance of new producers and other entrepreneurs, as well as support existing ones; and,
- Finalizing off-take agreements per each identified commodity and Agri-Park.

(F) Objective 6: Agri-Park Implementation Capacity

Proposed Objective Six for Dr. Kenneth Kaunda DM Agri-Park –

- To enhance the capacity and capability of officials responsible for the implementation of the Agri-Parks over the next 3 years.

A. Creating and institutionalizing technical and operational tasks teams to manage all phases of Agri-Park development and implementation;
B. Establishing the proposed National Agri-Park Project Support Facility, which will coordinate and support district-based operational teams;
C. Coordinating Agri-Park development with other DRDLR programmes targeted at increasing the pace of land acquisition and redistribution;
D. Organization and mobilization of stakeholders and communities residing in identified site localities through participatory consultation on Agri-Parks model, site selection and identification of production areas to receive support;
E. Conducting a Socio-economic analysis for each of these areas, in which district connectors (gateways), areas of economic growth/ decline, economic functional zones are all identified; and income, employment statistics and access to utility services data (to water, sanitation, energy etc.) is collated;
F. Conducting a National spatial, commodity, value chain and market analysis to determine target sites through identification of high value commodities, growing production areas and available infrastructure;
G. Generating site specific maps containing district specific narratives and selection criteria for initial identification of sites;
H. Further development of evaluation criteria for assessing Agri-Parks proposals;
I. Weighing each Agri-Park proposal against this evaluation criteria and other important findings from previous analyses to make final determinations on Agri-Park sites; and,
J. Signing resolutions for the establishment of Agri-Parks with each District Municipality identified.

Chapter Four: Dr. Kenneth Kaunda District Agri-Park Infrastructure Plan

7. Dr. KKDM Spatial Development Framework (SDF)

"The SDF proposes that the ultimate vision of creating vibrant, equitable and sustainable rural communities will be achieved through a three-pronged strategy based on:

- a coordinated and integrated broad-based **agrarian transformation**;
- strategically increasing **rural development**; and
- an **improved land reform programme"**[14]

Borrowing from the above statement linked to Spatial Development Planning in DR.KKDM, it is clear that the district's spatial development framework emphasizes and will support agrarian development, thus creating the context for the Agri-Park success.

In the ensuing section, the location of the Dr. KKDM Agri-Park is mapped around the following elements:

- the socio-economic make-up of the district;
- a specific focus on agricultural activities within the said district,
- the Agri-Park Spatial Layout mapping it out and defining it around the maize, the core commodity.

7.1 DR.KKDM: Local Municipalities Demographics and Economy

Table 10: Dr. Kenneth Kaunda District, Local Municipalities

#	Local municipalities	Seat	Area (km²)	Population (2011)
1	Matlosana Local Municipality	Klerksdorp	3 561km²	398 676
The City of Matlosana Local Municipality (previously City Council of Klerksdorp) is situated within the Dr Kenneth Kaunda District Municipality and integrates the towns of Hartbeesfontein, Klerksdorp, Orkney and Stilfontein. The municipal area covers the central part of the Kenneth Kaunda District municipal area and is bordered by Tlokwe (Potchefstroom) municipal area in the East; Maquassi Hills municipal area in the West; Ventersdorp Local Municipality in the North-East and the Free State province in the South. Matlosana Municipal area is also situated on the N12 Treasure Corridor (SDI) linking the municipal area with Gauteng province in the East and the Northern Cape in the South West. According to estimates based on Stats SA / Global Insight the total population of Matlosana is estimated at 401,122 people of which 353,790 (88,2%) is urbanized and 47,332 (11,8%) are rural. The largest concentration of people in the Dr Kenneth Kaunda District Municipality is situated in the City of Matlosana (44.1%). **Economy**: The main *Economic Sectors of Matlosana are m*ining, agriculture, manufacturing, services, construction and transport. In terms of Census 2011, unemployment in Matlosana stood at just over 33% down from 40% in 2001.				
#	Local municipalities	Seat	Area (km²)	Population (2011)
2	Tlokwe Local Municipality	Potchefstroom	2 674km²	162 762
Tlokwe City Council Local Municipality is situated on the N12 route that connects Johannesburg and Cape Town via the city of Kimberley. This municipality will be amalgamated with the Ventersdorp Local Municipality after the 2016 local government elections The main railway route from Gauteng to the Northern and Western Cape also runs through the municipality's main city, Potchefstroom. The City is 145km south-east of OR Tambo International Airport but has its own airfield, which can accommodate bigger aircraft and was formerly a military air base. Potchefstroom is thus a very accessible city that welcomes business, trade and manufacturing. With the well-developed infrastructure of Potchefstroom, it has been able to sustain a positive economic growth rate throughout the transition period in South Africa and, together with its abundance of water and electricity, holds great				

[14] Dr. Kenneth Kaunda (2015-16) IDP Draft Review

opportunities for future growth. Potchefstroom is situated in the North West province and is one of the four municipalities of the Dr Kenneth Kaunda District Municipality.

Economy: The m*ain economic sectors of Tlokwe comprise* Community (43%), Trade (13%), Finance (13%), Agriculture (10%), Manufacturing (7%), Transport (6%), Mining (5%). While Ventersdorp to the north-west of Potchefstroom focuses on agricultural activity, Potchefstroom's economic activity is driven by services and manufacturing. A big role-player in the provision of services in Potchefstroom is the world-class North-West University, which has its main campus in Potchefstroom. Regarding manufacturing, Potchefstroom's industrial zone has many companies, focusing mainly on the industries of steel, food and chemicals, with big entities such as King Korn, Kynoch, Naschem and the Soya Protein Process (SPP) company. This makes Potchefstroom a very important role-player in the economy of the North West province as provision here is made for local, national and international markets. Within the city centre, the infrastructure of Potchefstroom supports roughly 600 businesses. The addition of the newly built Mooirivier Mall has expanded commercial options for many businesses. Furthermore, a wide range of medical practices, together with other service-related businesses, are readily available all around the city.

#	Local municipalities	Seat	Area (km²)	Population (2011)
3	Maquassi Hills Local Municipality	Wolmaranstad	4 643km²	77 794

Maquassi Hills Local Municipality is situated within the Dr Kenneth Kaunda District Municipality and comprises the towns of Leeudoringstad, Makwassie, Witpoort and Wolmaransstad.

Economy: The m*ain economic sectors of Maquassi Hills are a*griculture (49%), domestic (17%), community services (15%), manufacturing (14%).The municipality is an agriculture-based municipality, where both livestock and crops are being farmed. Most of its income is derived from the agricultural sector. It has a small-scale diamond mining industry. Maize and small-scale maize beneficiation incubator; diamond cutting and polishing project development and implementation support; regional manufacturing centre; inter-regional retail and distribution development node are some of the key economic development projects targeted for this municipality. There are also a number of investment opportunities in Maquassi Hills including an industrial/commercial park in Wolmaransstad; N12 development node and transport-related industries and services (truck stop) are identified along the N12; various areas with high agriculture potential, especially towards the southern and western parts of the municipality.

#	Local municipalities	Seat	Area (km²)	Population (2011)
4	Ventersdorp Local Municipality	Ventersdorp	3 764km²	

Ventersdorp Local Municipality is situated within the Dr Kenneth Kaunda District Municipality and comprises the only town of Ventersdorp . This municipality will be amalgamated with the Tlokwe City Council Local Municipality after the 2016 local government elections. The employment within Ventersdorp area is at the very low level, majority of young people are unemployed about 34% youth unemployment rate. As indicated by Census 2011 almost 66% of Ventersdorp local municipality citizens are unemployed, of which 46% is not economically active

Economy: Municipality is an agriculture-based municipality, where both livestock and crops are being farmed. Most of its income is derived from the agricultural sector. Ventersdorp is surrounded by farms, which are the main employers within the municipality, with a small number employed by the local retail trade sector and government. *The main economic sectors of Ventersdorp are a*griculture (49%), manufacturing (20%) and community services (14%). Initailly, the municipality has identified a srange of local economic development projects that include hawkers' shelters; Tshing Cultural Village, inland fish farming; olive oil; sorghum processing plant; youth advisory centre and the Ventersdorp agri-hub. Moreover, the municipality has a number of investment projects that include N14 urban development projects bonded houses and social houses; N14 roadside shopping complex; Klerkskraal development (golf estate and recreational park) and recording studios and entertainment zone.

Source: (Stats SA, 2011) and (Stats SA, 2015)

7.2 Dr. Kenneth Kaunda District Municipality: Local Municipalities Agriculture

The following is a list of various farming support development projects led by the Department of Rural Environment Agriculture Development (READ). Notably, amongst them are projects that will benefit immediately and directly from the envisaged Dr. KKDM Agri-Park. Hence. the importance of linkages.

Implementing Department	NAME OF PROJECT	PROJECT DESCRIPTION	LOCAL MUNICIPALITY	WARD	NAMES OF VTSD	Start Date (YYMM)	End Date (YYMM)	Total Project Cost R' 000	Budget [2015/16] R' 000
READ	Mukhithi Layers	Layers	Matlosana	4	Kafferskraal	01 April 2015	01 March 2016	R 1 770	R 1 770
READ	Bokamoso Piggery	Piggery production	Matlosana	34	Khuma	01 April 2015	01 March 2016	R 2 433	R 2 433
READ	Dirang Mmogo	Horticulture production	Matlosana	6	Jouberton	01 April 2015	01 March 2016	R 360	R 360
READ	Ikageng CPA	Horticulture production	Matlosana	1	Tigane	01 April 2015	01 March 2016	R 360	R 360
READ	Klerksdorp Abattoir	Processing of meat	Klerksdorp	3	Klerksdorp	01 April 2015	01 March 2016	-	R 8 000
READ	Nku Layers	Layers	Tlokwe	21	Buffelsdoring	01 April 2015	01 March 2016	R 1 746	R 1 746
READ	Motloung Family	Piggery production	Tlokwe	20	Machave	01 April 2015	01 March 2016	R 1 659	R 1 659
READ	Pork Processing Plant	Processing of pork and value adding	Tlokwe	2, 3	Tlokwe	01 April 2015	01 March 2016	R 100 000	R 4 500
READ	Re Shoma Ka Kutlwano	Broiler production	Maquasi Hills	10	Boskuil	01 April 2015	01 March 2016	-	R1 585
READ	Savuka Piggery	Piggery production	Maquasi Hills	10	Oersonskral	01 April 2015	01 March 2016	R 2 393	R 2 393
READ	Thusano CPA	Grain production	Maquassi Hills	8	Klipfontein	01 April 2015	01 March 2016	R 671	R 671
Total								R 3 064	R 4 649
READ	Daniel Soya	Grain production	Ventersdorp	5	Goedgevonden	01 April 2015	01 March 2016	R 671	R 671
READ	Segomotso Nqwebo	Grain production	Ventersdorp	3	Boikhutso	01 April 2015	01 March 2016	R 671	R 671
READ	Simon Makhutle	Grain production	Ventersdorp	4	Buffelsvlei	01 April 2015	01 March 2016	R 671	R 671
READ	Moloko Zeze	Grain production	Ventersdorp	5	Boikhutsong	01 April 2015	01 March 2016	R 671	R 671
READ	Bareng Batho Agric Projects	Horticulture production	Ventersdorp	5	Sterkstroom	01 April 2015	01 March 2016	R 719	R719

7.3 Dr. Kenneth Kaunda District Municipality: Proposed Agri-Park

An Agri-Park (AP) **is *not* only physical buildings** located in single locations (like ordinary industrial parks) per district ***but*** it is defined as:

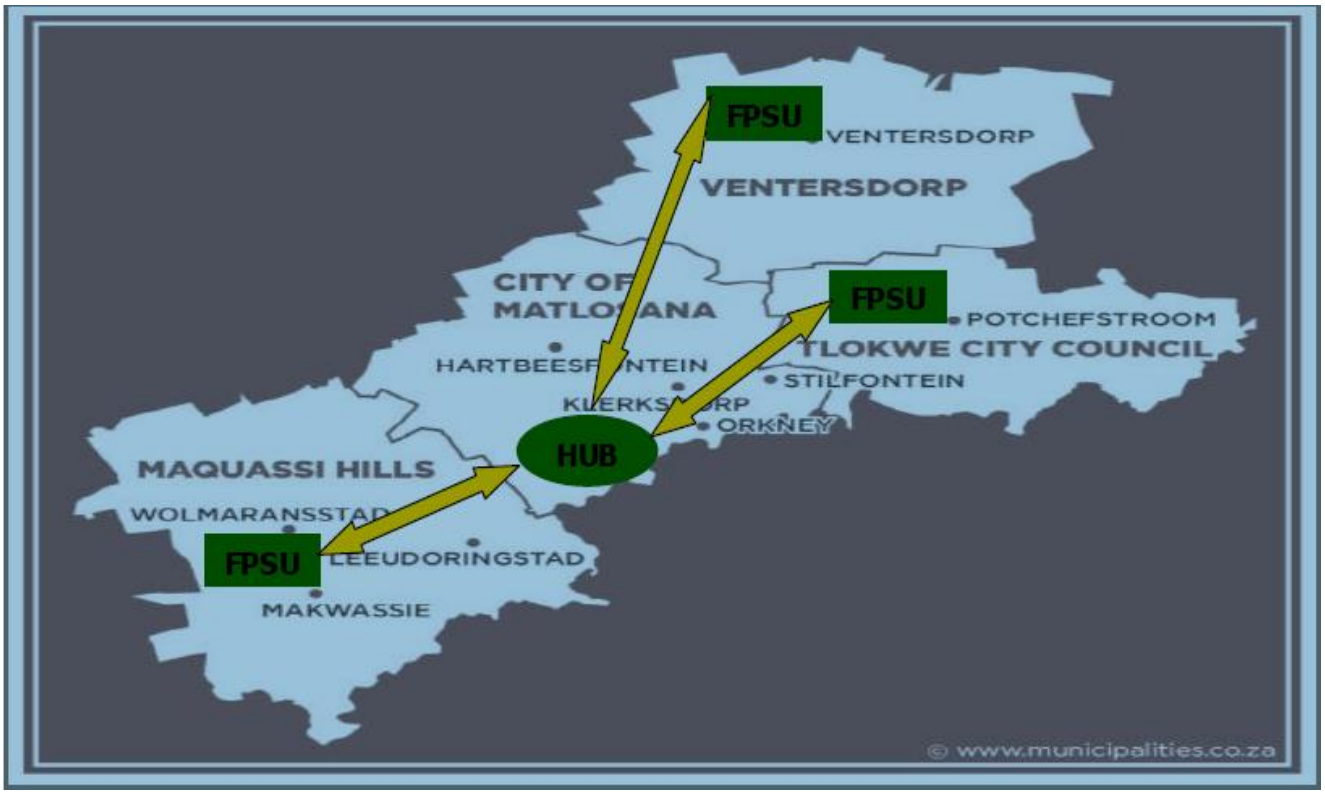
- A ***networked innovation system*** of agro-production, processing, logistics, marketing, training and extension ***services*** located in a District Municipality. As a network, it **enables** the **growth** of market-driven ***commodity value chains*** and contributes to the achievement of ***rural economic transformation***
- An **Agri-park** contains three ***service collections***:
  A. Farmer Production Support Unit (**FPSU**) with a focus on primary production towards ***food security***;
  B. Agri-Hub (**AH**); and
  C. The Rural Urban Market Centre (**RUMC**)

7.3.i Dr. KKDM Agri-Park Units/Sites Mapping

The initial makeup of the Dr. KKDM Agri-Park will be laid out in terms of the location and spread of Farmer Production Support Units, the Agri-Hub as well as the Rural Market Centre as depicted in Fig. 17 below. Idealy, all the constituent local municipalities must participate in the Agri-Park and that to ensure that, indeed, the Agri-Park is a district-wide networked system of agro-production, processing, logistics, marketing, training and extension services.

The following mapping and location of the various Agri-Park sites by way of the Agri-Hub, the FPSU and the RUMC as decided upon by the district.

Figure 17: Conceptual Dr. KKDM Agri-Park Spatial Locations



Below is a tabular representation of the placement of the Agri-Park sites, mapped above in Figure 17, by way of the Agri-Hub, the FPSU and the RUMC as decided upon by the district.

Dr. Kenneth Kaunda District	Location	Key Projects	Development Comments
Klerksdorp Agri-Hub	Klerksdorp	• Poultry Meat Pieces • Animal Feed • Offal Production • Pork Meat Processing • Sausages, Casings • Pig skin leather	Agri-Hub will feature 2 abattoirs/plants for Poultry and Pork processing at the same site.
Goedgevonden FPSU	Tlokwe/Ventersdorp	To be confirmed	To be confirmed
Tiisang FPSU	Maquassi Hills	Piggery Breeding	A small scale piggery already operational
Rural Urban Market Centre	Klerksdorp	Agri-Marketing Office	Office Space Accommodation

7.3.ii Functional Requirements of Dr. KKDM Agri-Park Units/Sites (i.e. Agri-Hub, FPSUs, and RUMC)

(a) The Klerksdorp Agri-Hub should include the following minimum facilities and support services:

- Two meat processing facilities
- Separate Receiving section for live pigs and chickens
- 2 x Abattoirs (Separate Poultry and Pig slaughtering facilities)
- Processing facilities to adda value to birds and carcasses, respectively.
- Separate Large Cold Room Facilities
- Product Dispatch Facilities for releasing stock to the market
- Local market facility to sell poultry and pork products to local and surrounding communities.
- Main Farmers Production Input Supply Facility (a Farmers Shop) of about 4000 m^2 (shop to sell production inputs like fertilizer, chemicals, equipment, small tools, etc).
- Training facilities including lecture halls and lodging for 20 trainees.
- Office space (open plan office with desks), boardroom (2) facilities, internet cafe and secretarial services for local emerging Farmers.

Initially, because it is the nerve centre of the Agri-Park, the Agri-Hub, the industrial enterprises therein must be based on and comprise of the Agri-Park's core commodity and its processing opportunities. Thus,

the ultimate number of factories therein (downstream & upstream) will depend on the processing opportunities offered by the core commodity.

(b) The Farmer Support Units (FPSUs)

According to CSIR (2016), the FPSU is a rural outreach unit connected with the Agri-hub. The FPSU does primary collection, some storage, some processing for the local market, and extension services including mechanisation, as depicted below:

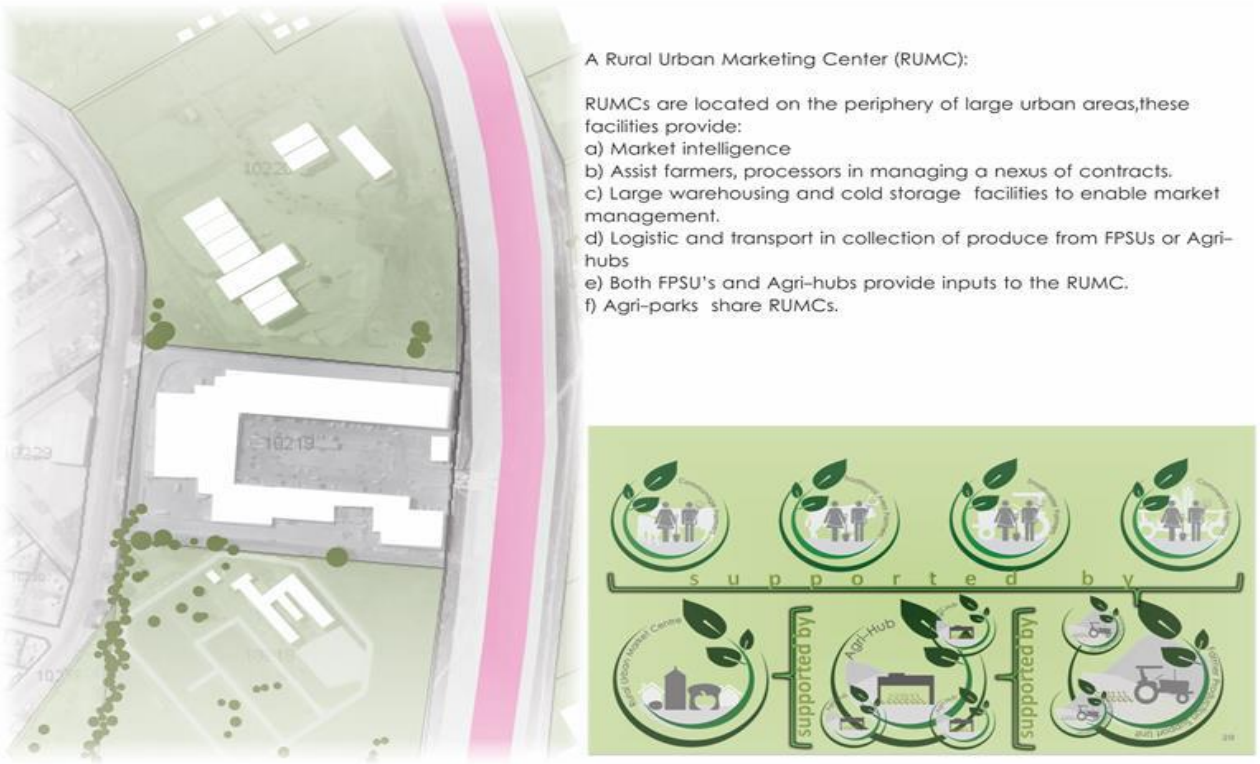
- Small Produce Handling Facility – receipt and dispatch of produce from the poultry and piggery catchment areas surrounding the FPSU.
- Mechanization and Repair Centre.
- Local Market Facility to sell produce locally.
- FPSU production input supply facility (a local branch of the main production input supply facility).
- Small Meeting and internet facility for use by local Farmers.

***(c)* The Klerksdorp Rural Urban Market Centre Unit (RUMC)**

It is proposed that the Dr. KKDM Agri-Park RUMC be situated in Klerksdorp because this is the major commercial hub in the district has three main purposes. Moreover, the Matlosana Airport Expansion Project will also help to connect the RUMC to locations like Johannesburg for purposes of business development by RUMC staff.

Basically, according to the CSIR, the RUMC will serve the following purpose to the Agri-Park:

- Linking and contracting rural (AH's and FPSU's), urban and international markets through contracts.
- Acts as a holding-facility, releasing produce to urban markets based on seasonal trends.
- Provides market intelligence and information feedback, to the AH and FPSU, using the latest information and communication technologies.



DR. KKDM AGRI-PARK Maize Catchment Areas

Below are the distance guidelines for establishing an Agri-Park and its constituent entities stipulated by the DRDLR, with a special focus on distances amongst the entities.

Catchment guidelines for Agri-parks		
GUIDELINES FOR ROLLOUT OF AGR-IPARK UNITS		
COMPONENT	***Proposed catchment area in areas of low farmer density***	***Proposed catchment area in areas of high farmer density***
FPSU	30km	10km
AGRI-HUB	120km	60km
RUMC	250km	150km

A. Agri-Hub Site Assessment – Klerksdorp Agri-Hub in Matlosana Local Municipality

The Agri-Hub is the nerve centre of a fully functional Agri-Park and networks all the operational points of the system. Klerksdorp has been identified as a suitable Agri-Hub for the Dr. KKDM Agri-Park.

A.1 Location and Site

The Dr. KKDM Agri-Hub site is situated in an area marked for new industrial development in Klerksdorp:

- Off the main road from Klersdorp Town to Stilfontein Town
- Cornr Road above and Klerksdorp Aerodrome Road
- On site GIS Coordinates -26.863895, 26.711710
- To the north of this location and about a kilometre or so away, is the Matlosana Mall., of f the N12.

Figure 18: Arial Pictures of Klerksdorp Agri-Hub Site (Source: Google Maps)

The Agri-Hub is the nerve centre of a fully functional Agri-Park and networks all the operational points of the system. According to CSIR (2016)[15], the Agri-Hub is a production, equipment hire, processing, packaging, logistics and training (demonstration) unit.

A.1 Location and Site

Location: The City of Matlosana Local Municipality (previously City Council of Klerksdorp) is situated within the Dr Kenneth Kaunda District Municipality and integrates the towns of Hartbeesfontein, Klerksdorp, Orkney and Stilfontein.
The municipal area covers the central part of the Kenneth Kaunda District municipal area and is bordered by Tlokwe (Potchefstroom) municipal area in the East; Maquassi Hills municipal area in the West; Ventersdorp Local Municipality in the North-East and the Free State province in the South. Matlosana Municipal area is also situated on the N12 Treasure Corridor (SDI) linking the municipal area with Gauteng province in the East and the Northern Cape in the South West.

i. <u>Land Size</u>

Available hectars: The municipality has already allocated land for the Agri-Hub together with land donated to the municipality by the private sector to be used for infrastructure development. The Agri-Hub area is part of the Stilfontein Regeneration Programme However, the actual land size has not yet been determined at the time of this report. Moreover, it is not yet clear if the total land is in one parcel or various parcels in various locations around Matlosana.

Sufficient hectors, either on one parcel or through assembling multiple parcels, to ensure that current and future expansion needs are satisfied. Preference is for parcels held by one owner or not requiring

[15] CSIR; AGRI-PARKS - A Guide to design & plan for sustained & durable benefit; Http://www.citizens.csir.co.za/agri-parks/Process/Agri-parks-Development-Process-Guide.pdf [accessed 13 January 2016]

assembly because timing may be adversely affected. Proposed estimated size of Agri-hub, could be 20-40 hectors (some larger manufacturing (agro-processing) operations may need upwards of 40+ hectors, however, these operations typically select individual, stand alone sites).

Site Configuration: Configuration (square / rectangular preferred) – Square or rectangular sites offer the greatest flexibility and satisfy most uses.

Finding: Actual Agri-Hub land size to be confirmed.

ii. Distance from Urban Development/Human Settlement

Criteria: Meat Processing Plants and Abattoir should not be located close to dwellings, schools, churches and other public or commercial buildings due to possible nuisance from noise, smell congestion etc. Likely future commercial and residential developments should also be taken into account. To consideration of separation distances between the Agri-Hub and human settlement will be determined by the Environmental Impact Assessment and Site plan for the Agri-hub.

Finding: The proposed site may be too close to human settlement given its proximity close to the local airport, a shopping behind which an industrial park will be developed as part of developing the entire area.

iii. Accessibility

Criteria: The site should be accessible from a permanent road to allow ready transport of both livestock and meat.
Finding: The proposed site runs parallel to a tarred road.

iv. Water Supply

Criteria: An adequate water supply is essential. While mains water is to be preferred, well or bore water will also be suitable provided the water meets drinking water standards.
Finding: Matlosana Local Municipality declares water adequacy for the Agri-Hub especailly because of a mine closure in the selected area. Necessarily, there may be a need to assess the impact of water to the establishment of a Agri-Hub.

A.2 Infrastructure (e.g., utilities, rail, etc)

a) In place infrastructure increases speed-to-market, decreases construction/implementation costs and minimizes risks (e.g. a proposed access road or interchange may not be constructed when planned)
Finding:
- The proposed site is situated along to main arterial roads into the Agri-hub that connect the hub well.
- There is also rail line close to the proposed site

b) Accessibility to utilities, i.e. electricity distribution and transmission line sizes, water and sewer, telecom capabilities (access to ICT, e.g. broadband for long distance to broad data capabilities)
Finding:
- The site has ample accessibility to bulk utilities like water, electricity, sewer and telecoms albeit broadband capacities were not assessed at this stage.

A.3 Prior Land Use

Prior use – site not previously used for industrial applications (e.g. greenfield , agricultural, etc.) minimize potential environmental risk and financial liability, as well as potentially decrease construction costs (e.g., site preparation, environmental remediation, etc.).

Finding:

- The site has been previously used for mining purposes and may suggest a need for environmental remediation.

A.4 General Physical Condition

General physical condition (e.g. treed, graded, topography, flood plain etc.) – Fewer construction challenges to overcome (e.g., topography, tree clearing, etc.) increase speed-to-market and decrease construction costs; soil bearing—there should be no subsidence issues (e.g., mines, limestone, or caves). Topography should ideally be level to slightly rolling. A flood plain can be a fatal flaw.

Finding:

- The physical condition was generally assessed as being good and meeting the requirements because it is of generally flat topography. It is generally vacant grassland with no major trees in the area.

A.5 Regulatory restrictions

Regulatory restrictions (e.g., EPA, wetlands, etc.) – Fewer restrictions allow greater flexibility in preparing the site, constructing the facility, and managing the business. Typically look for an attainment area (for criteria air pollutants) not in the glide path of an airport, no wetlands on site.

Finding:

- The identified site is next to the local airport and there was no evidence of wetland on the site. However further assessments will need to be conducted.

A.6 Agri-Park Impact

The Agri-Park socio-economic impact is about the possibility of the Agri-hub economic activities positively impacting and shaping the social processes and make up of Matlosana Local Municipalities.

Finding:

Everything considered, proximity to human habitation in terms of the local mall and proposed small industries park, the site was considered good to derive the envisaged socio-economic impact of the Agri-Park.

B. Agri-Park Units Roll out

The Agri-Park units (i.e. FPSU, AH, RUMC) are to be rolled out in consultation with the DRRDLR, Dr.KKDM and key stakeholders. The units are to be aligned to CRDP site of the DRDLR.

Finding:

- Dr. KK District Municipality has not yet fully lined out the location and spread of the Agri-Park units.
- In line with Catchment guidelines for Agri-Parks and main centres of Dr. KK DM local municipalities, table 12 above outlines simplistic location FPSU and RUMC. Note that these locations still need to be officially approved by the respective municipalities and stakeholders, ideally through council resolutions in each municipality.
- Consequently the actual kilometre distances amongst the various towns and Agri-Hub will be determined.
- However, the actual kilometre distances amongst the various towns and Agri-Hub will be determined by SPLUM-NW.

7.3.1 Agri-Park Ownership, Governance and Management

Initially, a number of principles help to guide the ownership, governance and management question of the envisaged Dr. KKDM Agri-Park, namely:

> ***Guiding Principle 1***: An Agri-Park must provide for Emerging Farmer/Producer ownership of the majority of Agri-Parks equity (70%), with the state and commercial, including Commercial Farmers, interests holding minority shares (30%). Simultaneously, all the shareholders must not view an Agri-Park as an immediate financial benefit vehicle. Rather, it must be considered as a vehicle to drive sustainable rural industrial development to secure the future of the affected rural community.

In practice, this suggest that profits generated by the Agri-Park Holding Company (Secondary Cooperative) must be ploughed back into expanding the Agri-Park infrastructure (industrial Park) or into necessary community socio-economic development projects and, in that way, slowly but surely building a stronger rural economy and community.

> ***Guiding Principle 2***: As the Lead Sponsor, the DRDLR must appoint a suitably qualified and experienced Agri-Park Manager who will facilitate the formal establishment of the Agri-Park and its constituent institutional arrangements to ensure that the Agri-Park (at FPSUs and Agri-Hub levels) provides a comprehensive range of Farmer Support Services for farming excellence.

Practically, the organization and management of the Agri-Park, through its constituent Hub, FPSUs and RUMC, would be best optimized through the five abovementioned business units to provide services to Farmers and their communities, namely;

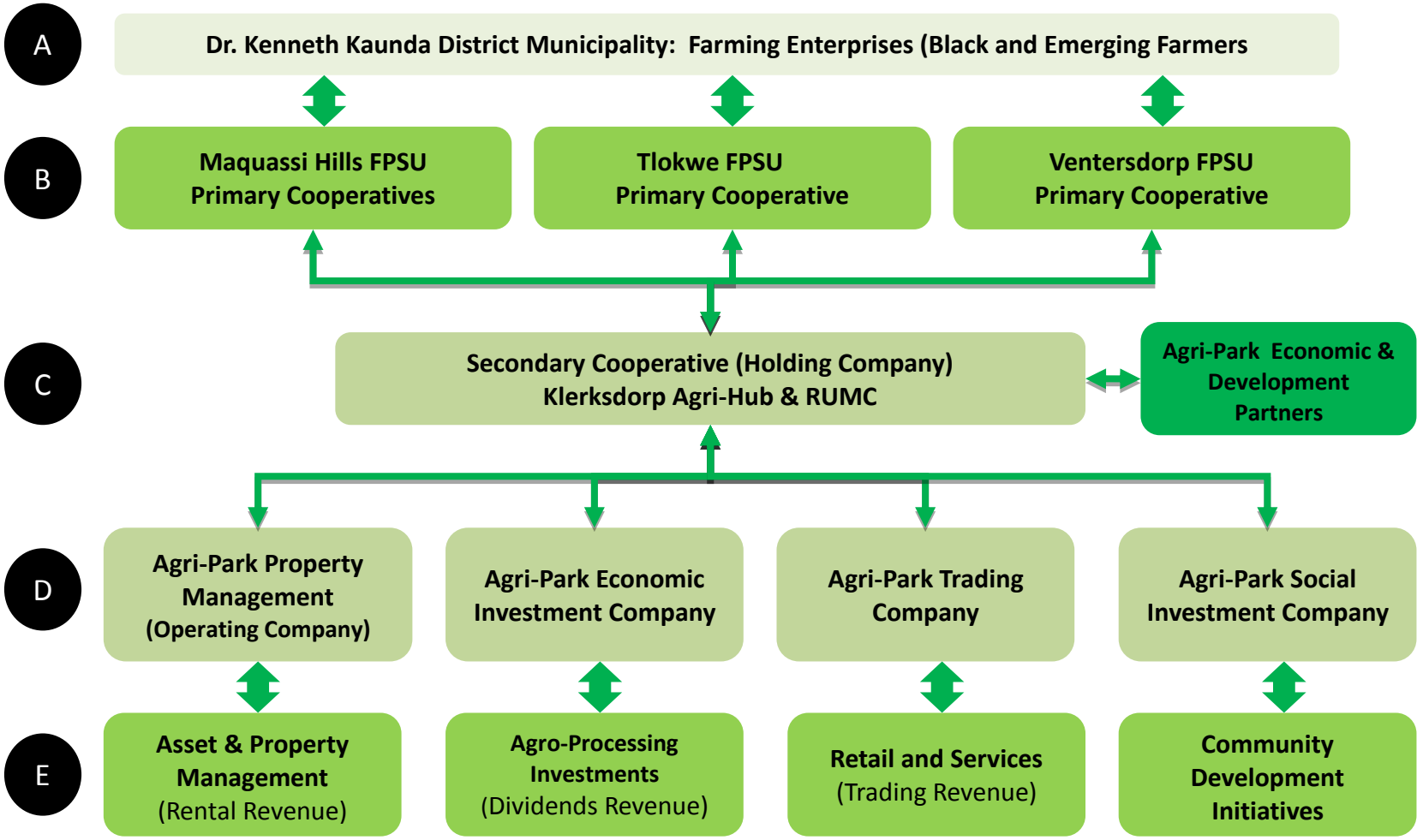
- Sourcing and supplying Farmers will all necessary farming inputs i.e. Farmers' shops or wholesaling.
- Providing access and linkages to farming technical services like processing facilities, farming technologies and laboratory services ensuring that Farmers yield high quality and quantity of maize.
- Promoting and ensuring investment within the Agri-Park sites/units in agri-processing and manufacturing activities linked to the main commodity that belies the Agri-Park
- Providing easier access to a comprehensive range of farming business and financial support services.
- Providing Farmers with market intelligence and market access support for farm produce, including manufactured agri-products, to gain maximum local and export market access. This function will be best located under the Rural Urban Market Centre (RUMC) which is an invariable component of each envisaged Agri-Park in South Africa.

> ***Guiding Principle 3:*** The Agri-Park will be subject to influence and support of the government especially through DAMC, DAPOTT, DLRC, PAPOTT, NAPOTT for purposes of initiating implementing and sustaining Agri-Park operations.

Practically, the main task of the Agri-Park Manager will be to ensure that optimum cooperation and alignment is maintained between the Agri-Park and the abovementioned government initiated and supported institutions**.**

a. AGRI-PARK OWNERSHIP, GOVERNANCE AND MANAGEMENT MODEL

Figure 19: Dr.KKDM Agri-Park Ownership, Governance and Management Model



Level	Ownership	Governance	Management
A	Independently-owned Small-folder Farms and Farming Enterprises. However, these could also include local Commercial Farmers	Private Governance arrangements linked to legal ownership status of the farming enterprise.	Private management arrangements decided upon by each farming enterprise
B	A group of Farmers, at least 5 Members, will form and register a Primary Cooperative whose mission is to serve their common farming needs and interests. E.g. Maize Farmers For the Agri-Park, Farmers will be clustered geographically based on FPSU locations and their respective catchment areas across the district. Each cluster will then from and own a Primary Cooperative linked to each FPSU.	The Governance of the Cooperatives must in terms Cooperatives Act 14 of 2005. To assist in this matter, each cooperative is required to develop and adopt a Constitution. . Chiefly, members of each cooperative will be required to elect a Board of Directors, to serve for two years, whose main responsibility will be to manage the business affairs of the cooperative. The business affairs of the Cooperative must be audited and Audited Reports, including Audited Financial Statements must be presented to Members at each AGM.	Board of Directors whose main responsibility will be to manage the business affairs of the cooperative. To dispense with its management duty, the Board has the power to appoint staff and engage external expert service providers.
C	A Secondary Cooperative is formed and owned by a two or more Primary Cooperatives. The main responsibility of the Secondary Coop is to serve the common farming needs and interests of the Primary Coops. E.g. Commodity marketing or bulk sourcing of inputs.	The Governance of the Cooperatives must in terms Cooperatives Act 14 of 2005. To assist in this matter, each cooperative is required to develop and adopt a Constitution. . Chiefly, members of each Secondary Coop will be required to elect a Board of Directors, to serve for two years, whose main responsibility will be to manage the business	Board of Directors whose main responsibility will be to manage the business affairs of the cooperative. To dispense with its management duty, the Board has the power to appoint staff and engage external expert service providers.

		affairs of the cooperative. The business affairs of the Cooperative must be audited and Audited Reports,	It is proposed that the Board Members of a Secondary Cooperative comprise of at least one Board Member from each of its member Primary Cooperatives in order to streamline strategic thinking.
D	The Agri-Park Holding Company will establish and/or wholly or partly acquire a range of special-focus enterprises covering property management, economic investment, trading and social investment. Thus ownership of the said centerprises will either be 100% or spilt with external investors.	The special-focus enterprises will be separate legal entities (Juristic Persons) with own governance and audit arrangements suitable for each enterprises. As a subsidiaries, each enterprise will report to and account to the Agri-Park Holding Company. It will be advisable that the Board Members of the Holding Company be included in the governance arrangements of the special focus enterprises in order to bear influence upon them.	Each special-focus enterprise will assemble its own management arrangements best suited for its core business. However, the Agri-Park Holding Company will provide strategic management and performance direction to each special-focus enterprise.

8. PESTEL Analysis (Dr. KKDM Agri-Park)

8.1 Political Influencing Factors

Clearly, the political environment will impact the implementation of the Dr. KKDM Agri-Park. Whereas, there is national commitment led by the DRDLR and its partner departments like the DAFF, Public Workd and others, the same level of political will is required at, provincial, district and local municipality levels. Fortunately, DRDLR leads the initiative at a provincial level and would have promoted the project to its counterparts at that level. Again, the Dr. Kenneth Kaunda District Municipality seated at Orkney has committed and practically demonstrated their support for the Agri-Park. In all instances, at local municipalities the Agri-Park will be led and driven by LED Offices. In Agri-Park consultations it emerged that LED offices are not optimally supported for them to achieve the local economic objectives. As such, it was noted that each municipality must take a Council Resolution that supports the Agri-Park and its manifestation at a local municipality level. Consequently, the necessary staffing and financial resources will be mobilised as will be determined from one municipality to another.

8.2 Legal Influencing Factors

The main legal considerations that will influence a successful operation of the Dr. KKDM Agri-Park will be around legal founding, constitution, ownership and management structuring of the various companies that must operate the Agri-Park. Importantly, the municipalities will need to formalize their own relationships vis-a-vis the Agri-Parks ownership structures.

8.3 Social Influencing Factors

In line with one of the founding principles for the establishment of Agri-Parks in South Africa, i.e., that the Agri-Park must be Farmer led, the operation of the Dr. KKDM Agri-Park will hinge on a string and effective mobilization of the local Farmers community. This will be necessary to achieve the necessary unity regarding Agri-Park ownership and management, irrespective of the various Farmer organizations that individual Farmers belong to.

Already, the DRDLR has initiated this process via the establishment of various District Agri-Parks Committees which are a transitional community consultation vehicle surrounding the establishment of each Agri-Park. The view that emerged in various consultations is that while wide consultations are necessary, they will have to focus on direct farming stakeholders, mainly Farmers and relevant support institutions including the local municipality, rather than address ordinary people who may have no direct stake, role and interest in agriculture.

8.4 Economic Influencing Factors

Agriculture is a primary economic sector that builds into it secondary economic activities by way of agro-processing activities. Its success largely depend on the forces of the market that prevail at a local, national and international level, especially given increasing regional, continental and global trade in agricultural commodities and products. Moreover, these forces will include the various economic sectoral and inter-sectoral policies adopted and implemented at various government spheres South Africa and by other countries. For example, how the EU regularly revisits its sourcing of agricultural produce from South Africa. Critically, the performance and success of agriculture depends on the demand for and consumption of agricultural produce and so the buying power of Consumers is very important. Initially, how South Africa's economy pens out and how this is impacted by provincial and local economic factors will also influence Farmers and thus Agri-Parks.

In order to get the most out of all agricultural produce and manage economic impacts, the Dr. KKDM Agri-Park requires to sharpen up its market identification, development and sustainability methods through a well-resourced RUMC. Through reliable and sustained market access, the Farmers will thrive.

8.5 Technological Influencing Factors

Farming has evolved over time to integrate advanced modern technologies in its operations supporting various farming activities and commodities. Linked to this have been mechanization initiatives that seek to optimize agricultural yield and output at both production and agro-processing levels for the market. For example, maize Farmers can incorporate extensive mechanization solutions to deal with irrigation, ploughing and harvesting as opposed to the lesser efficient traditional. In this way they can optimize production and obtain the best quality animals that will fetch optimum market value. Technological advances in agriculture are therefore a strong influencing factor for the success of the industry, including the maize industry even amidst Farmers who continue to stick to traditional maize agricultural practices.

8.6 Environment Influencing Factors

Environmental management is a global concern especially given how land and spaces are used to accommodate growing populations. Also, it is concern how general industry impacts the environment in their production activities to meet market needs. Agricultural land use and environmental management is therefore critical in securing agricultural economies, depending on both primary and secondary agricultural activities.

Increasingly, Farmers and agro-processors are required to adopt farming practices and value-adding processes that protect and sustain the environment. For the Dr. KKDM Agri-Park, various land use and impact considerations will be critical including conducting environmental impact assessments depending on various targeted agricultural activities at farming, production and Agri-Hub levels. These measures will ensure sustained environment management. Moreover, various markets increasingly place importance on agricultural practices that protect the environment from degradation by mankind and production processes.

9. Agri-Park External Environment (SWOT Analysis)

A review of the significant trends, issues and changes in the external environment in which Dr. KKDM Agri-Park will operate identified several key factors that are likely to have a significant influence on the development and the implementation of the draft Agri-Park Policy Framework. The Agri-Park External Environment opportunities and challenges are proposed to inform decisions on the development and implementation of the Agri-Park Programme.

9.1 Threats

- General resistance to change envisaged by Agri-Parks into the South African agricultural landscape.
- Access to optimum and effective DAFF farming enterprise support services that empower and ready Farmers for Agri-Parks
- Strong and effective Agri-Parks support and facilitation by local municipalities, given general weakness of LED offices.
- The global, regional and national economic situation and associated market uncertainties
- Fragmentation amongst farming communities, especially the targeted beneficiary communities.
- Drought threat in South Africa which can hamper maize production planned by the Agri-Park
- Rising crime rate threatening livelihoods and farming operations in the community.

- Conflict of interest between local authorities and tribal heads in land development programmes,

9.2 Opportunities

- Growing populations and increasing demand for food and agricultural produce
- Optimally land use by rural municipalities and derivation of intended Agri-Park socio-economic benefits
- Growth of rural economies at the back of successful Agri-Parks.
- Job creation and skills development opportunities to benefit local communities.
- Contribution, especially by poultry, into food security as articulated by government through DRDLR and DAFF
- Improvement in municipality and general government services for local communities, e.g. Road Infrastructure

9.3 Strengths

- Strong and committed Dr. KKDM LED and DRDLR leadership co-ordination at and district levels.
- Agri-Park alignment to Dr. KKDM LED and SDF and IDP overall.
- Keen and willing District Municipalities as demonstrated by the DR.KKDM.
- Available Agri-Park take-off facilities and infrastructure by way of the Klerksdorp Hub and FPSUs.
- Committed funds for the Dr. KKDM Agri-Park

9.4 Weaknesses

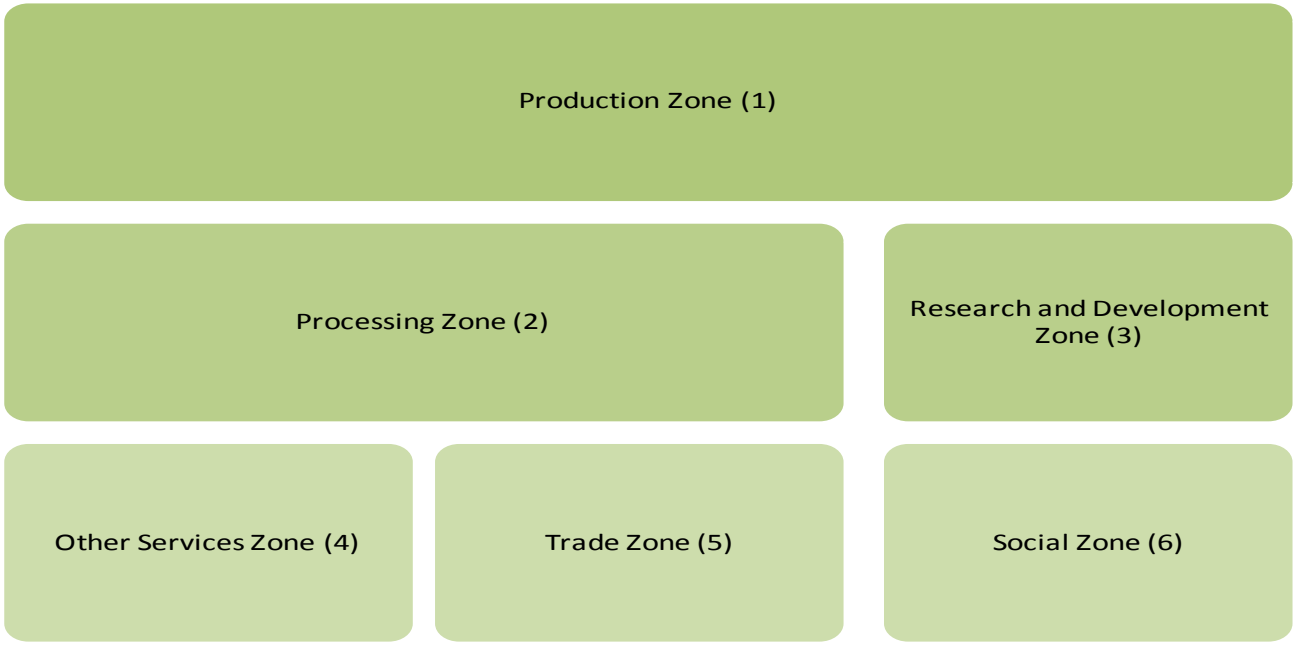
- Consequently, in some municipalities, actual land and/or facilities to support the Agri-Park have not been confirmed.
- Limited knowledge on new technology and niche products.
- Inconsistency of supply which also contributes towards existing market problems;
- Lack of cooperation between different role-players in order to supply producers with adequate and up to date information about markets, such as availability of markets, price trends, consumer trends re consumption levels, product demands, etc.

Chapter Five: Dr. KKDM Agri-Park Implementation Plan

This chapter reviews Critical Success Factors for the implementation of the Dr.KKDM Agri-Park and provides for detailed implementation. The Agri-Hub at a minimum will adequate development zones (plots) as per proposed Agri-Hub components. Agri-Hub conceptual built up will be developed in relation to the soil, vegetation, size and shape of the land earmarked for the Agri-Hub infrastructure development.

Ideally, it is envisaged that once fully operational, the Dr.KKDM Agri-park will comprise of the components conceptually represented below:

Figure 20: Agri-Park Conceptual Framework



10. Dr.KKDM Agri-Park Critical Success Factors

International lessons of experience have revealed that at least seven generic success factors can be identified for Agri-Parks. These include:

Table 11: Agri Park Success Factors- Global Best Practice

• Production Systems and Innovation:	○ Engage expertise support for Agri-Park to implement systems and innovate. ○ A culture of Research and Development to be inculcated in the enterprise. ○ Develop a plan that integrates the necessary R&D with the overall Agri-Park strategic plan. ○ Identify and prioritise R&D projects based on the contribution of the likely research outcomes to overall industry performance. ○ Encourage a long-range program approach rather than commission a series of independent projects. ○ Ensure that R&D is commercially focused on the product outcome. ○ Build long-term relationships with competent and experienced research

	providers.
• Smallholder Farmers Development	➢ A programme to ready them for effective participation in the Afri-park. ➢ Comprehensive Farmer support critical in relation to structure of the industry and persisting challenges ➢ Expert Extension Services provided on a sustainable basis to ensure Farmer empowerment, ultimately. ➢ Enterprises Development support services including access to business finance
• Enterprise and Industrial Development Support and enablers:	○ The development and support of the enterprise needs to be on both the enterprise and industry development levels. With a view to drawing on these interventions benefits to critical mass or scale. ○ Recognise the importance of being a certain size before successful commercialisation can be possible. ○ Focus on growth at both enterprise and industry levels with a view to drawing on these benefits once critical mass has been achieved once critical mass has been achieved. ○ Recognise the contributions to growth possible through partnering throughout the supply chain, and through mentoring of new industry players. ○ Encourage collective marketing and branding programs. ○ The enterprise development, amongst others will cover leadership development and retention; business planning; businesses formalisation e.g. coops registration and business resourcing. Facilitate access to enablers such as finance, appropriate technology, business development services, electricity, appropriate roads and bridges, etc.
• Quality Product Development:	○ The Agri-Park to develop skills in food product development. ○ Compliance with industry codes of good practice in terms of product description and quality assurance. ○ Standardisation of terminology and the way products are graded, labelled and traded.
• Brand Building and Marketing:	○ All world-class low-tech enterprises are exceptionally good at building their brands, and protect their trademarks and logos. Linked to enterprise development support, the Agri-Park needs to develop a branding look and feel (also incorporating its wide word web presence). ○ The Agri-Park to develop a precise marketing plan and allocate resources for the promotion of the enterprise products.
• Business linkages and supply chains:	○ Empower local distributors to get product to the market. ○ Establish vertical and horizontal business linkages. ○ Identify the market (or market segment) to be targeted. ○ Identify sustainable supply chain partners most appropriate to the chosen market segment. ○ Establish effective, ongoing, structured lines of communication between the supply chain partners.

	○ Project a realistic view of the industry's position and outlook. ○ Build relationships based upon mutual benefit along the supply chain.
• Governance and Management	○ Competent Agri-Park management and governance. ○ Business management systems and structures need to be in place. ○ Business principles of profit, people and planet. ○ Good practice corporate governance should be adhered to at all times. ○ Comply with corporate governance legislative, policy and regulatory frameworks (public and private sector).
• Supply contracts in place for key inputs:	○ The prices of agricultural inputs are incredibly volatile due to factors such as adverse weather conditions and insect infestations. To negate this, long-term fixed-price supply contracts with local farmers, suppliers (e.g. packaging company) and distributors is crucial.

Also, the following factors should be considered for the establishment and/or operationalisation of a processing plant:

Table 12: Considerations for Agri-park Processing Plants

Location:	○ The basic objective is to choose the location which minimises the average production cost, including transport and handling. It is an advantage, all other things being equal, to locate a processing unit near the fresh raw material supply. An adequate supply of good water, availability of labour pool, proximity to rail or road transport facilities and adequate markets are other important requirements.
Processing planning:	○ A well planned commodity processing centre must be designed to operate for as many months of the year as possible. This means the facilities, the buildings, the material handling and the equipment itself must be inter-linked and coordinated properly to allow as many products as possible to be handled at the same time, and yet the equipment must be versatile enough to be able to handle many products without major alterations. A typical processing centre or factory should process four or five types of commodities at different times of the year.
Processing systems (Scalability):	○ **Small-Scale Processing (Primary Processing):** This can be done at FPSUs for small-scale farmers for personal subsistence or for sale in nearby markets. In this system, processing requires little investment: however, it is time consuming and tedious. ○ **Intermediate-Scale Processing (Primary Processing):** In this scale of processing, a group of small-scale processors pool their resources. This can also be done by individuals. Processing is based on the technology used by small-scale processors with differences in the type and capacity of equipment used. The raw materials are usually grown by the processors themselves or are purchased on contract from other farmers. These operations are usually located on the production site in order to assure raw materials availability and reduce cost of transport. This system of processing can provide quantities of

	processed products to supply nearby urban areas. ○ **Large-Scale Processing (Secondary and Advanced Processing):** Processing in this system is highly mechanised and requires a substantial supply of raw materials for economical operation. This system requires a large capital investment and high technical and managerial skills. For example, because of the high demand for foods in recent years many large-scale factories were established in developing countries. Some succeeded, but the majority failed, especially in West Africa. Most of the failures were related to high labour inputs and relatively high cost, lack of managerial skills, high cost and supply instability of raw materials and changing governmental policies. Perhaps the most important reason for failure was lack of adequate quantity and regularity of raw material supply to factories. Despite the failure of these commercial operations, they should be able to succeed with better planning and management, along with the undertaking of more in-depth feasibility studies.
Choice of processing technologies	The basis for choosing a processing technology ought to combine labour, material resources and capital so that not only the type and quantity of goods and services produced are taken into account, but also the distribution of their benefits and the prospects of overall growth. These should include: ○ increasing farmer/artisan income by the full utilisation of available indigenous raw material and local manufacturing of part or all processing equipment; ○ cutting production costs by better utilisation of local natural resources (solar energy) and reducing transport costs; ○ generating and distributing income by decentralising processing activities and involving different beneficiaries in processing activities (investors, newly employed, farmers and small-scale industry); ○ maximising national output by reducing capital expenditure and royalty payments, more effectively developing balance-of-payments deficits through minimising imports (equipment, packing material, additives), and maximising export-oriented production; ○ maximising availability of consumer goods by maximisation of high-quality, standard processed produce for internal and export markets, reducing post-harvest losses, giving added value to indigenous crops and increasing the volume and quality of agricultural output

In addition, critical will leadership alignment and co-operation amongst all Agri-Park stakeholder entities governmental and extra-governmental, chief of which are DRDLR , DAFF (READ) and Dr.KK District and Local Municipality. Also, a widespread promotion and buy-in, especially amongst Farmers and other agriculture stakeholders.

11. Dr. KKDM Agri-Park Strategy Implementation (Outcomes, Outputs, Targets and Activities)

STRATEGIC OBJECTIVE 1:	**Transform Rural South Africa through a modernised agricultural sector**		
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
Dr.KK District Agricultural Sector transformed and modernised	Vibrant Dr.KK District community and Food Security	% increase in households standard of living (socio impact)	Implement and manage Agri Park
	Percentage contribution of Agricultural to Dr.KK District economy	% increase in contribution of Agricultural sector to the Dr.KK District economy (econ impact)	Implement and manage Agri Park
	Increased agricultural beneficiation (agro-processing activities)	% increase in agricultural beneficiation activities	Implement and manage Agri Park
	Number Black Industrialists Developed	# of black industrialists in agro-processing developed	Implement and manage Agri Park

STRATEGIC OBJECTIVE 2: Develop Integrated and Networked Agri-Park Infrastructure			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
Dr.KKDM Agri-Park Operational	Agri Hub (AH) developed	• AH Property Management Contract finalised • % occupancy of operational enterprises • One AH developed by 2018	• Land acquisition and zoning • Infrastructure Development Process (i.e. feasibility and design, professional teams, implementation and hand over)
	Number of Farmer Production Support Units (FPSU) developed	• FPSU Property Management Contract finalised • % occupancy of operational enterprises • Two FPSUs established by 2018	• Land acquisition and zoning • Infrastructure Development Process (i.e. feasibility and design, professional teams, implementation and hand over)
	Rural Urban Market Centre (RUMC) established	• RUMC Property Management Contract finalised • % of business linkages facilitated by RUMC • One RUMC developed by 2018	• Land acquisition and zoning • Infrastructure Development Process (i.e. feasibility and design, professional teams, implementation and hand over)

STRATEGIC OBJECTIVE 3: Establish and implement a sustainable Agri-Park governance and management model			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
Dr.KKDM Agri-Park Sustainably managed and operated	A farmer led company established through the company act	• Articles of association	• Develop Articles of Association for Agri-Park
	Management company responsible for both development and administration established	• Management contract	• Develop management contract for Agri-Park hubs and FPSU's
	District Statutory body responsible for oversight established	• Memorandum of Understanding • Municipal resolution	• Develop Memorandum of understanding • Establish district oversight body through resolution

STRATEGIC OBJECTIVE 4: Generate funds and secure investment			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
Direct Investment generated for Dr.KKDM Agri-Park	Investment generated	• Promoted investment opportunities in the Agri-Parks	• Create investment material • Develop bankable business plans • Present investment opportunities to potential investors
	Partnerships established	• Partnerships established for the various opportunities in the Agri-Parks	• Actively promote partnerships to potential investors • Meet potential partners

STRATEGIC OBJECTIVE 4: Generate funds and secure investment			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
	Investment promotion	• Investment in the Agri-parks generated	• Present bankable business plans to potential partners
			• Generate partnership agreements • Institute development of investment

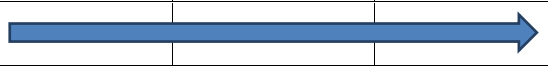
STRATEGIC OBJECTIVE 5: Improve coordinated delivery of support services (i.e. extension services)			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
Dr.KKDM Farmers producing competitive produce	Smallholder and Emerging Farmers businesses profitable and sustainable	• Extension services operational • Support services operational • Collection scheme operational • Farmers delivering quality product to market	• Implement an Intensive Farmer Readiness Programme preparing them for participation in the Agri-park • Develop extension services in the Agri-Hub • Develop support services model
	Smallholder and Emerging Farmers technical capacity and skills enhanced	• Training material developed • Farmers trained	• Develop training material • Train farmers

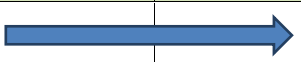
STRATEGIC OBJECTIVE 6: Improve Agri-Park Programme Implementation			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
Dr.KKDM Municipality effectively and efficiently coordinating and facilitating the implementation of the Agri-Park	Agri-Park generating income for the municipalities (rates and taxes)	Amount of municipal rates and service fees paid p.a.	Agri park businesses pay rates and service charges.
	Agri-Park provided with reliable and consistent municipal services	Continuous service delivery and consistent service standards as per municipal service charter.	Municipal service delivery.
	Capacitated coordinating structure operational	Municipal participation coordinated and effective.	Agri park coordinating structures effectively attended by relevant level of officials and / or Councillors
	Agri-Park contribution Monitoring and Evaluation	Agreed monitoring plan with clear responsibilities for collection, monitoring and reporting to key decision-making structures to inform decision-making	Quarterly Performance Monitoring reports submitted to decision-making structures which inform Agri Park decision-making

12. Agri-Park 10-Year Implementation Plan

The following high level 10 year implementation plan provides an indication of the Dr.KKDM Agri-Park's phased implementation:

Table 13: Agri-Park 10 Year Implementation Plan

Dr.KKDM **Agri-Park 10-Year Implementation Plan**			**Phase One**	**Phase Two**	**Phase Three**
Strategic Objective	**Outcome(s)**	**Measure (Outputs)**	**2016 - 2018**	**2019 - 2021**	**2022 - 2025**
SO: 1	Dr.KKDM Agricultural Sector transformed and modernised	Vibrant Dr.KKDM community and Food Security			
		Percentage contribution of Agricultural to Dr.KKDM economy			
		Increased agricultural beneficiation (agro-processing activities)			
		Number Black Industrialists Developed	3	3	3
SO: 2	Dr.KKDM Agri-Park Operational	Number of Agri Hubs (AH) developed	1		
		Number of Farmer Production Support Units (FPSU) developed	2	2	2
		Number of Rural Urban Market Centres (RUMC) established	1		
SO: 3	Dr.KKDM Agri-Park Sustainably managed and operated	A farmer led company established through a companies act	X		
		Management company responsible for both development and administration established	X		
		District Statutory body responsible for oversight established	X		
SO: 4	Direct Investment generated for Dr.KKDM Agri-Park	Investment generated			
		Partnerships established	2	3	5
		Investment promotion			

Dr.KKDM **Agri-Park 10-Year Implementation Plan**			**Phase One**	**Phase Two**	**Phase Three**
Strategic Objective	**Outcome(s)**	**Measure (Outputs)**	**2016 - 2018**	**2019 - 2021**	**2022 - 2025**
SO: 5	Dr.KKDM Farmers producing competitive produce	Farmers businesses profitable and sustainable			
		Farmers technical capacity and skills enhanced			
		Agri-Park generating income for the municipalities (rates and taxes)			
SO: 6	Dr.KKDM effectively and efficiently coordinating and facilitating the implementation of the Agri-Park	Agri-Park provided with reliable and consistent municipal services			
		Capacitated coordinating structure operational			
		Agri-Park contribution Monitoring and Evaluation			

13. Agri-Park Implementation Assumptions

Agri-Park Outcomes	Agri-Park Measure (Outputs)	Assumptions Description (External Factors beyond Agri-Park control, e.g. drought etc.)	Will the assumption hold true?		Possible to redesign outcomes and outputs to influence external factors (Yes/No)
			Possibly (tick)	Very unlikely (tick)	
Dr. Kenneth Kaunda District Agricultural Sector transformed and modernised	Vibrant Dr. Kenneth Kaunda District community and Food Security	Emerging farmers will be able to produce high volumes of vegetables	√		Yes
	Percentage contribution of Agriculture to Dr. Kenneth Kaunda District economy	Reduction in vegetable production due to limited water rights for expansion	√		No
	Increased agricultural beneficiation (agro-processing activities)	Resources will be invested in the value chain	√		Yes
	Number Black Industrialists Developed	Black entrepreneurs willing to participate in the agricultural sector	√		Yes
Dr. Kenneth Kaunda District Agri-Park Operational	Number of Agri Hubs (AH) developed	Government putting the required resources in the Agri-park	√		No
	Number of Farmer Production Support Units (FPSU) developed	Government putting the required resources in the agri-park	√		No

Agri-Park Outcomes	Agri-Park Measure (Outputs)	Assumptions Description (External Factors beyond Agri-Park control, e.g. drought etc.)	Will the assumption hold true?		Possible to redesign outcomes and outputs to influence external factors (Yes/No)
			Possibly (tick)	Very unlikely (tick)	
	Number of Rural Urban Market Centres (RUMC) established	Government putting the required resources in the Agri-park	√		No
Dr. Kenneth Kaunda District Agri-Park Sustainably managed and operated	A farmer led companies established through a companies Act and/or Cooperatives Act	Farmers willing to work as cooperative		√	Yes
	Management company responsible for both development and administration established	Right partners identified to participate in the Agri-parks		√	Yes
	District Statutory body responsible for oversight established	People with right calibre appointed to serve on the body		√	Yes
Direct Investment generated for Dr. Kenneth Kaunda District Agri-Park	Investment generated	Private individuals willing to invest in the Agri-parks	√		Yes
	Partnerships established	Private individuals willing to partake in the Agri-parks		√	Yes

Agri-Park Outcomes	Agri-Park Measure (Outputs)	Assumptions Description (External Factors beyond Agri-Park control, e.g. drought etc.)	Will the assumption hold true?		Possible to redesign outcomes and outputs to influence external factors (Yes/No)
			Possibly (tick)	**Very unlikely** (tick)	
Dr. Kenneth Kaunda District Farmers producing competitive produce and/or livestock	Beneficiary farmers businesses profitable and sustainable	Emerging farmers employing proper business management aspects in their businesses		√	Yes
	Quality vegetable production increased	Proper production systems followed and farmers practising the best GAP	√		Yes
	Beneficiary farmers technical capacity and skills enhanced	The beneficiaries will be interested in this type of training	√		Yes
Dr. Kenneth Kaunda District Municipality effectively and efficiently coordinating and facilitating the implementation of the Agri-Park	Agri-Park generating income for the municipalities (rates and taxes)	Development of efficient collection systems		√	Yes
	Capacitated coordinating structure operational	People with proper skills employed on various structures		√	Yes
	Agri-Park socio-economic contribution Monitored and Evaluated	Proper monitoring and evaluation system in place	√		Yes

14. Strategic Risks Assessment and Risk Management Framework

A wide range of risks exist which can undermine the successful establishment and operation of the Dr.KKDM Agri-Park. It is essential that risk managers are identified and appointed to manage these risks and to implement mitigating actions to minimise either the likelihood of these risks occurring or the potential negative impacts that these risks might have on the Agri Park. District stakeholders will need to develop a detailed and District-specific risk management plan which is informed by the following framework:

Table 14: Agri-Park Risks Assumptions

Agri-Park Outcomes	Agri-Park Measure (Outputs)	Risk Description	Probability of risk occurrence					Strategy for mitigation/Controls
			(1) Very Low	(2) Low	(3) Moderate	(4) High	(5) Very High	
Dr. Kenneth Kaunda District Agricultural Sector transformed and modernised	Vibrant Dr.KKDM community and Food Security	Farmers unable to produce quality beef cattle			√			Farmers assisted to follow beef cattle production system
	Percentage contribution of Agricultural to Dr.KKDM economy	Farmers not supplying enough beef cattle for sales			√			Creating incentives for farmers to supply their beef cattle through Agri-Parks processing facilities
	Increased agricultural beneficiation (agro-processing activities)	Required resources not being made available		√				Proper budgeting by all spheres of government participating in the Agri-Parks
	Number Black Industrialists Developed	Required resources not being made available			√			Proper budgeting by all spheres of government participating in the Agri-Parks
Dr. Kenneth Kaunda District Agri-Park Operational	Number of Agri Hubs (AH) developed	Unavailability of funds to fund the infrastructure				√		Proper budgeting by all spheres of government participating in the Agri-Parks and the government prioritizing Agri-Parks as project to drive rural development
	Number of Farmer Production Support Units (FPSU) developed	Unavailability of funds to fund the infrastructure				√		Proper budgeting by all spheres of government participating in the Agri-Parks and the government prioritizing Agri-Parks as project to drive rural development
	Number of Rural Urban Market Centres (RUMC) established	Unavailability of funds to fund the infrastructure				√		Proper budgeting by all spheres of government participating in the Agri-

Agri-Park Outcomes	Agri-Park Measure (Outputs)	Risk Description	Probability of risk occurrence					Strategy for mitigation/Controls
			(1) Very Low	(2) Low	(3) Moderate	(4) High	(5) Very High	
								Parks and the government prioritizing Agri-Parks as project to drive rural development
Dr. Kenneth Kaunda District Agri-Park Sustainably managed and operated	A farmer led companies established through a Companies Act and/or Cooperatives Act	Farmers not cooperating for the success of the cooperatives		√				Training of farmers about the benefits of participating in cooperatives
	Management company responsible for both development and administration established	Individuals appointed not advancing the interest of the farmers				√		Transparent appointment of management company with proper screening.
	District Statutory body responsible for oversight established	Unqualified people being appointed on the body				√		Appointment of key personnel with right skills and qualifications
Direct Investment generated for Dr. Kenneth Kaunda District Agri-Park	Investment generated	Investors viewing Agri-Parks as unprofitable			√			Proper marketing of Agri-Parks
	Partnerships established	Private sector not willing to participate in the Agri-Parks				√		Proper marketing of Agri-Parks
Dr. Kenneth Kaunda District Farmers producing competitive produce and/or livestock	Beneficiary farmers businesses profitable and sustainable	Farmers not applying proper business management processes in their businesses				√		Conduction of training needs assessment of the farmers and training on business management
	Quality beef production increased	The farmers not farming with quality cattle breed			√			Selection of well-known breeding stock adaptable to the region
	Beneficiary farmers technical capacity and skills enhanced	Farmers offered training programmes that doesn't address their needs			√			Conduction of training needs assessment of the farmers and providing relevant training programmes
Dr. Kenneth Kaunda District effectively and efficiently coordinating and facilitating the implementation of the Agri-Park	Agri-Park generating income for the municipalities (rates and taxes)	Proper systems not being put in place				√		Designing of proper collection system and enforcing the collection thereof
	Capacitated coordinating structure operational	Unqualified people being appointed on the structure of agri-parks				√		Appointment of key personnel with right skills and qualifications
	Agri-Park socio-economic contribution Monitored and Evaluated	Well defined M & E framework not being put in place				√		A well-defined M&E framework with indicators designed.

15. Agri-Park Implementation Partnerships

Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private/NGO Sector Organisations	International Organisations
SO: 1	Vibrant Dr. Kenneth Kaunda DM community and Food Security Percentage contribution of Agriculture to Dr. Kenneth Kaunda DM economy Increased agricultural beneficiation (agro-processing activities)	• The Presidency • Dr. Kenneth Kaunda DM & Local Municipalities • NW Premier 's Office • Provincial department and entities e.g. NWDC, Rural, Environment and Agricultural Development Department (READ) • National Treasury • DCoGTA, DRDLR, • DTI, DAFF, DHET, DBE, SETAs, Universities • SEDA, SEFA, NEF • IDC, Land Bank • NDA, ARC, DBSA • DRDLR, RCAP, CASP, LARP, CRDP, Narysec, REID and RID • AgriBEE • Jobs Fund • Technology Innovation Agency • Economic Development NGOs	Farmers Agri-BEE entrepreneurs Commercial enterprises Commercial farmers Commercial Retailers Mining & Quarry Companies Cooperatives NPOs & CBOs SMMEs DAMC	Foreign donor partners (USAID, GTZ, WB, etc) UN UNDP UNIDO FAO UN Food Programme DFIs International Philanthropic, CSI/CSR, Social Impact & Investment funds International Sustainable Development Innovation Companies, NPOs & NGOs BRICS International DFIs (World Bank, KWF, ADB, AFDB, etc).
	Number Black Industrialists Developed		Agri-BEE entrepreneurs SMMEs Commercial enterprises BBBEE Commercial farmers Venture Capitalists Commercial Retailers Commercial Banks Cooperatives Investment Houses	
SO: 2	Number of Agri Hubs (AH) developed Number of Farmer Production Support Units (FPSU) developed Number of Rural Urban Market Centres (RUMC) established	• Dr. Kenneth Kaunda DM & Local Municipalities • DRDLR, REID, RID, READ, DTI-SEZ • Eskom, DWA , Department of Communication (USASA) • Provincial department e.g. Public Works, Roads and Housing departments	• DAMC • DLRC • Private Property Developers	
SO: 3	A farmer led company established through a companies act Management company responsible for both development and administration established District Statutory body responsible for oversight established	• Dr. Kenneth Kaunda DM & Local Municipalities • DRDLR, REID, READ • North West Finance, Economy and Enterprise Development Department (feed) • National Treasury (Coop Bank), DSBD-SEDA	• DAMC • Legal Firms	
SO: 4	Investment generated	• Dr. Kenneth Kaunda DM & Local	Agri-BEE entrepreneurs	

Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private/NGO Sector Organisations	International Organisations
	Partnerships established Investment promotion	Municipalities • DRDLR, REID, feed • National Treasury (Coop Bank), DSBD-SEDA, SEFA, DTI, IDC, DBSA, Land Bank, DAAF	Commercial enterprises Commercial farmers Commercial Retailers Cooperatives, SMMEs, DAMC, BBBEE, Venture Capitalists Commercial Banks, Investment Houses, NAAC	
SO: 5	Smallholder and Emerging Farmers businesses profitable and sustainable Quality beef production increased Smallholder and Emerging Farmers technical capacity and skills enhanced	• Dr. Kenneth Kaunda DM & Local Municipalities • DRDLR, READ, REID • North West Finance, Economy and Enterprise Development Department, NWDC • NAMC , ARC, DST-TIA, DAFF • Department of Communication (USASA) • DSBD-SEDA, SEFA • DTI-Incentives	Agri-BEE entrepreneurs Commercial enterprises Commercial farmers Commercial Retailers Cooperatives SMMEs (formal & informal) SAPA DPFO EPO CPO AFMA SAPPO SAMPA PBS SAMIC PVS • Agri-SA, Agri-NW • Noordwes Kooperasie (NWK Group) • Agricultural Input Supply Companies, e.g. Omnia Group •	One Acre Fund; Skoll Foundation; FBS; Kickstart; Root Capital Phatisa; Technoserve; UNIDO; UNDP; World Bank; FAO International DFIs UN International Fund for Agricultural Development Alliance for a Green Revolution in Africa Bill & Malinda Gates Foundation (RSA chapter) Global Environment Facility Digital Green
SO: 6	Agri-Park generating income for the municipalities (rates and taxes) Agri-Park provided with reliable and consistent municipal services Capacitated coordinating structure operational Agri-Park contribution Monitoring and Evaluation	• Dr. Kenneth Kaunda DM & Local Municipalities • DRDLR, READ, REID • Northwest University	• Training, Systems and Management consulting companies	

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Abattoirs: As of the year 2012, there were 30 formal chicken abattoirs by throughput size ranging from 400 to 400 000 birds in any slaughtering cycle. **(See Annexure???? 1)**

- **Abattoirs:** As of the year 2012, there were 16 formal pig abattoirs in the North West Province. **(See Annexure????)**