



rural development & land reform

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA

AGRI-PARK MASTER PLAN

Eden District Municipality

Western Cape Province

April 2016



MANAGING FOR EXCELLENCE



Agri-Park Details	
Province:	Western Cape
District:	Eden
Agri-Hub Site:	Oudsthoorn (Oudsthoorn Local Municipality)

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

List of Abbreviations

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
DM	District Municipality
DMA	District Municipal Area
DoE	Department of Energy
DRDLR	Department of Rural Development and Land Reform
EA	Enumeration Area
EDM	Eden District Municipality
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
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
PSDF	Western Cape Provincial Spatial Development Framework
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
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

One Page Summary

AGRI-PARK DISTRICT: EDEN		PROVINCE: WESTERN CAPE	REPORTING DATE: APRIL 2016								
 KEY COMMODITIES <ul style="list-style-type: none"> Short term: Vegetables and fruit, Honeybush, Lucerne. Longer term: essential oils, ostriches, olives, aquaculture. 	 AGRI-PARK COMPONENTS <ul style="list-style-type: none"> FPSUs: 4+ Short term FPSUs located in Zoar, Dysseidsdorp, Haarlem, Lucerne production areas FPSU locations to be identified (e.g. Ladismith, Mossel Bay, Oudsthoorn and Riversdale) FPSUs: 3 medium term FPSUs: Groothoek production, Olives (location to be determined and possibly linked to existing processing facility); Aquaculture (location to be determined). 1 Agri hub located in Oudsthoorn. 1 Shared RUMC located either in Beaufort West or Oudsthoorn (stakeholder decision required). 	 STATUS <ul style="list-style-type: none"> DAPOTT and DAMC established. The final Master Business plan has been submitted 8 April 2016. Awaiting District Municipal Manager sign-off. 									
 KEY CATALYTIC PROJECTS <ul style="list-style-type: none"> Expansion of Oudsthoorn Airport to facilitate agri park cargo. Investment needed in juice and vegetable processing in Dysseidsdorp and Zoar (and possibly Ladismith and Calitzdorp). Good stakeholder coordination and investment in Honeybush strategy & initiative. Investment needed in essential oils processing facilities for export markets. Investment needed in growing & processing facilities for Aquaculture and smoked fish products for export. District Agri Hub Procurement Framework (to be investigated). Investment in public transport and infrastructure systems. Investment in improving water supply and distribution systems. Ongoing empowerment of black farmers through the PLAS programme. Ongoing upgrading of roads. 	 AGRO-PROCESSING BUSINESS OPPORTUNITIES <p>Short Term: 0-2 years: focus: fruit, vegetables, honeybush and lucerne</p> <ul style="list-style-type: none"> Expand fruit and vegetable drying facilities in Zoar (including linkages to Amalienstein farm) and Dysseidsdorp (and possibly Calitzdorp and Ladismith) (including growing demand for sun dried tomatoes) and investigate feasibility of juice processing for both fruit and vegetables. Expand access to fruit sorting, packaging, storage facility in Haarlem to include cold storage. Expand Honeybush production and processing Haarlem. Lucerne: possible processing facility for pelleting in Eden District or Central Karoo/ Leeu Gamka needs investigation. <p>Medium to Longer Term: 2-10 years</p> <ul style="list-style-type: none"> Essential oils: 1-2 new processing facilities in the Groothoek production area. A facility for the extraction of oils from seeds could be located in a more central area (possibly at the Agri Hub in Oudsthoorn) and serving a wider production area. Aquaculture and Aquaponics: may be potential for combined facility (Tilapia 100-200 tonnes) which includes tomatoes, lettuce, and cucumbers, peppers and production of smoked fish products for export and using new water-efficient biofloc technology. Olives: Investigate partnering with and expand existing facility (e.g. De Rustica) to support emerging farmer participation. Mohair: Investigate linkages with new mohair waterless processing technology being explored in the Central Karoo District. 	 KEY ROLE-PLAYERS <table border="1"> <thead> <tr> <th>Public Sector</th> <th>Industry</th> <th>Other</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> DRDLR DRDAR ECRDA DEDAT SEDA Dept. Science and Technology Department Trade and Industry DAFF AgriBEE NRS Eden District Municipality Local Municipalities: George, Knysna, Mossel Bay, Kannaalana, Hessegua, Oudsthoorn, Btou </td> <td> <ul style="list-style-type: none"> SAACPA: Training, Information & Networking NAWACO- Women in cooperatives Retailers (Spar, Massmart, Pick n Pay, Shoprite/Checkers, Fruit & Veg City ARC-training, information and networking SA Fruit and Vegetable Canners Association Canning Fruit Producers Association SA Fruit Juice Association SA Groente & Vrugte Fresh Produce Forum Directorate Water Use and Irrigation Development SA Irrigation Institute NIREB Crops Fresh Produce Exporters Forum SA Frozen Fruit and Vegetables Producers Association (SAFFVPA) SA Fruit and Vegetable Canners Association SA Society for Horticultural Sciences (SASHS) Horticultural Industry Task Team A range of vegetable specific Producer's Organisations including Tomato Producer's Association etc. SANSOR SA Irrigation Institute SA Honeybush Tea Association (SAHTA) </td> <td> <ul style="list-style-type: none"> ABSA, Standard Bank, Nabsbank, FNB Land Bank Agri-SA and Agri-WC AFASA ABASA Nelson Mandela University of Technology: George Campus CSIR </td> </tr> </tbody> </table>		Public Sector	Industry	Other	<ul style="list-style-type: none"> DRDLR DRDAR ECRDA DEDAT SEDA Dept. 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 INFRASTRUCTURE REQUIREMENTS <ul style="list-style-type: none"> Water supply and irrigation infrastructure for Dysseidsdorp on Haarlem, LRAD and PLAS farms (amongst other FPSUs). Transport and logistics facilities Small-scale agro-processing facilities (vegetables) Large warehouse and cold-storage facilities Administrative, agricultural input distribution and quality control facilities Internet and software solutions technology 	 NEXT STEPS <table border="1"> <thead> <tr> <th>Year</th> <th>Steps</th> </tr> </thead> <tbody> <tr> <td>Y1</td> <td> <ul style="list-style-type: none"> DRDLR finalise appointment District Agri Park Managers (located at the District level). Conduct Eden and Eden District Lucerne Pellet processing feasibility study. Conduct feasibility into establishing essential oils processing facility in Groothoek production area. Additional research and studies will also be required to develop Agri Park Skills Plan. Agree on location of the Rural Urban Market Centre (Oudsthoorn or Beaufort West). Agri-Park performance targets established and incorporated into district IDP and SDF plans, & sector departments Key commodity development plan developed Feasibility studies Agri-Park sites finalised and land acquired Agri-Park governance and management structures operationalised Agri-Park manager contracted Designs completed, including service requirements regarding water, electricity, waste water disposal Agri-Park costing model and budgets compiled Agri-Park funding, investment & partners secured Agri-Park infrastructure development professional teams procured Develop and support farmers </td> </tr> <tr> <td>Y2</td> <td> <ul style="list-style-type: none"> Agri-Park infrastructure development initiated and managed Agri-Park funding, investment & partners secured Develop and support farmers Agri-Park markets secured (and District Procurement Framework if feasible) </td> </tr> <tr> <td>Y3</td> <td> <ul style="list-style-type: none"> One Agri-hub industrial site phase developed and operational Two FPSUs sites developed and RUMC office established and operational Develop and support farmers, and link to commodity chains </td> </tr> </tbody> </table>	Year	Steps	Y1	<ul style="list-style-type: none"> DRDLR finalise appointment District Agri Park Managers (located at the District level). Conduct Eden and Eden District Lucerne Pellet processing feasibility study. Conduct feasibility into establishing essential oils processing facility in Groothoek production area. Additional research and studies will also be required to develop Agri Park Skills Plan. Agree on location of the Rural Urban Market Centre (Oudsthoorn or Beaufort West). Agri-Park performance targets established and incorporated into district IDP and SDF plans, & sector departments Key commodity development plan developed Feasibility studies Agri-Park sites finalised and land acquired Agri-Park governance and management structures operationalised Agri-Park manager contracted Designs completed, including service requirements regarding water, electricity, waste water disposal Agri-Park costing model and budgets compiled Agri-Park funding, investment & partners secured Agri-Park infrastructure development professional teams procured Develop and support farmers 	Y2	<ul style="list-style-type: none"> Agri-Park infrastructure development initiated and managed Agri-Park funding, investment & partners secured Develop and support farmers Agri-Park markets secured (and District Procurement Framework if feasible) 	Y3	<ul style="list-style-type: none"> One Agri-hub industrial site phase developed and operational Two FPSUs sites developed and RUMC office established and operational Develop and support farmers, and link to commodity chains 	 POSSIBLE ECONOMIC BENEFITS <p>The Agri-Park will inject new investments into the economies of the communities where the Hub and FPSUs will be situated. It will create jobs in the construction phase of the actual hub and FPSUs. It will also create a number of permanent operational jobs and new small business opportunities once the Agri-Park is implemented. This initiative will also support small and emerging farmers in their quest to become sustainable and profitable through training, financial, input, value adding and marketing support. In general, the Agri-Park will have the following positive impact in the district:</p> <ul style="list-style-type: none"> Improved economic transformation, empowerment and inclusive growth Increased employment Increased and more sustainable agricultural production Increased income generation and poverty reduction Increased access to markets Skills development Enterprise development for small and emerging farmers Increased food security Increased tax revenue and municipal rates and service revenue. Economic growth and increase in Gross Geographic Product. 	
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Executive Summary

Report Purpose:

This report has been commissioned by the Department of Rural Development and Land Reform to inform the way forward with the Eden District Agri Park initiative. This draft Eden District Agri Park Master Plan provides a broad framework to guide the way forward. However, this report must continue to evolve and be viewed as work in progress as additional information comes to light and as the stakeholder engagement process deepens moving forward.

The purpose of the report is to provide a 10 year Agri-Park Master Plan Framework regarding priority agri-park agriculture commodities and agri-processing initiatives, required facilities and services, institutional options, and way forward issues regarding planning processes and detailed feasibility analysis so that The Eden District's emerging farmers can strengthen their participation in agriculture value chains.

Western Cape Agriculture Sector:

The agricultural sector in the Western Cape employs about 160,000 people (2014) or 8.4% of all Provincial employment and its Gross Value Added grew at an annual average of 1.9% between 2003-2013 with future estimates and projections forecasting annual average growth of 2.3% between 2015-2020.

Although the region is regarded as climatically relatively stable, it has become increasingly prone to damaging climate extremes and disasters with direct damage costs associated with climate-related extreme events amounting to over R5 billion since 2003. The sector also faces significant non-climatic drivers and pressures including global market instability and rising input costs, competition against highly subsidised counterparts internationally, water and energy supply uncertainties, serious disease outbreaks, labour unrest, and land reform process uncertainties. All these factors are compounded by a growing urban population that is making demands on land, food and water.

According to the WWF-SA (2013), "South Africa has no surplus water and all future development will be constrained by this fact. Farmers will have to double their use of water by 2050 if they are to meet growing food demands using current farming practices. To avoid a crisis, water supply needs to be enhanced and water use efficiency increased."

Eden District Situation Analysis:

The Eden District Municipality covers an area of 23,331km² in the south eastern part of the Western Cape, covering the Garden Route and the Little Karoo regions. The district is divided into seven local municipalities, which include: Kannaland (Ladismith), Hessequa (Riversdale), Mossel Bay, George, Oudsthoorn, Bitou (Plettenberg Bay) and Knysna.

The District includes a wide range of climactic, soil and rainfall pattern areas due its combination of very different coastal and mountainous areas and Klein Karoo characteristics and which are suitable for various types of agriculture and aquaculture production:

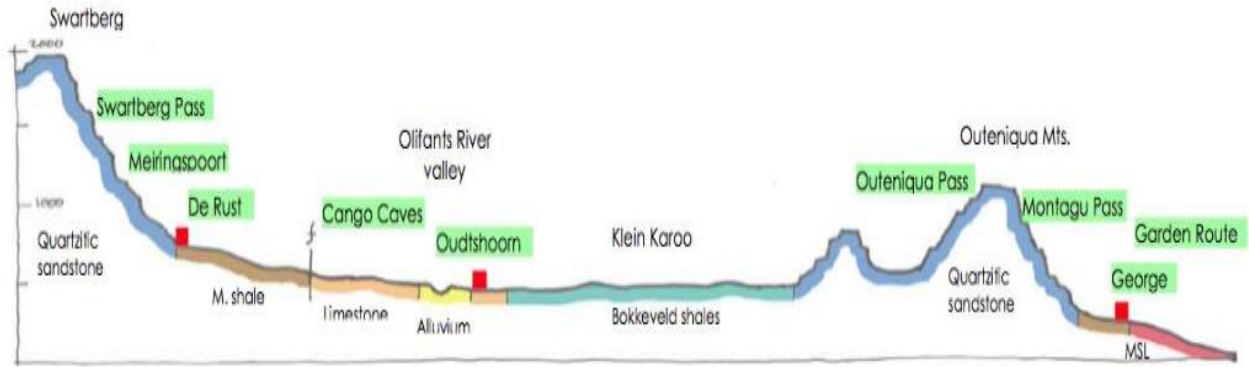


Figure 1: A regional section diagram of the Eden District, illustrating key natural features and the manifestation of settlement based on these natural determinants (Oberholze & Winter, 2013)

There are approximately 2 000 to 3 000 farmers and smallholding operators in the Eden District, and approximately 18,024 farms.

The District's agriculture sector comprises of mainly large commercial farming and has a diverse production capacity with at least 14 commodities contributing significantly to agricultural production. The main economic activities of the region are ostrich farming, deciduous fruit farming, forestry, and fishing. The region is also produces the following key export products, including Port wine, certified fine vegetable seed, Honey bush herbal tea and Aloe products. Eden's agricultural economy is well established with the coastal areas and coastal plateau being utilised intensively for crop production (vegetables), hops, as well as dairy production.

The District LED Strategy identifies agriculture opportunities such as floriculture, a few niche products, and expansion of existing production in essential oils, honey, and live-stock and poultry farming, and aqua farming (fish) or aquaculture.

Priority Eden District Agri Hub Commodities

The Eden District priority Agri Park commodities have been identified using specific criteria and stakeholder inputs which include the potential for participation and growth for small and emerging farmers. The main commodities selected for inclusion into the Eden District Agri Park for immediate focus in years 1 onwards are fruit and vegetables (including vegetable seeds and possibly flower seeds) as well as honeybush tea and lucerne. The following additional other commodities have also been identified for medium and long term (3-10 years) Agri Park linkages as the Agri Park evolves: essential oils, ostriches, olives, and aquaculture.

The full report contains a detailed discussion of the priority commodity value chains, and an industry and SWOT analysis. In addition, a profile of selected farms relevant to each of the priority commodities is provided together with an indication of potential empowerment opportunities. Finally, a set of key relevant stakeholders for each commodity is identified as a partnership approach will be required to build on existing initiatives and strengthen emerging farmer support and linkages to these initiatives.

Increasing the productivity of the producers in the smallholder sector should be a major industry objective. This objective should start with the improvement of infrastructure, education of extension

officers and simplified and easier access to credit (Spies, 2011). Various initiatives exist to improve live-stock management and the Agri Hub will need to strengthen partnerships with these initiatives.

Food processing opportunities in the Eden District

District food processing opportunities have been identified with potential in the short term (0-2 years), and medium to long term (2-10). While immediate the implementation focus of the Agri Park will be on the short-term opportunities, it is also important that planning and preparation to develop the medium and longer term processing opportunities also takes place in the short term. The medium and longer term opportunities will require production planning and emerging farmer capacity development in order to maximize emerging farmer participation in these opportunities.

Short Term: 0-2 years: focus: fruit, vegetables, honeybush and lucerne

1. Expand fruit and vegetable drying facilities in Zoar (including linkages to Amalienstein farm) and Dysselsdorp (including growing demand for sun dried tomatoes) and investigate feasibility of juice processing both fruit and vegetables). Storage facilities for lucerne may also be required.
2. Expand access to fruit sorting, packaging, storage facility in Haarlem (mainly serving Anhalt farm at the moment) to include cold storage.
3. Expand Honeybush production and processing Haarlem (incl. sorting, storage, packaging).
4. Lucerne: possible processing facility for pelleting in Eden District or Central Karoo/ Leeu Gamka needs investigation (or partner with existing facility to be investigated).

Medium to Longer Term: 2-10 years

1. Essential oils: requires production revival and needs investment in 1-2 new processing facilities in the Groothoek production area. A facility for the extraction of oils from seeds could be located in a more central area (possibly at the Agri Hub in Oudsthoorn) and serving a wider production area.
2. Ostriches (longer term): initially rearing and eggs and then further processing in the medium to longer term by emerging farmers (the use of Waaikraal as incubation training facility is currently being explored)
3. Aquaculture and Aquaponics: may be potential for combined facility (Tilapia 100-200 tonnes) which includes tomatoes, lettuce, and cucumbers, peppers and production of smoked fish products for export and using new water-efficient biofloc technology (currently being piloted in South Africa at the University of Stellenbosch).
4. Olives: Investigate partnering with and expand existing facility (e.g. De Rustica) to support emerging farmer participation.

5. Mohair: Investigate linkages with new mohair waterless processing technology being explored in the Central Karoo District.

Agri hub Strategy

The Eden District Agri Hub will contribute to the following outcome: Vibrant, equitable and sustainable rural communities. The Agri-Park Vision is as follows:

The Eden DM Agri-Park will be a well-managed initiative that involves good coordination and involvement between emerging and commercial farmers (as well as the three spheres of government) in its governance and management (including effective monitoring and evaluation of operations and projects) and where emerging farmers are empowered with the necessary support, resources, knowledge, and skills to sustainably manage farm production, access processing opportunities and supply value chains and access markets without necessarily relying on ongoing government funding.

The Agri-Park Mission Statement is as follows:

The Eden Agri Park will assist to address the needs of emerging farmers to strengthen their ability to participate in both local and international (where relevant) value chains by coordinating and supporting improved access to capacity development (e.g. farm management) and other support services and facilities (e.g. access to equipment, water, transport, processing, cold and normal storage, packaging and distribution as well as market information and research) in order to meet the standards and other purchasing requirements of relevant supply chain buyers, thereby helping to retain and create jobs and improve the incomes of emerging farmers and farm workers

Proposed Goal Statement for Eden DM Agri-Park: By 2025 Eden DM's rural areas and towns would be transformed into thriving areas in terms of jobs, food security and opportunities to prosper.

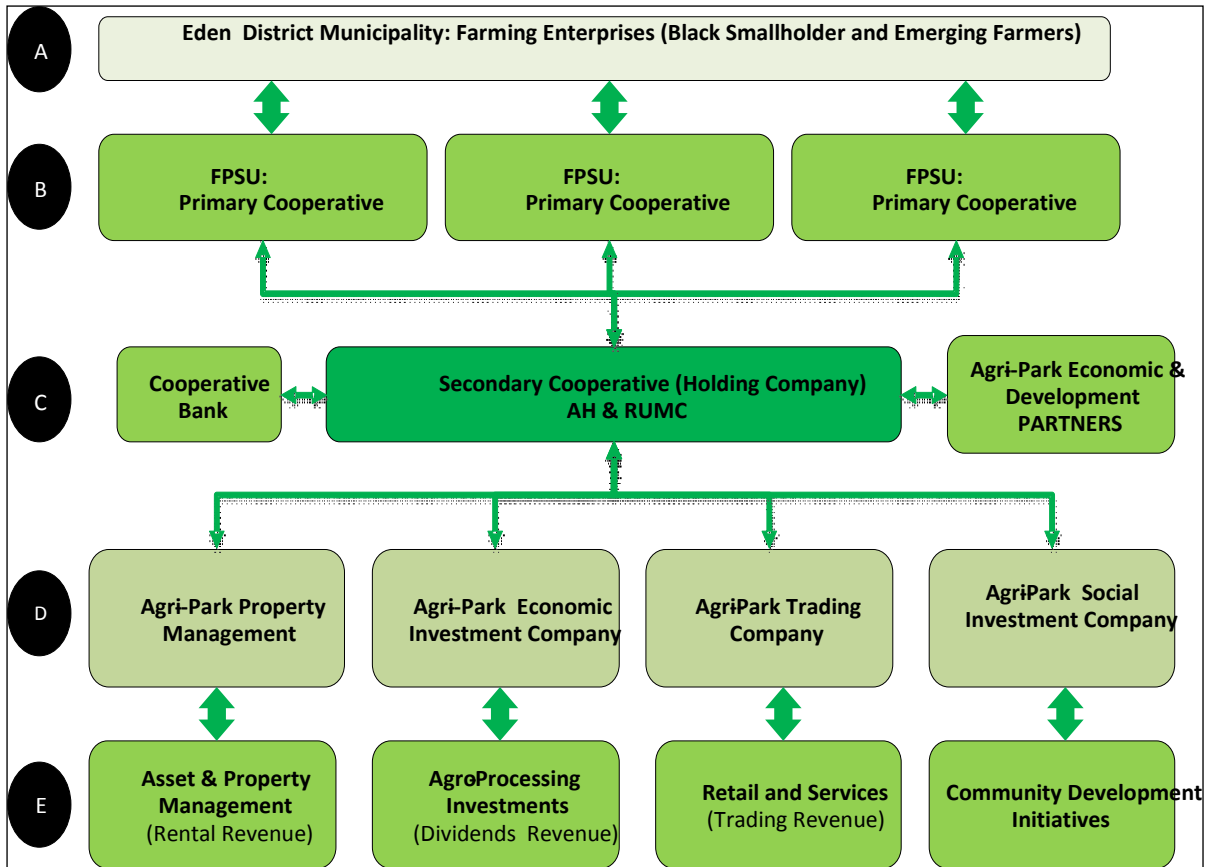
To achieve the proposed Agri-Park Goal, the following objectives aligned to the Agri-Park draft policy framework are proposed for the implementation of Eden DM Agri-Park:

Objective 1: Transformation and Modernization

Objective 2: Agri-Park Infrastructure Development

Objective 3: Agri-Park Governance and Management: To enhance agricultural productivity, the Agri-Park is to enable producer ownership of 70% of the equity in Agri-Parks, with the state and commercial interests holding the remaining 30% minority shares (see Figure below); and allowing smallholder producers to take full control of Agri-Parks by steadily decreasing state support over a period of ten years. 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.

Figure 1 Proposed Agri-Park Ownership, Governance and Management Model



The above model will need to be adapted for specific commodities and for the District’s unique circumstances and context.

Objective 4: Agri-Park Funding: To facilitate funding, and investment for the development of the Agri-Park over the next 5 years

Objective 5: Agri-Park Farmers and Communities Development: To provide technical support and extension services to Agri-Park beneficiaries over the next 10 years and beyond.

Objective 6: Agri-Park Implementation Capacity: To enhance the capacity and capability of officials responsible for the implementation of the Agri-Parks over the next 3 years.

Agri hub Infrastructure Plan

An Agri-Park is *not only* physical buildings located in single locations (like ordinary industrial parks) per district *but* it 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 (RETM)**. An AP contains three **service collections**: Farmer Production Support Unit (FPSU), an Agri-Hub (AH); and The Rural Urban Market Centre (RUMC) which may service multiple districts.

Oudsthoorn has been identified as a AH due to its strategic central location as the district gateway and agro-processing potential due to the good road transport networks crossing the district as well as its access to George airport.

Primary production of livestock will take a place at the FPSUs level including communal and farmers and from government owned farms under the land reform programme. Some of the emerging farmers with small production may be arranged into cooperatives to reduce their transaction costs. Produce from the FPSUs will be delivered either to the processing plants or to the Agri Park.

The **Agri-Hub** in Oudtshoorn should include a wide range of facilities and support services including: Training facilities (ideally existing training facilities should first be utilised and new facilities only considered if these do not meet the Agri Hub's training needs); Intake, storage and dispatch facility of about 2000 m² for animals and Lucerne; Small packing and cooling facility for vegetables and/or fruit (medium term); Local market facility to sell local produce; Office space (open plan office with desks), boardroom (2) facilities, internet cafe and secretarial services for local emerging farmers; Main production input supply facility (most probably a cooperative) of about 2000 m² (shop to purchase production inputs); Main mechanization centre and equipment servicing and repair centre; Extension services with shared offices at the training centre; Veterinary services; Market information centre with shared offices at the training centre. The possibility also exists of including wool processing equipment, an essential oils seed processing facility, and in the longer term olive oil processing facility (depending on feasibility).

Four priority Agri FPSUs have been identified:

1. FPSUs 1-2: Expand fruit and vegetable drying facilities in Zoar (including linkages to Amalienstein farm) and Dysseisdorp (including growing demand for sun dried tomatoes) and investigate feasibility of juice processing both fruit and vegetables). Storage facilities for lucerne may also be required.
2. FPSU 3: Expand access to fruit sorting, packaging, storage facility in Haarlem (mainly serving Anhalt farm at the moment) to include cold storage.
3. FPSU 4+: Lucerne: the location of FPSUs to support emerging farmers producing Lucerne requires further investigation as there are a wide range of production areas throughout the District, including Ladismith (Produce for the market), Mossel Bay (Pastures and own consumption), Oudtshoorn (Produce for the market) and Riversdale (Pastures and own consumption). The main need is for storage facilities as well as shared equipment. The FPSU 2 in Dysseisdorp should include support for Lucerne producers.
4. FPSU 5: Honeybush: Haarlem (linked to nursery): short term focus on expanding production (1-3 years) and medium term focus on supporting processing, packaging, distribution.

In the longer term, the following additional FPSUs should be planned for:

1. FPSU 6: Essential oils: Groothoek production area and linked to mechanisation centre.
2. FPSU 7: Olives: location to be determined (possibly linked to existing processing facility).
3. FPSU 8: Aquaculture: location to be determined.

Ideally the FPSUs should be located on municipal land wherever possible. Each Municipality needs to identify the detailed location and land for FPSUs in consultation with emerging farmers. Linkages with existing infrastructure and facilities should be maximised wherever possible. The **FPSUs** should include the following facilities and support services: Small Produce handling facility – receipt and dispatch of produce from the catchment areas; Mechanization and repair centre; Composting

facility; 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.

In addition, improved access to water will be absolutely critical to support and improve production in the FPSU catchment areas. This includes the need for water supply and irrigation infrastructure for Dysselsdorp, LRAD and PLAS farms, as well as for Haarlem and other FPSU catchment areas- as informed by WCDoA water investigations.

The Rural Urban Market Centre Unit (RUMC) will link and contract producers and markets through contracts; acts as a holding-facility, releasing produce to urban markets based on seasonal trends and provides market intelligence and information feedback, to the AH and FPSU, using the latest information and communication technologies. The site for Central Karoo RUMC has not been confirmed. It is however proposed that the Central Karoo and Eden District should seriously consider a shared Rural Urban Market Centre either at Beaufort West or Oudtshoorn depending on a more detailed analysis of commodity linkages and logistical requirements including access to relevant local and regional markets.

There are also plans underway to strengthen the Oudtshoorn Airport's ability to service cargo needs and there may be synergies between the Agri-Park and future airport development and cargo feasibility. At the same time discussions are also underway to strengthen the Beaufort West airport and its ability to service freight. A holistic assessment of regional airport development is needed as the Agri Park initiative unfolds. The optimal development of export oriented commodities in the District (e.g. essential oils, aquaculture and processed fish products, and honeybush) may require enhancements to airport facilities and routes served.

Regarding market access and maximising access to local markets, it is proposed that the RUMC explore the potential to establish a District Framework Contract to facilitate stream-lined procurement from local producers by a wide range of national, provincial and local government institutions.

Agri hub Implementation Plan

The Agri Park implementation will continue to evolve as new developments unfold. It will be important for implementation to take place in as coordinated a manner as possible and therefore the pending appointment of a District Agri Park Manager will assist in this regard and provide a key focal point for all stakeholders to interact with.

This 10 year Agri Park Master Plan implementation plan therefore contains the following:

- a) Agri Park Success Factors based on international experience;
- b) Agri Park Implementation monitoring plan to guide the monitoring of the Agri Park (it will be critical for stakeholders to agree on key indicators to be monitored and for regular progress reports on these indicators to be presented and discuss at the Agri Park stakeholder meetings such as the DAPOTT and DAMC))
- c) Agri Park Risk Management Plan: it will be critical for key risk managers to be identified and who are responsible to implementing actions to mitigate the key risks facing the successful implementation and operation of the Agri Park.
- d) Agri 10 Park High Level 10 year implementation plan to provide an indication of the phased implementation approach; and

- e) Agri Park Strategic Partnership Framework to provide an indication of the wide range of partnerships which will need to be explored, facilitated and defined to ensure the successful operation of the Agri Park.

Way Forward and Next Steps

This master plan will be taken forward by the District which will facilitate its ongoing evolution and implementation with a wide range of partners and support organisations. The following next steps can be identified:

1. **DRDLR to finalise appointment District Agri Park Managers** (Stakeholders have strongly requested that the Agri Park Managers be located at the District level so that meaningful coordination and implementation can take place).
2. **DRDLR to provide clarity on Agri Park service providers** to the DAPOTT AND DAMC who have been appointed to assist with required detailed feasibility studies as well as detailed facility designs and costing so that coordination can take place at a District Level.
3. **Conduct Eden and Eden District Lucerne Pellet processing feasibility study:**
A joint feasibility into the above covering both Districts needs to be initiated and which links to emerging farmer Lucerne production areas in both Districts.
4. **Conduct feasibility into establishing essential oils processing facility** in Groothoek production area. In addition, investigate feasibility of essential oils processing facility from seeds and identify ideal location.
5. The District and Local Municipalities will need to make provision for the Agri Park in their Integrated Development Plans (IDPs) (including possible infrastructure and services needed for the Agri Hub, FPSUs, and RUMC), Local Economic Development Plans, and Spatial Development Frameworks (SDFs). Local Municipalities must ensure an agri park representative is nominated to participate in future DAPOTT meetings. In addition, Local Municipalities (together with the District Municipality, DRDLR, and Provincial Department of Agriculture) will need to identify specific sites for the FPSUs (ideally such sites should be aligned to any nodes identified in local SDFs). District and Local Municipalities to engage emerging farmers to refine facility and service requirements at FPSUs. If EIA processes are required, the possibility of an EIA class application for all Agri Park EIAs should be investigated to speed up the planning process and ensure it is efficient:
 - a) FPSUs 1-2: Expand fruit and vegetable drying facilities in Zoar and Dysselsdorp Expand fruit and vegetable drying facilities in Zoar (including linkages to Amalienstein farm) and Dysselsdorp (including growing demand for sun dried tomatoes) and investigate feasibility of juice processing both fruit and vegetables). Storage facilities for lucerne may also be required.
 - b) FPSU 3: Expand access to fruit sorting, packaging, storage facility in Haarlem (mainly serving Anhalt farm at the moment) to include cold storage.
 - c) FPSU 4+: Lucerne: the location of FPSUs to support emerging farmers producing Lucerne requires further investigation as there are a wide range of production areas throughout the District. (including Ladismith, Mossel Bay, Oudtshoorn and Riversdale. The main

need is for storage facilities as well as shared equipment. The FPSU 2 in Dysseisdorp should include support for Lucerne producers.

- d) FPSU 5: Honeybush: Haarlem (linked to nursery): short term focus on expanding production (1-3 years) and medium term focus on supporting processing, packaging, distribution.

In the longer term, the following additional FPSUs should be planned for:

- a) FPSU 6: Essential oils: Groothoek production area and linked to mechanisation centre.
 - b) FPSU 7: Olives: location to be determined (possibly linked to existing processing facility).
 - c) FPSU 8: Aquaculture: location to be determined.
6. DRDLR to facilitate a meeting with both Eden and Eden Districts to discuss (and agree on) the location of the Rural Urban Market Centre (Oudsthoorn or Beaufort West).
 7. Detailed design of Agri Park and FPSU facilities should commence as informed by detailed user needs analysis. Existing facilities should be used wherever possible. Additional infrastructure support requirements (e.g. bulk infrastructure, water storage, supply and irrigation infrastructure for Dysseisdorp, Matjiesrivier and Zoar and other FPSU catchment areas) to be identified as part of this process. Any land ownership and planning process implications (e.g. re-zonings, EIAs) to be identified and process initiated.
 8. Additional research to develop a Agri Park Skills Plan: Training and skills required for the agro processing opportunities should be identified to inform Training Courses and opportunities (explore partnerships with NARYSEC and existing FET colleges and other training providers).
 9. Resource Mobilization, Collaboration and Partnerships including clarification of funding sources to be initiated by the District and DRDLR to clarify funding arrangements.
 10. Detailing of agri-park desired institutional arrangements to be informed through detailed legal advice.
 11. Regarding market access and maximising access to local markets, it is proposed that the RUMC explore the potential to establish a District Framework Contract to facilitate stream-lined procurement from local producers by a wide range of national, provincial and local government institutions. It is also proposed that a national brand be developed for Agri Parks which can strengthen market awareness and market access.
 11. The Development of an emerging farmer farm management programme should proceed to clarify how all relevant role-players can strengthen emerging farmers in the District. Key industry associations, the Provincial Department of Agriculture, and private sector role-players need to be engaged with. The possibility of organising a District Emerging Farmer Capacity Building consultative workshop to discuss this process should be considered.

CHAPTER ONE INTRODUCTION AND BACKGROUND

1.1 Introduction

The Department of Rural Development and Land Reform’s (DRDLR) Office of the Chief Director: Rural Development: Service Delivery Coordination appointed Camissa Institute of Human Performance (Pty) Ltd (Camissa) and Managing for Excellence (Pty) Ltd Joint Venture (Camissa) to develop a Master Agri-Park Business Plan for and with the Eden District Municipality to inform the operationalisation of the District Agri-Park.

Figure 2 Eden District located within the Western Cape Province



1.1.1. Report and Master Plan Purpose

The purpose of this Master Plan documents is to serve as a working document to guide the more detailed implementation of the Eden Agri Park.

The Master plan provides a framework to guide the Eden District as it facilitates an ongoing process of detailed stakeholder involvement in implementing the range of inter-linked initiatives which need to be in place for the Agri Park to succeed.

This document needs to be treated as a working document and updated periodically as the broader context and development opportunities and constrains continue to evolve.

1.1.2. Project Context

Eradicating rural poverty is one of the most critical challenges facing the South African government. Despite a great deal of work done by government and other sectors between 1994 and 2000, rural poverty proved to be stubborn and impact was considerably lower than expected. The key problem seemed not to be the range and quality of development or anti-poverty programmes in existence, but the failure to co-ordinate their activities and provide an integrated package of services that matched local priorities.

Agri-Parks as a concept is new in South Africa though it is practiced in other parts of the world. The concept involves the use of collective farming, farmer-incubator projects, Agri-clusters, and eco-villages. At the same time it assists with land conservation and preservation. It also evokes the traditional model of an agricultural business hub, where multiple tenants and owners operate under a common management structure where for example a range of Agri-Horticultural enterprises may exist. The model must have a strong social mobilization component so that Black farmers (subsistence households, smallholder and emerging) and agri-business entrepreneurs are actively mobilised and organised to support this initiative.

The model also seeks to strengthen existing and create new partnerships within all three spheres of government, the private sector and civil society. Partnerships with Department of Agriculture, Forestry and Fisheries (DAFF) and Department of Cooperative Governance and Traditional Affairs (DCoGTA) are critical.

The Agri-Parks should be:

- Based on economic advantage;
- Have all the elements of the value chain for dominant products; and
- Ultimately lay the foundation for rural industrialisation.

The **objectives** of the Agri-Park are to:-

- The development of the a Black farming class in terms of technical expertise and ability to supply the market sustainably and at the desired market quality;
- Emerging Black farmers working in joint Ventures to participate in supplying the Agri-Park;
- Private farmers to join the Agri-Park as a lucrative investment opportunity; and
- Develop partnerships with other government stakeholders to develop critical economic infrastructure such as roads, energy, water, ICT and transportation/logistics corridors that support the Agri-Park value chain.

The **guiding principles** of Agri-Park establishment are:

- One Agri-Park per District (44) with focus on the 27 priority districts.
- Agri-parks must be farmer controlled.
- Agri-parks must be the catalyst around which rural industrialization will takes place.
- Agri-parks must be supported by government for a period of 10 years to ensure economic sustainability.
- Strengthen partnership between government and private sector stakeholders to ensure increased access to services (water, energy, transport) and production on the one hand, while developing existing and create new markets to strengthen and expand value-chains on the other.
- Maximise benefit to existing state land with agricultural potential in the provinces, where possible.
- Maximise access to markets to all farmers, with a bias to emerging farmers and rural communities.
- Maximise the use of high value agricultural land (high production capability).
- Maximise use of existing agro-processing, bulk and logistics infrastructure, including availability of water, energy and roads.

- Support growing-towns and revitalisation of rural towns, in terms of high economic growth, high population growth over past 10 years and promote rural urban linkages.

1.1.3. Agri Park Master Plan Scope and objectives

Camissa and Managing for Excellence was expected to:

- a) Develop a Eden **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 Master Agri-Park business Plan in line with the commodities in the respective:
 1. Farmer Production Support Units (linked to farmers and farming areas;
 2. Agri-Hub and feeder FPSUs; and
 3. Rural Urban Market Center and linkages with Agri-Hubs and FPSUs.
- c) The Business Plan 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 Business Plan, 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 Agri-Park Master Business Plan 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.

1.1.4. Methodology and Process Followed

The Agri-Parks development and establishment is an initiative of the South African Government aimed at transforming rural areas and contributing to the growth and development of the agricultural sector. The Agri-Park Master Plan implementation will cut-across national and provincial government structures, district and local municipalities, and various stakeholders including beneficiary farming enterprises.

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

1.1.5. 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 **Eden DM** which was part of phase 1 for the drafting of this APMBP. In terms of the above definition the APMBP for the **Eden DM** 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.

1.1.6. Instructions for Reading this Master Plan and Report Structure

This report contains the following sections:

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 and identifies way forward issues.

1.2 Background and Context

1.2.1 Introduction

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.

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 in 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.

1.2.2 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:

1) 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

2) 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.

3) Agri-Hub

The farmers produce (input) is processed in large scale at the Agri-Hub. The Agri-Hub also 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.

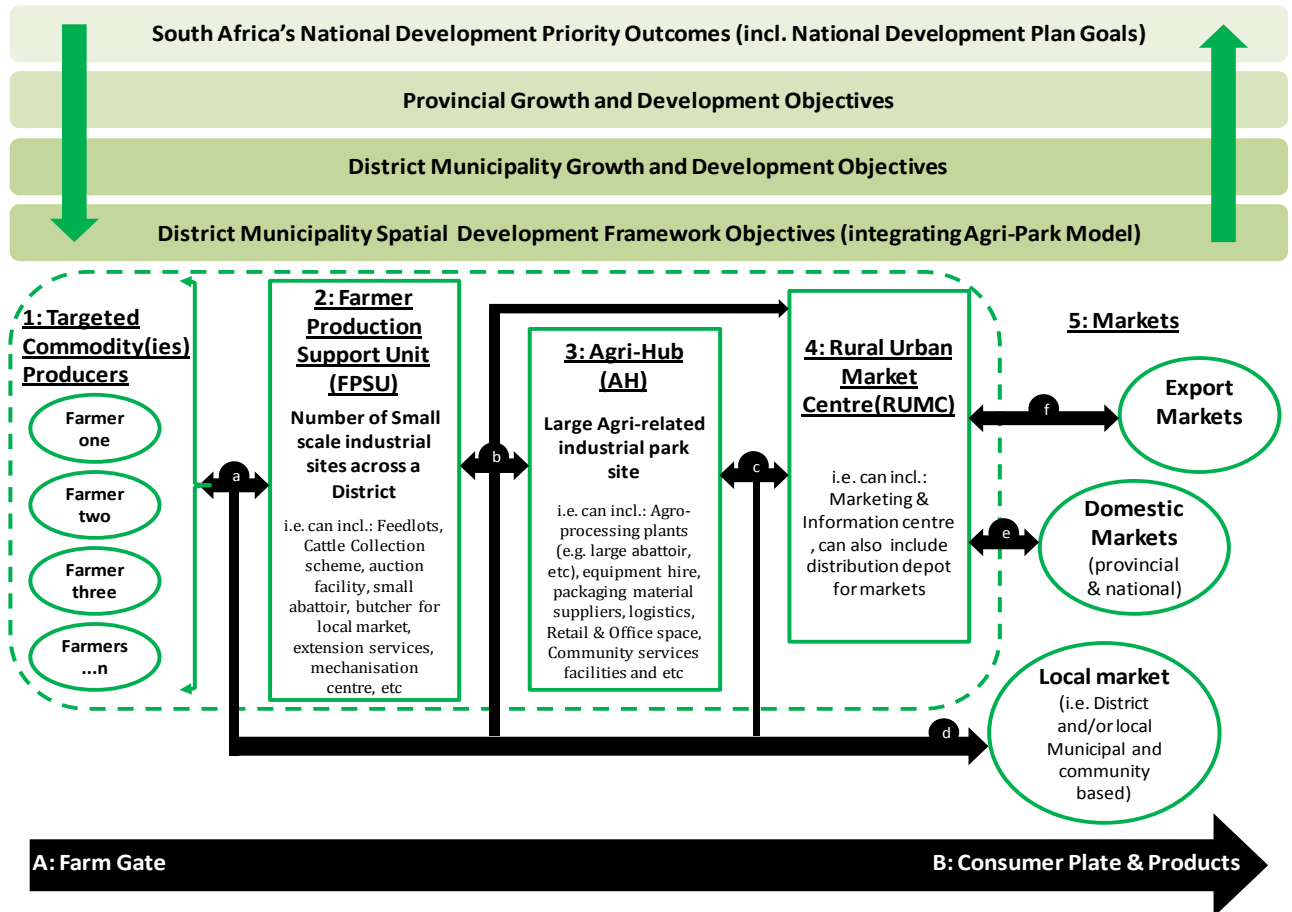
- c. **Market:** The Agri-Hub mainly suppliers agro-processed products through the RUMC and local market.

4) 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 3: Adapted Agri-Park Model



5) 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 competitiveness, and foreign currency earnings for local economies.

1.2.3 Agri-Park Institutional Framework

Table 1 Agri Park 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 fulfilment of the rights, and responsibilities, in the management of district land ownership and use that is consistent with South Africa's Constitution.

CHAPTER TWO: EDEN AGRI-PARK TARGETED COMMODITY¹

2.1 Introduction

The Eden District proposed Agri Park commodities have been identified using the following criteria:

- a) The presence of an existing sustainable production advantage (both currently and into the future); and
- b) Commodities produced by small and emerging farmers which could help them achieve economic independence and sustainability, contribute to GDP growth for the district and where they require support in order for this to happen.
- c) Input from the District and Local Municipalities;
- d) Input from the DAPOTT and DAMC; and
- e) The impact and possible future impact of the commodity(ies) on the local economy by way of contribution to the GDP and job creation. Commodities with high potential growth and high potential of job creation.

The commodities of importance in the Eden District and which have been identified in the Situation Analysis are:

- Vegetables grow in the Garden Route include cauliflower, broccoli, brussel sprouts, cabbage and to a lesser extent potatoes, tomatoes, carrots, French beans and sweet peppers. Vegetables grown in the Little Karoo include potatoes, tomatoes, onions, butternut, pumpkin, etc.
- Lucerne
- Deciduous Fruits (incl. apricots, peaches, apples, pears, grapes, plums) and soft fruits (strawberries and blue berries)
- Olives
- Floriculture
- Honeybush
- Essential oils (incl. Geranium, Liquorice)
- Hops (linked to craft breweries)
- Livestock (both cattle and small stock) and Dairy incl. cheese
- Forestry
- Fishing
- Aquaculture
- Ostrich products (meat, leather, feathers)
- Port and wine
- Vegetable seed

¹ Refer to the Eden Situation Analysis annexed hereto as Annexure A for further details.

- Citrus
- Aloe products
- Wool fibres (Mohair, Wool)
- Dried herbs
- Cut flowers, Foliage and Fynbos products

Commodities produced/ harvested by small / emerging farmers include: vegetables, fruit, Lucerne, honeybush, essential oils, livestock, and fishing.

2.2 Eden District Main Agri Park Commodities

Using the criteria as set out above, the main commodities selected for inclusion into the Eden District Agri Park for immediate focus in years 1 onwards are fruit and vegetables (such as (but not limited to) cauliflower, broccoli, brussel sprouts, cabbage and to a lesser extent potatoes, tomatoes, carrots, French beans and sweet peppers as well as vegetable seeds (esp. the Klein Karoo)) as well as honeybush tea and lucerne.

The following additional other commodities have also been identified for medium and long term (3-10 years) Agri Park linkages as the Agri Park evolves: essential oils, ostriches, olives, and aquaculture.

The chapter outlines the fruit, vegetable, and honeybush subsectors and industry forces, consumption and production, industry structure and links with the Agri-Park, and value chain players.

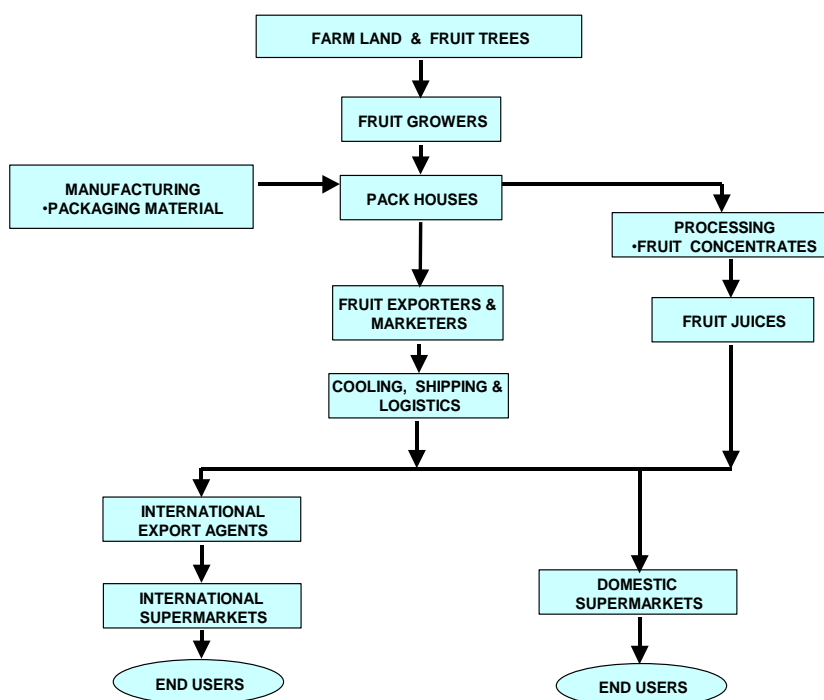
2.2.1 Fruit sub-sector

The Fruit Value Chain

The following diagram indicates the overall fruit value chain. This report will not go into the fruit sub-sector value chains but will review the overall dynamics.

Figure 4 Fruit Value Chain

SA FRUIT INDUSTRY VALUE CHAIN



The fruit supply value chain consists of a complex network of production and operational role players. Key stakeholders to the value chain include producer and associated organisations, organised labour, NOGs, financial institutions, government, exporters and other traders. Hortgro acts as an umbrella organisation, facilitating grower participation and control of interests of the various fruit type producer associations operating in the industry. Hortgro acts as the mouth piece of the organised fruit industry, comprised of members, affiliated members and service providers².

The main segments of the South African fruit value chain include the following:

- The suppliers of farming inputs (and farming requisites)

Fruit farming requires the use of specialised and sophisticated agricultural inputs and chemicals. The availability of farm equipment and chemicals such as pesticides and insecticides (at reasonable prices) are essential for successful farming and the overall assurance of competitiveness.

² Hortgro members include the South African Apple and Pears Producers Association (SAAPPA), South African Stone Fruit Producers Association (SASPA), Dried Fruit Technical Services (DFTS), Protea Producers of South Africa (PPSA), South African Cherry Growers' Association (SACGA), and the South African Olive Industry Association. Affiliated members include the Rooibos Tea Producers Association, Pomegranate Producers Association, Cape Flora, South African Honeybush Tea Association (SAHTA), South African Bee Industry Organisation, South African Berry Producers Association. Furthermore, service entities aligned to Hortgro include Fruitgro Science (DFPT Research), South African Plant Improvement Organisation (SAPO) Trust, Cultivar Development Company (CULDEVCO), Sterile Insect Technique (SIT) Africa, Entomon Technologies and the SA Fruit Journal

- Producers

The core business of producers is to produce a high quality crop within “Good Agricultural Practice” protocols. Consistency, reliability of supply and producing varieties as demanded by the markets at affordable prices are also important facets of the producer’s responsibility and business activities.

- Fresh produce markets and retailers

Fresh Produce Markets (FPMs) remain the dominant players in the wholesaling of fresh fruit and vegetables³. As the largest wholesalers in the value chain, FPMs have been dubbed as “price setters” or the “fruit produce stock exchange”. This is due to the fact that pricing is decided upon negotiation between market agents , with the primary aim of collecting the best prices for sales and ensuring that highly perishable stocks are cleared. These prices are used as a base on which to negotiate prices outside the FPM.

South African fruit retailers exist in both formal (chain stores, supermarkets, neighbourhood stores) and informal sectors (hawkers and informal shops and cafes). These sales include prices that are predetermined , sold in small packages or individually.

- Packhouses

Fruit is stored in pack houses before it is transported to processors and fruit exporters and marketers. Of cardinal importance in this segment of the value chain is the inputs of manufacturers (and labourers) in terms of packaging materials.

- Processors

The processing of fruit takes various forms, with primary processing involving activities such as canning, drying and juice manufacturing. In South Africa, a large proportion of processed fruit is destined for export markets, while the remaining surplus caters for domestic consumption. Another set of fruit processors not captured in the illustration above include caterers, hospitality and other service organisations and government institutions (prisons etc).

- Cold storage transporters and operators

Cold storage operators are responsible for receiving, handling and cooling fruit in accordance to the exporters specifications, in a truck or container that has been approved or registered by the Perishable Export Control Board (PPECB). Transporters fulfill a key role in the value chain as they are responsible for facilitating physical transfers of products between parties and maintaining the cooling chain during transit.

- Exporters

The primary responsibility of exporters is to market and sell fruit of producers at the best market prices negotiable through engagements with role players involved in the logistics. Exporters are expected to manage the cold chain and handling of fruit in a way that is acceptable to standards and practices. The main organisation responsible for the exportation handling of fruit in South Africa is the fresh Produce Exporter’s Forum (FPEF), which aims at the

³ Other forms of independent wholesalers also exist, including contract buyers, supermarkets, wholesaling subsidiaries and farmer sales direct to retailers and to consumers

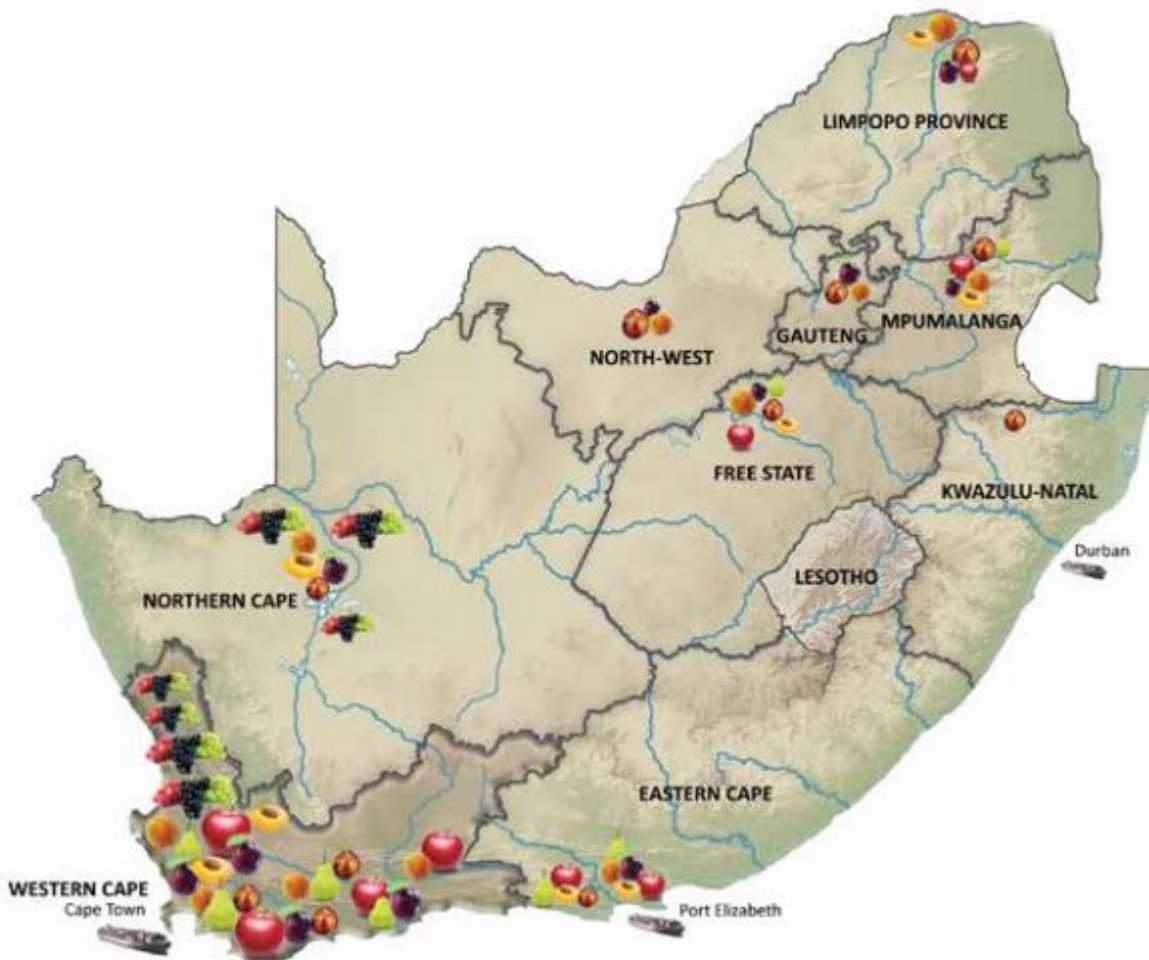
provision of leadership, services and the assurance of high quality products to its members and the international buying community.

- Terminal and port operators

Terminal and port operators are responsible for notifying relevant stakeholders in the value chain of port relate delays such as labour strikes, traffic congestion or wind delays that will most likely have an impact on the delivery of fresh produce into and out of the harbour. The South African Port Operations (SAPO) container terminal reports regarding shipping lines.

Production

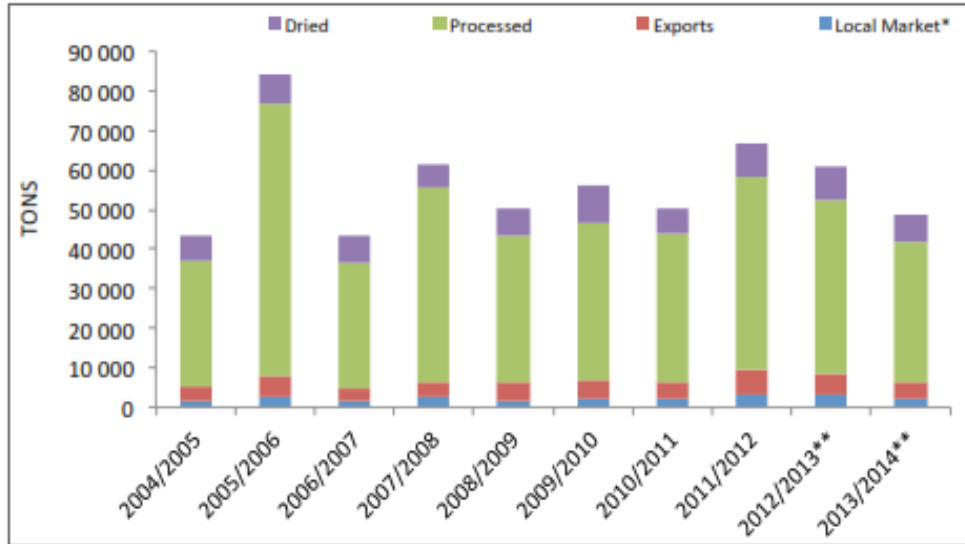
The main production areas in South Africa are as follows:



Source: Hortgro. 2014.

Depending on the fruit, various production proportions are exported, processed (including canning, fruit juices etc.), dried or eaten fresh in the local market. The following example of apricots indicates that that vast majority of production is processed, followed by dried fruit, exports, and local market consumption in that order:

Figure 5 South African Apricot Crop Distribution: 2004 - 2014



Source: Hortgro. 2014.

Deciduous fruit typically involves long lead times from planting to production and this serves as a barrier to entry. Soft fruits do not have such high barriers to entry but may involve other production infrastructure costs (e.g. tunnels) which serve as barriers to entry.

The Provincial Department of Agriculture has provided the following additional farm level information, organised by main commodity group, and which also begins to identify possible production areas and volumes and agri-park infrastructural/ facility and other linkage issues to to be taken forward as part of the ongoing Agri Park consultation process and refinement of the District Master Plan and the detailed agri-park business plans:

Table 2 Actual and Potential Eden District Farms and Production Areas Linked to Fruit and Agri Hub

Fruits							
	Plantation	Existing production	Optimization	Potential	Market Requirement	Potential Market	Empowerment opportunity
Avontuur (move to livestock- cattle)	75 sheep 44 cattle	75 sheep 44 cattle	120 sheep 50 cattle	200 sheep 50 cattle	180 sheep 20 cattle	Processing	Value adding
Golddiggers (Uniondale) (move to livestock)	122 sheep 63 cattle	122 sheep 63 cattle	150 63 cattle	250 sheep 63 cattle	200 30	Processing	
Langfontein (Uniondale) Apples & Nectarines	90 ha	45 ton/ha	60 ton/ha	120 ha	120 ha	Export already	
Ongelegen (Pears & Apples) Uniondale	38,04 Hectares	45 ton/ha	60 ton	40 hectares	40 Hectares	Export	Packing and cooling facilities in Haarlem
Appelkloof – Apples, Pears, Peaches (Haarlem)	90 hectares	50 ton/ha	60 ton/ha	115 hectares	115 Hectares	Export already	Packing and cooling facilities in Haarlem
Nocturne – Apples (Haarlem)	2 Hectares	30 ton/ha	45 ton/ha	15 Hectares	15 Hectares	Export and Local fresh	Packing and cooling facilities in Haarlem
Small Farmers (Haarlem & Dysselsdorp)	Figure not available.						Can expand on the plots.
Anhalt – Apples, Pears & Nectarines (Haarlem)	51,02 Hectares Apples, 6,74 Hectares Pears	12,97 Hectares not yet in production	Expand with another 5 Hectares	80 Hectares	Hectares		Upgrade the existing pack house. Expand with CA rooms. Can Accommodate the other fruit farmers. Facility must be an separate entity.

Source: Western Cape Department of Agriculture: December 2015.

Industry analysis

Using Porter’s Five Forces framework the following industry dynamics can be identified:

Table 3 Fruit industry analysis

New Entrants	<p>The threat of new entrants is medium:</p> <ul style="list-style-type: none"> • New entrants into the fruit market can engage in market/collaboration with commercial farmers, however, long lead times from planting to harvesting, as well as high upfront investment costs and access to finance act as a barrier. • Access to informal and hawker markets in local municipalities • Production risks and price volatility • Lack of funding for smallholder farmers to diversify produce • Food safety and quality could act as a barrier • High prices of packaging materials as well as transport and cold chain access and infrastructure serves as a barrier • Direct-to-consumer channels • Lack of technical, marketing, financial and business management skills
Suppliers	<p>Bargaining power of supplier is medium:</p>

	<ul style="list-style-type: none"> • Health orientation of modern consumers, population growth and increase demand for vegetables and subsequent higher prices for produce due to the recent effects of drought • Large commercial farmers dominate the supply to retailers and export markets
Buyers	<p>Buyers have high bargaining power:</p> <ul style="list-style-type: none"> • Buyers especially supermarkets are more concentrated than smallholder farmers and impose stringent quality controls • Perishability gives buyers more bargaining power • Weather patterns also influence the bargaining power of buyers
Intensity of Rivalry / Competition	<p>Intensity of Rivalry and competition is high:</p> <ul style="list-style-type: none"> • Commercial farmers dominate the supply of products to the market. • Commercial farmers sell their second grade and surplus to informal markets • Large scale farmers have resorted to mechanisation and innovative technologies to enhance efficiency and output • Narrow margins have seen a decline in small and medium size commercial farmers. • Canning industry battling with global competition and unwilling to invest(+/- 20% canned food is imported)
Substitutes	<p>Threat of substitution is high:</p> <ul style="list-style-type: none"> • There are only a few substitutes for the nutrients contained in fruit. • Substitution effects are quite pronounced in fresh produce, with consumers having many options and often substituting within and even across product categories based on the season, which in turn influences availability, appearance, flavor and price. • Consumers today are more knowledgeable about the diversity and usage of fresh produce • Substitution also exists between fresh and the more economical processed fruits and vegetables, with the economic downturn contributing to at least a temporary increase in substitutions across these product forms.

The identified strengths, weaknesses, opportunities and threats facing the Eden fruit industry are as follows:

Table 4 Fruit Industry SWOT Analysis

<p>Opportunities</p> <ul style="list-style-type: none"> • Market access initiatives to the Middle East, Asia (India, Indonesia) and China. • Increasing demand in Africa. • Potential for increased local market consumption. • Existing drying facilities can be expanded (e.g. in Dysseisdorp). • Local markets for fresh fruit. 	<p>Strengths</p> <ul style="list-style-type: none"> • The industry's export operations and leading players are well established. • An efficient export infrastructure exists and market access has been improved. • The South African fruit industry is known for excellent overall quality for fruit (strong reputation in major international markets). • Sound communication mechanisms to majority of industrial participants. • High level of investment in current
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	<p>technology within pack houses and cold chain facilities.</p> <ul style="list-style-type: none"> • Industry has all traceability systems in place, as required by accreditation protocols. • Established supplier in EU supermarkets
<p>Threats</p> <ul style="list-style-type: none"> • Increased competition from the Southern Hemisphere counterparts like Chile, Brazil, Argentina and Australia. • Oversupply of fruit into established export markets. • Availability and cost of irrigation water. • Impact of climate change especially in the Western Cape. • Inflation rate with regard to cost of labour and farming and also packing prerequisites. • Currency variability. • Availability of skilled labour • Slow pace of transformation 	<p>Weaknesses</p> <ul style="list-style-type: none"> • For new entrants and emerging farmers, long lead times from planting to harvesting, as well as high up front investment costs and access to finance act as a barrier. • Production is largely dependent on climatic conditions which can only be partially manipulated by man through irrigation. • Deteriorating research infrastructure and capacity may limit new technology development in the future. • Saturation of traditional export markets. • Reliance on the UK and EU as main export market. • Relatively high input and capital costs. • An element of fragmentation in the industry. • Lengthy supply chain beyond the pack house. • Lack of industry control on efficiency and productivity in supply chain beyond farm gate and pack house door. • Poor skills and knowledge of the new entrants. • Delays due to degradation of the supporting infrastructure within the supply chain (handling facilities at ports, roads and energy supply).

Some of the infrastructural challenges are as follows:

- Lack of storage capacity at certain times of the year, when grapes, stone fruit and pome fruit are being harvested (mid January until end of February).
- Hygiene and micro-bacterial quality of water available for use in pack houses and domestic purposes on farms.
- Poor or no communication between the agricultural sector and service providers in terms of planning and future expansion on issues such as energy and transport.
- Transport from the pack house to the market – road, ship or rail.
- Logistical systems which are not applied at full efficiency.
- Inefficient handling operations at South African ports, giving rise to costly delays and breaks in the cold chain.

The Agri Park will need to coordinate and facilitate linkages with a wide range of industry role-players at both the production level (e.g. regarding existing producer support initiatives) as well as processing and market access levels. A few of the industry structure linkages with Agri-Park shown in below:

Table 5 Fruit Industry bodies linked with Agri-Park

Agri-Park Model			
Emerging Farmers	Farmer Production Support Unit	Agri-Hub	Rural Urban Centre Market
<ul style="list-style-type: none"> • Fresh Produce Markets • Commercial Farmers (individual, independent forums and associations) • Retailers • RSA Market Agents • Agrimega • Processors • NAWACO 	<ul style="list-style-type: none"> • SAACTA: Training, Information & Networking • NAWACO- Women in cooperatives • Retailers (Spar, Massmart, Pick n Pay, Shoprite/Checkers, Fruit & Veg City) • ARC-training, information and networking • SA Fruit and Vegetable Canner's Association • Canning Fruit Producers Association • SA Fruit Juice Association • SA Groente & Vrugte • Fresh Produce Forum • Directorate Water Use and Irrigation Development • SA Irrigation Institute • NIRES 		<ul style="list-style-type: none"> • RSA Marketing Agents • Fresh Produce Forum • Market and Price Info • International marketing Agencies • National Agricultural Marketing Council (NAMC)
<p>Industry Representative Body:</p> <ul style="list-style-type: none"> ▪ Crops Fresh Produce Exporters Forum ▪ SA Frozen Fruit and Vegetables Producers Association (SAFFVPA) ▪ SA Fruit and Vegetable Cannery Association ▪ Horticultural Sciences, SA Society for (SASHS) ▪ Horticultural Industry Task Team 			
<p>Links with Public Sector Organisations:</p> <ul style="list-style-type: none"> • Information, Research and Training: Agricultural Research Council (ARC) • Support, Training, Funding & Information: National, Provincial and Local Agriculture department and development agencies (e.g. North Cape Development, Trade and Investment promotion Agency) • Funding and Support: DRLR, DAFF, The dti, the National Empowerment Fund (NEF) and Industrial Development Corporation (IDC), Small Enterprise Development Agency (Seda), Small Enterprise Finance Agency (Sefa) 			

2.2.2 Vegetable sub-sector

The Eden District main vegetable sector advantages appear to be in the following: cabbage, cauliflower, broccoli, brussels sprout (the Brassica vegetable family) and French beans and sweet peppers (summer crops).

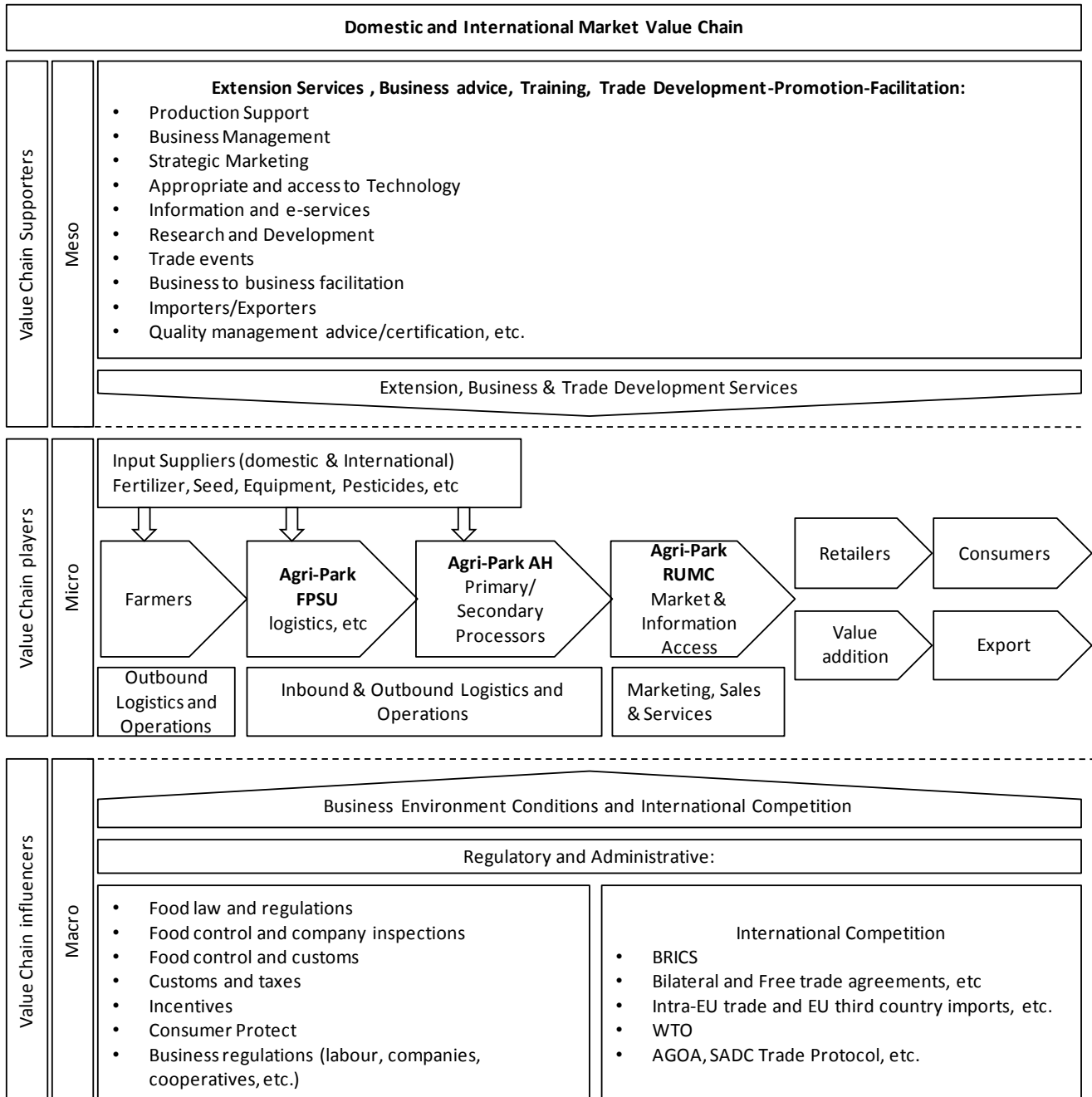
The vegetable subsector has operated in a less marketing controlled environment than most other agricultural products prior to 1997. Apart from potatoes which is more organised and controlled, the vegetable industry has always operated in a much more independent way, with no or low key bodies in place (Jooste & Dempers 2002). Because the industry is seasonal, there is a long established ratio

between the supply of fruit and vegetables from the growers on the one hand, and the capacity of the canning industry to process and preserve the produce on the other hand. A prospective entrant into the market would find this a challenging exercise.

Vegetable Value Chain

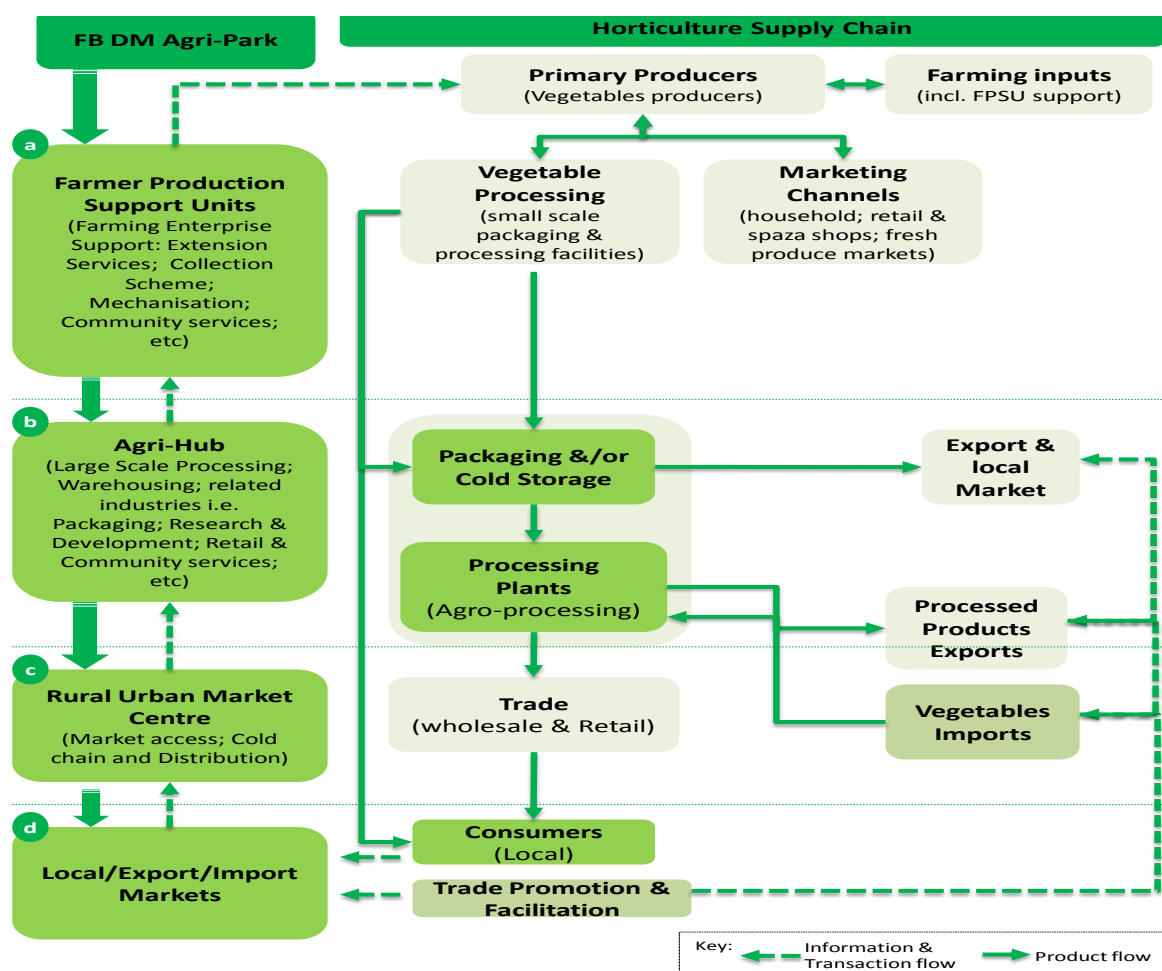
The vegetable value chain is illustrated in the following two figures:

Figure 6 Agri-Park Vegetable Value Chain



Source: (adapted from Spies, 2011)

Figure 7 Agri-Park Vegetable Value Chain



Consumption

Vegetables are an important component of a healthy diet, and if consumed daily in sufficient quantities, could help prevent major diseases such as birth defects, mental and physical retardation, blindness and certain cancers. Vegetables are one of the main products traded by street vendors in the informal sector. A wide range of vegetables are grown in South Africa.

Many of the crops are hand harvested for optimum fresh-market quality, requiring considerable numbers of seasonal workers⁴.

South Africa has a very strong agricultural sector; in most cases it is self-sufficient in fresh fruits and vegetables as well as in inputs for its food processing sector. Spices are the one category for which it has extremely limited local capacity and virtually all its requirements for this product group are imported⁵. The following diagramme illustrates the expenditure patterns of food, vegetables and fruit consumption in South. Between 2008/09 and 2012/13 vegetables expenditure has been

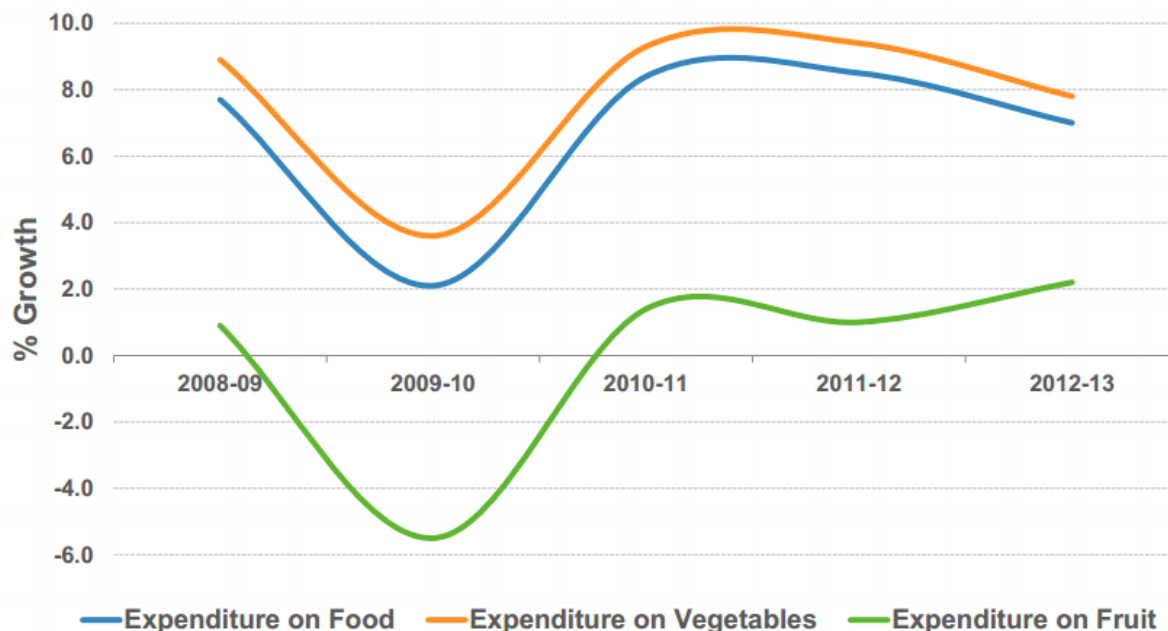
⁴ Department Of Agriculture, Forestry and Fisheries, Crops and markets: First Quarter

2011, Volume 92, No 947; Directorate Agricultural Statistics; Republic of South Africa; <http://www.nda.agric.za/docs/statsinfo/>; accessed 06 October 2014

⁵ International Trade Centre (ITC); 2010; South Africa: A Potential Market for Agri-Food Products from Africa; http://www.intracen.org/uploadedFiles/intracenorg/Content/Exporters/Sectoral_Information/Agricultural_Products/Fruits_and_Vegetables/final%20agri-food%20products%2013-12-10.pdf

consistently higher than fruits and overall food. However in 2012/13, both the expenditure for fruit and vegetables dropped. For nutritional considerations, this dropped in expenditure and consequently resulting lower consumption of fruit and vegetables is a cause for concern.

Figure 8 South African Consumer Expenditure Growth by Category, 2008 - 2013



Source: Euromonitor International, 2014⁶

According to Naude (2013)⁷, available data indicate that at national, household and individual levels in South Africa, the quantities of available and consumed vegetables and fruit are much lower than those recommended. The World Health Report 2002 indicated low vegetable intake is estimated to cause about 31% of ischaemic heart disease and 11% of strokes worldwide. Overall it is estimated that up to 2.7 million lives could potentially be saved each year if vegetable consumption was sufficiently increased. South Africans on average eat less than 400g per day of vegetable servings 400g per day, which equals 5 servings, is considered the minimum by WHO for a healthy diet.

Also, Backeberg (2014)⁸ stated that South Africa has focused very little on indigenous food species to date while the rest of the world has taken note of their commercial value.

South Africa possesses a huge diversity of indigenous food crops, which includes grains, leafy vegetables (*i.e. refer to the collective plant species of the morogo or imifino*) and wild fruit types. Despite their nutritional and economic value they offer, the crops and their products were never commercialised. The surplus of the produce is only traded informally within communities to

⁶ Euromonitor International; 2014; The Changing Trends In African Vegetable Consumption; PMA Fresh Connections; August 25, 2014; <http://www.pma.com/~media/pma-files/fc-south-africa-2014/protea-hirschel.pdf?la=en>; accessed 08 October 2014

⁷ Naude CE, 2013; Food-Based Dietary Guidelines for South Africa: The “Eat plenty of vegetables and fruit every day”; Centre for Evidence-based Health Care, Faculty of Medicine and Health Sciences, Stellenbosch University; <http://www.sajcn.co.za/index.php/SAJCN/article/view/740/1105>; accessed 08 October 2014

⁸ Backeberg G; 2014; Press Release: South Africans consume inadequate amounts of vegetables and fruit per day, 2014/02/26; <http://www.wrc.org.za/News/Pages/SouthAfricansconsumeinadequateamountsofvegetablesandfruitperday.aspx>; accessed 07 October 2014

generate income for the farmers. However, there is now a growing interest by government and other stakeholders about the value of these crops to address food security and climate change.

Production

From 2011/12 to 2012/13 (July–June), the total production of vegetables (excluding potatoes) decreased by 1.4%, from 2 673 617 tons to 2 635 132 tons. Concerning the major vegetable types in terms of volumes produced, the production of green mealies rose by 13 180 tons or 3.7% and that of carrots by 4 236 tons or 2.2%. Table 4 shows the production of tomatoes decreased by 28 515 tons or 5.2%. The production of vegetables (excluding potatoes) in South Africa for the period 2008/09 to 2012/13⁹

Table 6: Vegetables Production (excluding potatoes), 2008/09 – 2012/13

Year	2008/09	2009/10	2010/11	2011/12	2012/13
Vegetable	'000 tons				
Tomatoes	515	575	523	545	516
Onions	472	489	563	625	596
Green mealies and sweet corn	337	339	340	347	360
Cabbages	141	141	153	141	135
Pumpkins	229	234	237	244	247
Carrots	164	151	152	178	182
Other	570	592	584	594	599
Total	2 428	2 521	2 552	2 674	2 636

Source: Trends in the Agricultural Sector 2013

The Provincial Department of Agriculture has provided the following additional farm level information, organised by main commodity group, and which also begins to identify possible production areas and volumes and agri-park infrastructural/ facility and other linkage issues to be taken forward as part of the ongoing Agri Park consultation process and refinement of the District Master Plan and the detailed agri-park business plans:

⁹ Department Of Agriculture, Forestry and Fisheries; Trends in the Agricultural Sector 2013; Republic of South Africa; <http://www.nda.agric.za/docs/statsinfo/Trends13.pdf>; accessed 07 October 2014

Table 7 Actual and Potential Eden District Farms and Production Areas Linked to Vegetables and Agri Hub

Vegetables							
	Plantation	Existing production	Optimization	Potential	Market Requirement	Potential Market	Empowerment opportunity
Matjiesrivier seed carrot	1. ha	NA	N/A				
Olienhoutskloof							Limited production but can expand depending on the availability and storage capacity of water.
Micro Farms	0						
Groothoek (Pacaltsdorp)	12 ha (previously)	Mixed veg	Brassicas (cauliflower, broccoli, Brussels sprouts), French beans and sweet peppers.	45 ha	Fresh vegetables for export market.	Frozen vegetable factory.	Shares as an Agric-BEE co-op in frozen vegetable factory.
Dysselsdorp							Limited production but can expand depending on the availability and storage capacity of water.
Zoar Community							Limited production but can expand depending on the availability and storage capacity of water.
Amalienstein							Limited production but can expand depending on the availability and storage capacity of water.
Pacaltsdorp	2 ha (currently)	Mixed veg. 28 t/ha (potatoes)	Mixed veg. 40 t/ha (potatoes)	12 ha	Fresh vegetables for informal market.	Fruit and Veg, Golden Harvest outlets (George), George Fresh Produce Market.	Shares as an Agric-BEE co-op in George Fresh Produce Market.
Haarlem - Potatoes	10 Hectares		20	20	20		Marketing is the limitation
Friemersheim (Carrots)	4 ha (previously)	Mixed veg. 22 t/ha (potatoes)	Mixed veg. 40 t/ha (potatoes)	7 ha	Fresh vegetables for Mosselbay Fruit and Veg outlet.	Fruit and Veg, Golden Harvest outlets (George), George Fresh Produce Market.	Shares as an Agric-BEE co-op in George Fresh Produce Market.

Source: Western Cape Department of Agriculture: December 2015.

Distribution Channels and Markets

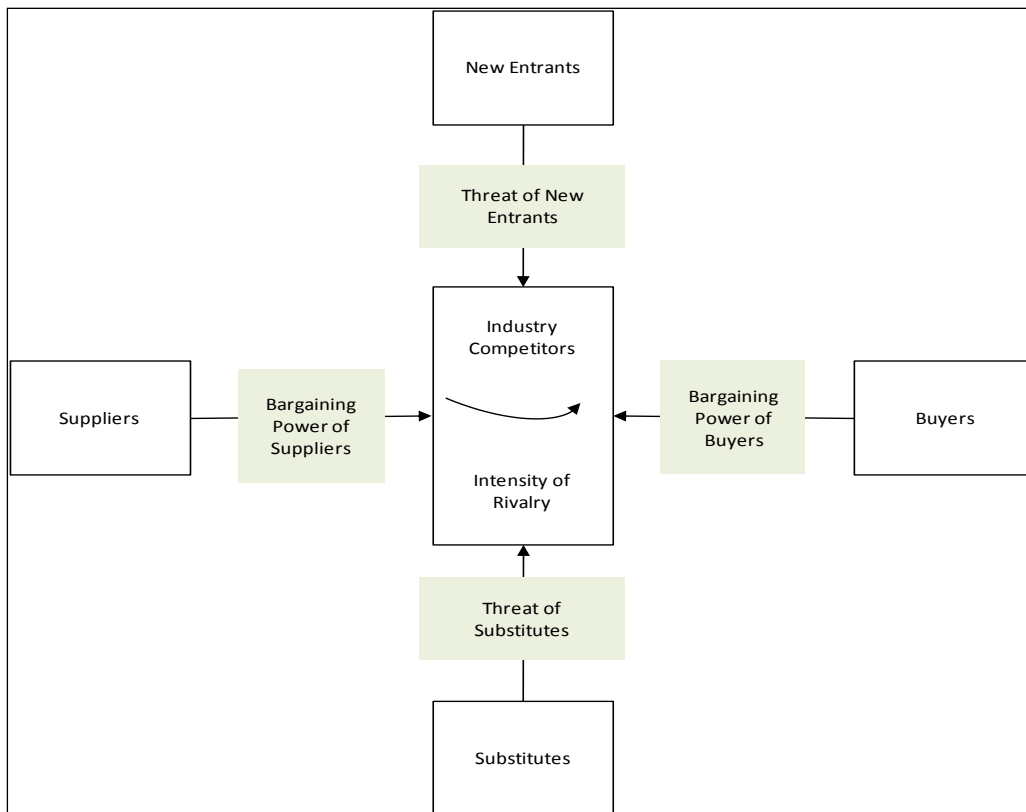
According to the Department of Agriculture, Forestry and Fisheries (2015), 53% of all vegetables grown in South Africa are sold through Municipal Fresh Produce Markets (Kimberly is the only Fresh Produce Market in the Northern Cape), while a further 35% is sold directly from the farm to informal/hawker markets, 10% is sent to processors and 3% is exported. There are a number of avenues through which a producer can market and sell their produce: Retailers; Processors; Fresh Produce Markets; Informal/Hawker markets.

Vegetable Industry Structure

Porters Five-Forces Model is used as an analysis model for the assessment of the vegetable industry in South Africa. The five-forces outlined in diagram 4 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

Figure 9 Porter Five-Force Model: Elements to be applied to the Horticultural Industry in SA



Source: (Oliver G. C., 2004)¹⁰

Table 8 Vegetable industry analysis

<p>New Entrants</p>	<p>The threat of new entrants is medium:</p> <ul style="list-style-type: none"> • New entrants into the vegetable can engage in market/collaboration with commercial farmers • Profit levels and growth in demand • Access to informal and hawker markets in local municipalities • Production risks and price volatility • Lack of funding for smallholder farmers to diversify produce • Food safety and quality could act as a barrier • High prices of packaging materials as well as transport and cold chain access and infrastructure serves as a barrier • Direct-to-consumer channels • Processing companies do not apply stringent food safety and quality assurance • Lack of technical, marketing, financial and business management skills
<p>Suppliers</p>	<p>Bargaining power of supplier is medium:</p> <ul style="list-style-type: none"> • Health orientation of modern consumers, population growth and increase demand for vegetables and subsequent higher prices for produce due to the recent effects of drought • Large commercial farmers dominate the supply to retailers
<p>Buyers</p>	<p>Buyers have high bargaining power:</p> <ul style="list-style-type: none"> • Buyers especially supermarkets are more concentrated than smallholder farmers and impose stringent quality controls • Perishability gives buyers more bargaining power • Weather patterns also influence the bargaining power of buyers
<p>Intensity of Rivalry / Competition</p>	<p>Intensity of Rivalry and competition is high:</p> <ul style="list-style-type: none"> • Large scale commercial farmers dominate the supply of products to the market. • Large scale commercial farmers sell their second grade and surplus to informal markets • Large scale farmers have resorted to mechanisation and innovative technologies to enhance efficiency and output • Narrow margins have seen a decline in small and medium size commercial farmers. • Canning industry battling with global competition and unwilling to invest(+/-20% canned food is imported)
<p>Substitutes</p>	<p>Threat of substitution is high:</p> <ul style="list-style-type: none"> • There are only a few substitutes for the nutrients contained in vegetables. • Substitution effects are quite pronounced in fresh produce, with consumers having many options and often substituting within and even across product categories based on the season, which in turn influences availability, appearance,

¹⁰ Oliver G. C. (2004); An Analysis of the South African Beef Supply Chain: From Farm to Fork; <https://ujdigispace.uj.ac.za/bitstream/handle/10210/296/GertOlivier.pdf?sequence=1>;[accessed on 10 December 2015]

	<p>flavor and price.</p> <ul style="list-style-type: none"> • Consumers today are more knowledgeable about the diversity and usage of fresh produce • Substitution also exists between fresh and the more economical processed fruits and vegetables, with the economic downturn contributing to at least a temporary increase in substitutions across these product forms.
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The industry structure link with Agri-Park shown in the table below:

Table 9 Vegetable Industry bodies linked with Agri-Park

Agri-Park Model			
Emerging Farmers	Farmer Production Support Unit	Agri-Hub	Rural Urban Centre Market
<ul style="list-style-type: none"> • Fresh Produce Markets • Commercial Farmers (individual, independent forums and associations) • Retailers • RSA Market Agents • Agrimega • Sunherbs • Processors • NAWACO 	<ul style="list-style-type: none"> • SAACTA: Training, Information & Networking • NAWACO- Women in cooperatives • Retailers (Spar, Massmart, Pick n Pay, Shoprite/Checkers, Fruit & Veg City) • ARC-training, information and networking • Association of Vegetables under Protection • SA Fruit and Vegetable Canner's Association • SA Groente & Vrugte • Fresh Produce Forum • A range of vegetable specific Producer's Organisations including Tomato Producer's Association etc. • SANSOR • SA Irrigation Institute 		<ul style="list-style-type: none"> • RSA Marketing Agents • Fresh Produce Forum • Market and Price Info • International marketing Agencies • National Agricultural Marketing Council (NAMC)
<p>Industry Representative Body:</p> <ul style="list-style-type: none"> ▪ Fresh Produce Exporters Forum ▪ SA Frozen Fruit and Vegetables Producers Association (SAFFVPA) ▪ Fruit Producers Association ▪ SA Fruit and Vegetable Cannery Association ▪ Horticultural Sciences, SA Society for (SASHS) ▪ Horticultural Industry Task Team 			
<p>Links with Public Sector Organisations:</p> <ul style="list-style-type: none"> • Information, Research and Training: Agricultural Research Council (ARC) and Nelson Mandel University as well as CSIR • Support, Training, Funding & Information: National, Provincial and Local Agriculture department and development agencies (e.g. North Cape Development, Trade and Investment promotion Agency) • Funding and Support: DRLR, DAFF, The dti, the National Empowerment Fund (NEF) and 			

Agri-Park Model			
Emerging Farmers	Farmer Production Support Unit	Agri-Hub	Rural Urban Centre Market
Industrial Development Corporation (IDC), Small Enterprise Development Agency (Seda), Small Enterprise Finance Agency (Sefa)			

Agro-Processing Opportunities

Food processing involves the transformation of agricultural produce into a different physical or chemical state. It encompasses technical and mechanical processes that range from packaging to the transformation of raw material into final products. About 10% of all fresh produce produced in South Africa is processed. Interestingly the quality standards of produce destined for processing are much lower than for fresh produce. South Africa has a fairly sophisticated food processing and manufacturing industry utilizing the best of local and global technology, processing and packaging methods. This is as a direct consequence of global companies who have established local production facilities in South Africa that not only supply the local market, but also other African countries. Some processing companies are currently either purchasing fresh produce or setting up processing facilities close to communal land, for example, Just Veggies and Good Food Solutions (Barlow and Van Dijk 2013).

According to IBISWorld (2014)¹¹, barriers to entry into the Global Fruit and Vegetables Processing industry are low and depend on the scale of production a potential entrant pursues. Entry into this industry is relatively straightforward since the technology needed for production is readily available and specialist processors can operate on a relatively small scale in the manufacturing of some products. Initial capital costs can represent a relatively high barrier to entry depending on the kind of industry product a potential entrant is attempting to manufacture. These costs can include the construction or purchase of a processing facility, warehouse, plant and equipment. Such costs are particularly high for canning operations, which are characteristically capital intensive.

IBIS World also alluded that branding is important to those industry operators that wish to market their products to a large consumer base. Branding is, however, less important for companies that produce generic products or processed fruit and vegetable ingredients used as inputs by downstream food manufacturers. Large, established industry operators also have a competitive advantage over new entrants in that they are able produce more efficiently due to the benefits of economies of scale. This allows larger companies to charge downstream markets lower prices for their products, which can sap demand for new entrants' output. In addition, even if new entrants are able to produce very efficiently and charge low prices, they may still have difficulties establishing contracts with downstream buyers, which can be another barrier to entry.

Table 10 Vegetable Industry SWOT Analysis

Opportunities	Strengths
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¹¹ IBISWorld, 2014; Global Fruit & Vegetables Processing - IBISWorld Industry Report August 2014; file:///C:/Users/Molema/Downloads/C1112-GL%20(1).pdf; accessed 13 October 2014

<ul style="list-style-type: none"> • Consideration of vegetables that can be stored for long periods is also an opportunity for increasing production. • Increased income levels as well as move to healthier eating patterns resulting in an increase in per capita consumption. • Commercial farmers and companies education, training and development • Increase demand for fresh vegetables • Contracting with firms • Innovation: new varieties, packaging innovations. • Contracts with government entities • Establish niche markets • Provincial and local agri-business • Urbanization and changing eating habits. • Agro-processing opportunities 	<ul style="list-style-type: none"> • Access to good quality inputs such as certified seed and availability of production inputs. • Access to national fresh produce markets all over the country which makes it easy for farmers to sell their produce. • Direct-to-consumer channels • Farmers' markets • Availability of Infrastructure • Availability of irrigation schemes • Well established agro-processing companies • Sophisticated processing and manufacturing industry
<p>Threats</p> <ul style="list-style-type: none"> • High interest rates which affect availability of funds for farmers. • Climatic conditions which has problems with hail that can have devastating consequences for production. • Subsidized products that are dumped in South Africa. • Perishability and volatility of prices 	<p>Weakness</p> <ul style="list-style-type: none"> • Canning industry struggling to be competitive with cheaper imports. • Costs of production are too high • Less investment on research and development by the current government • Pests and diseases • Smallholder and emerging farmers do not have sufficient access to credit, transport, storage infrastructure, water licences, markets • Smallholder and emerging farmers compliance with food safety and quality standards • Business and marketing skills • Technology

2.2.3 Honeybush

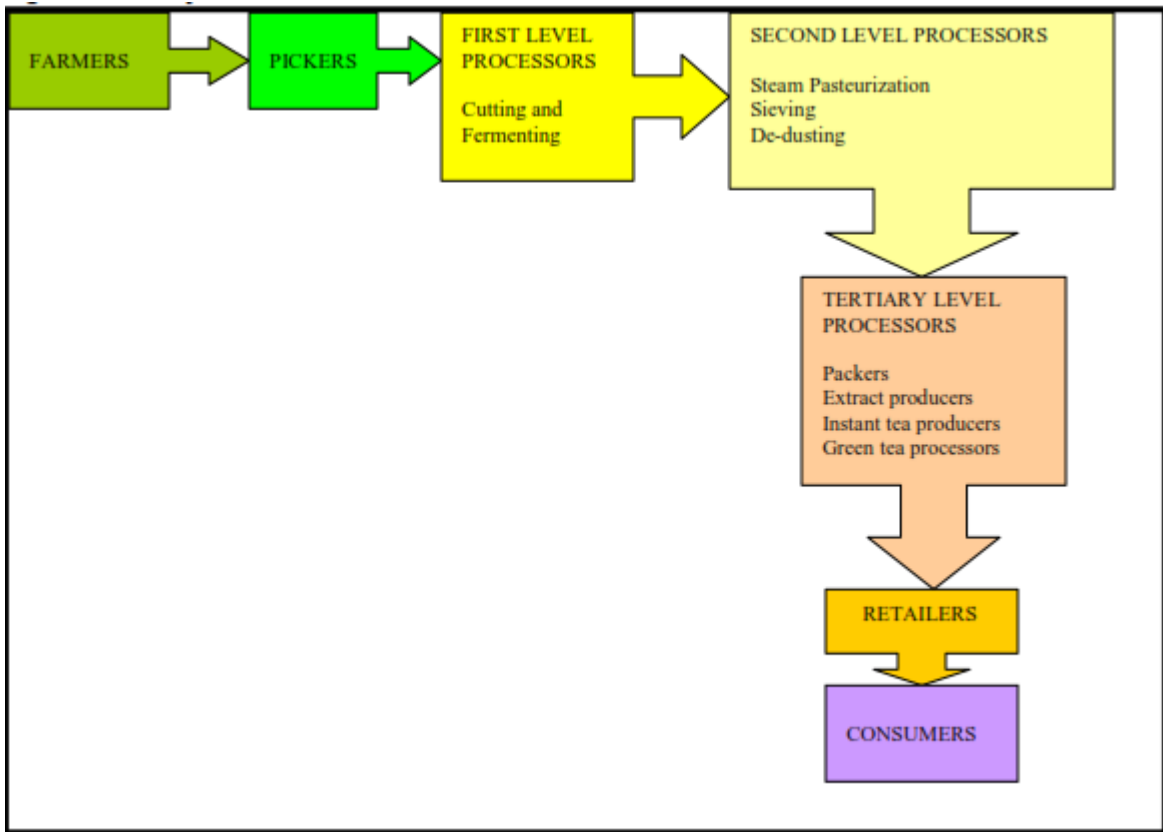
Honeybush Value Chain¹²

The honeybush value chain further comprises a number of businesses, both large and small, who are all dependent on each other in the chain to make their businesses succeed. Experience has shown that the future success of the honeybush industry depends on the extent to which it succeeds in managing the entire value chain in order to enhance the global competitiveness of the industry. This means that the value chain has to be managed as an integrated network rather than as a series of functions with a linear connection. Thus, it is also important that empowerment programmes be implemented in all spheres of the value chain for meaningful change. The various avenues for empowerment that result from this approach have the added advantage of catering for the different needs and capacities of the participants in empowerment programmes.

Figure 10 indicates the honeybush value chain.

Figure 10 Honeybush Value Chain

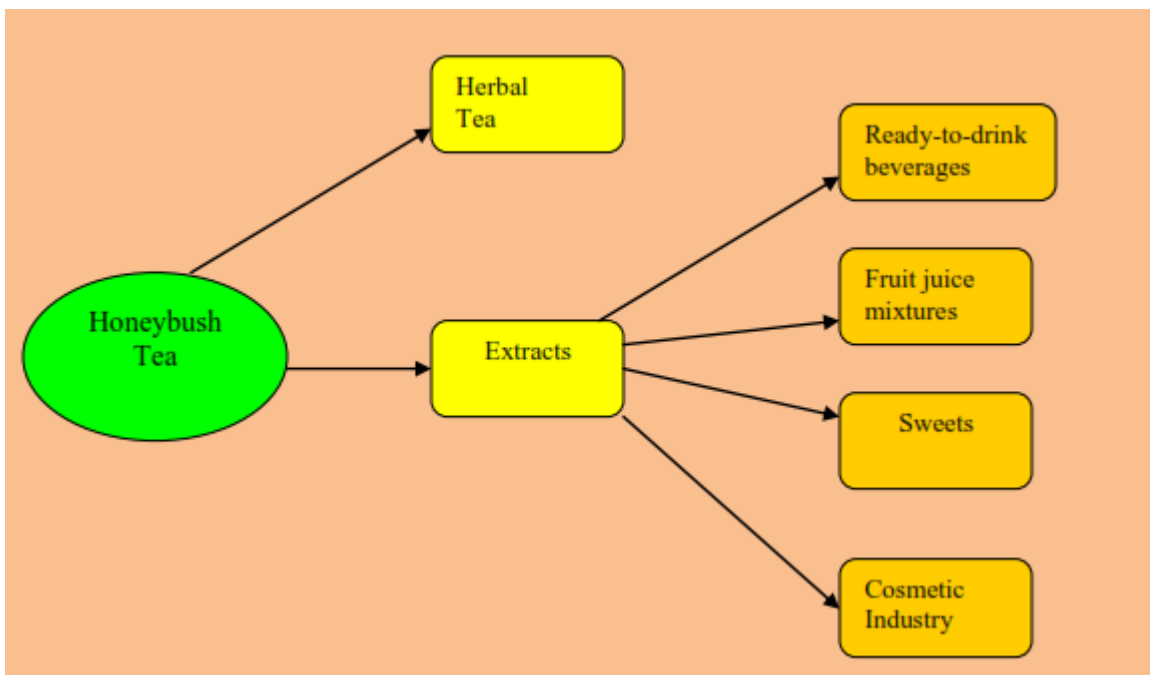
¹² This content from DAFF. 2014. A Profile of the South African Honeybush Tea Value Chain.



Source: DAFF. 2014.

Honeybush tea is mainly sold as herbal tea, but its extracts are also produced for the food and beverage industry to add to various products such as ready-to-drink beverages, fruit juice mixtures and sweets. A flavor extract, comprising the volatile fraction, is also on the market. Other applications of the extracts are by the cosmetic industry.

Figure 11 Honeybush Value Chain Tree



Source: SA Honeybush Tea Association

The South African Honeybush Tea Industry has a huge potential in the herbal tea category as it has no competition from other countries. Honeybush tea has unique health benefits and on a blind tasting with other teas, it has favourable response from the public. Furthermore, the Honeybush tea industry has the potential to position the tea within the major food trends as an organic, specialty health product and value added products such as ice-tea, green tea and baby products.

The introduction of honeybush utilisation and cultivation in South Africa enables communal farmers to advance their position in the value chain of honeybush products for the local and international markets. Commercialisation is therefore necessary, because, without it, the market for products will remain small with no potential for rural people to grow and generate income.

Production and Producing Areas

Honeybush tea grows in the wetter Eastern Cape Mountains and spreads down along the Langeberg and Swartberg mountains into the Western Cape towards the coast as far as Bredasdorp. It is estimated that there are approximately 30 000 ha of mountainous land, including the Tsitsikamma, Kouga, Baviaans, Langeberg and Swartberg mountain ranges, where wild Honeybush grows sporadically within the greater fynbos biome (8 524 000ha). Their commercial cultivation is localized in the area from the Overberg to the Langkloof, with approximately 100 hectares under cultivation

The area planted with honeybush currently exceeds 150-300 hectares under cultivation however; generally the tea is harvested from the natural mountainous veld and processed at on-farm processing facilities, currently being accredited with HACCP. Approximately 30 000 ha of honey bush tea is still harvested in the wild areas. Currently the Honeybush tea is produced on a limited commercial basis of 10 commercial producers who contribute 30% of the annual production and 5 commercial processors. South Africa produces about 200 tons of honeybush tea per year and the demand exceeds the supply. This total may be divided into 50 tons packed for local consumption comprising of an approximate value of R1, 2 million (20g = R10.00) and 150 tons for export with an approximate bulk loose tea value of (R25/kg), R3.8 million.

Two of the plantations are managed by the Haarlem and Ericaville communities (developing farmers) who respectively have 20 hectares and 5 ha under cultivation and who aim to increase this to 35 ha and 15 ha respectively. Currently, 70% of honeybush tea is wild-harvested and only 30% is cultivated.

The Provincial Department of Agriculture has provided the following additional farm level information, organised by main commodity group, and which also begins to identify possible production areas and volumes and agri-park infrastructural/ facility and other linkage issues to be taken forward as part of the ongoing Agri Park consultation process and refinement of the District Master Plan and the detailed agri-park business plans:

Figure 12 Actual and Potential Eden District Farms and Production Areas Linked to Honeybush and Agri Hub

	Plantation	Existing production	Optimization	Potential	Market Requirement	Potential Market	Empowerment opportunity
Honey Bush Tea							
Freimersheim Multi-Purpose	430	470	475	500	500		
Intermedia Subternate Tea	1200	1100	1150	1400	1600		
Evelyn Thyse Erf 503 Harlem	Nursery	50 000 plants/year	300 000 plants/year	1,000 000	300 000	15 000 plants per new hectare planted	Expansion of the nursery.
ABC Farming – Kranshoek	3 ha (currently)	3 t/ha/year (C. genistoides)	10 t/ha/year	9 ha	Increasing demand for fermented and unfermented (green) honeybush, as well as extracts.	Nutraceutical market (anti-diabetic potential).	A trademark linked to strong Khoi heritage of region.
Harlem Honey Bush tea association (Trust)	10	3ton/ha	3.5 ton	20ha	100 tons of plant material	100 tons	Access to land is the major limitation
Ericaville (Kranshoek) LRD	7 ha (currently)	5 t/ha/year (C. genistoides)	10 t/ha/year	20 ha	Increasing demand for fermented and unfermented (green) honeybush, as well as extracts.	Nutraceutical market (anti-diabetic potential).	A trademark linked to strong Khoi heritage of region. Starting to produce Sceletium for the export market.
Harkerville	22 ha	na	na	na	na	na	Harkerville Agriforestry project and community

Source: Western Cape Department of Agriculture: December 2015.

Processing

Most harvesting and first level processing occurs on farms within the producing areas with the exception of one on-farm processor in Riversdale. The second- and tertiary level processing and marketing occurs in Port Elizabeth, Mosselbay and Cape Town. There are five (5) on-farm honeybush processors who chop and oxidize the green unfermented honeybush tea into red brown tea; four second level processors who steam pasteurize tea, do sieving and dust extraction; seven third level processors involved in retail contracting and in-house packing. Tertiary level value adding companies (10 are involved in production of instant teas, cool method green tea processing, pharmaceutical extracts, novel product development such as ice teas, cosmetics, liqueurs, chocolates, liquid concentrates, and Honeybush blends with other indigenous plants.

Batch rotary fermentation of moistened leaves and stems at temperatures between 70 and 85 degrees Celsius is currently the practice. Fermentation time varies between 18 to 60 hours, depending on temperature and species. After fermentation the tea could be dried in the rotary unit as well, but sun-drying is mostly preferred as it does not require specialized equipment, and it involves no heating costs.

The honeybush value chain further comprises a number of businesses, both large and small, who are all dependent on each other in the chain to make their businesses succeed. Experience has shown that the future success of the honeybush industry depends on the extent to which it succeeds in managing the entire value chain in order to enhance the global competitiveness of the industry. This means that the value chain has to be managed as an integrated network rather than as a series of functions with a linear connection. Thus, it is also important that empowerment programmes be implemented in all spheres of the value chain for meaningful change. The various avenues for empowerment that result from this approach have the added advantage of catering for the different needs and capacities of the participants in empowerment programmes.

There is a great potential for share equity schemes and small farmer development in Honeybush production. Land transfers on existing commercial farms provide a viable equity opportunity for historically disadvantaged people. Presently one commercial farmer in the Honeybush industry has created the “Mooi Uitsig Trust”, an empowerment program where female workers are able to purchase land on his farm at a nominal rate with land subsidy grants of R20 000 per individual. The new landowners are able to continue their present employment, while setting up their Honeybush tea plantations, with the farmer’s assistance in land preparations.

In addition community based cultivation projects, such as the Haarlem and Ericaville communities, need low capital input to develop Honeybush as a cash crop.

The land is leased from the local municipality or purchased with land grants and community members are currently being assisted by NGO’s such as ASNAPP (Agribusiness in Sustainable Natural African Plant Products) and the Western Cape’s Department of Economic Affairs and Tourism.

Through the Honey-bush tea Action Plan (which is part of the industry’s Business Plan for 2010) two communities (Haarlem and Ericaville) were empowered to establish 30 hectares, which is about 12% of the total estimated 250 hectares currently under commercial cultivation. The core focus of this action plan is to improve the supply of skilled workers to the industry. Successful human resource development would require that specific attention be given to the skewed access and participation of black people in the industry in the whole value chain. Training and skills development is needed in:

- production practices of the different honeybush species;
- practical skills programmes in the honeybush processing business;
- general business skills (including financial, marketing and risk management);
- training on aspects related to market quality assurance requirements by the market;
- interpretation and handling of market and business information;
- Understanding of the components and terms of contracts; and elementary aspects related to the working of future markets.

Consumption and Business Opportunities

- The low set-up costs per hectare and Honeybush tea’s suitability for plantation on marginalized mountainous and low rainfall land such as the Langeberg Mountains and the little Karoo makes the Honeybush tea an ideal crop for black economic- and women- empowerment agricultural program. The wild reserves also provide entrepreneurial opportunities for pickers.

- Although the increased international demand for Honeybush tea is a positive sign of the indigenous tea industry’s future prospects, it should be noted that more than 90% of Honeybush tea traded internationally is sold in bulk as opposed to retail packaging.
- International buyers pack the tea themselves, develop their own brand names and trademarks, and then make more money from a unique South African product than the country itself. Exporters cannot simply stop selling bulk Honeybush tea, but they could add more value by developing a variety of products that will meet the demands and preference of both the buyers and their consumers.
- Honey bush tea as a South African product which is endemic to the Western and Eastern Cape Provinces is generally of high quality and internationally in demand.
- There is land, capital and labor available to increase production.
- Several new markets exist which are currently not been explored by South African companies in this industry.
- Public awareness of the health benefits of herbal teas.
- More good news for the honeybush industry is that consumers are increasingly seeking functional ingredients in beverages.
- As consumers age, they become more health conscious and often reject indulgent beverage brands.
- In the Asia-Pacific region, the soft drinks market aimed at elderly people is already flourishing and much of the success of health products is due to sales to pensioners
- The market in African traditional medicines and teas is still virtually unexplored. Sales of natural health products therefore seem to be directly affected by the depth and extent of media reports on clinical research.
- Sophisticated and health-conscious markets are showing strong demand for honeybush as a stand-alone tea, as well as for blending with other herbal teas and fruit juices.
- New innovative product applications, such as unfermented (green tea), organic, flavoured and instant products, are further expected to give sales a significant boost, not only in existing niche market segments, but also as regards new markets.
- International demand for our indigenous teas has steadily gathered momentum over the years and the markets for these are far from saturated, even in the largest importing
- countries.
- Although the increased international demand for quality honeybush is a positive sign of the indigenous tea industry’s future prospects, it should be noted that more than 90% of honeybush tea which is traded internationally is sold in bulk as opposed to retail packaging.

Industry Analysis

Porters Five-Forces Model is used as an analysis model for the assessment of the Honeybush Tea industry in South Africa as indicated below:

PORTER’S FIVE FORCE ANALYSIS	
Supplier Power	A limited number of suppliers which includes emerging and smaller producers

	who have potential market power due to constrained availability of suitable production areas.
Buyer Power	International buyers dominate sales and buy in bulk and then brand products to suit overseas market needs.
Rivalry	South Africa is the only producer globally.
Threat of Substitution	Other teas.
Threat of New Entrants	Barriers exist related to increasing production areas, as well as the ability to sell branded products as opposed to bulk to international markets.

Table 11 Honeybush Industry SWOT Analysis

<p>Opportunities</p> <ul style="list-style-type: none"> • There are possibilities of growing foreign markets through a generic marketing campaign, • Protected designation of Product of Origin (PDO) and Protected Geographic Indication (PGI) registration, • Huge potential to register as Geographic Indicator from South Africa, • Increased number of bilateral free trade agreements, • Local market sales can be increased thereby sustaining growth without currency fluctuations, • New crop development and large-scale planting of the tea (minimum 1 000 hectares over next few years) with support from institutions, • Nursery setup to provide seedlings (8,000–10 000 seedlings per hectare), • Packing plant and export via Port Elizabeth makes the tea more price competitive, • Demand exists for new value-added products such as Honeybush green tea, ice tea, cosmetics, nutraceutical products and medicinal extracts for specific medicinal indications, • Financing exists for both commercial and small scale farming, e.g. from the Land Bank's Micro-lending facility. • Honeybush nursery in Haarlem. 	<p>Strengths</p> <ul style="list-style-type: none"> • Numerous production areas and projects in the District including Harlem, Harkerville and Kranschoek etc. • Only source of raw material worldwide, • Process initiated to register name "honeybush" as a trademark, • Novelty in foreign markets, • Organic cultivation in line with world trends, • The set-up and maintenance costs per hectare are relatively low, • Sufficient agricultural land is available for expansion purposes, • Good relationships exist between the historically disadvantaged pickers, cultivators and processors, • SAHTA (South African Honeybush Tea Association) has been established and running for the past six years to champion the course of the industry as a whole and is a Section 21 Company registered and recognised as industry body, • The tea is caffeine free, low tannin and has some anecdotal culturally known health benefits, The industry has innovated technology in the processing, refining and value-adding of Honeybush tea, • The Honeybush tea industry can benefit from the advances in technology made in the Rooibos industry including green Honeybush, instant Honeybush and other Honeybush products such as liqueurs and chocolates. The tea is also suitable for babies (current value-added trend),
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	<ul style="list-style-type: none"> • The tea is also seen as a functional food and is part of a growing herbal tea sector and health market (current value-added trend), • The tea blends well with fruit juices and other indigenous herbs, • Good media and marketing opportunities exist in both the domestic and international market through press releases on the fact that the tea is labor intensive to harvest, grows in remote mountainous regions, benefits historically disadvantaged entrepreneurs and has no known negative attributes, • Fair Trade is already marketing the tea in the European Union. • The industry has experience in and control mechanisms in place for exports (PPECB and Department of Agriculture). •
<p>Threats</p> <ul style="list-style-type: none"> • International markets resist value adding in South Africa • Loyalty of supply to marketers is fickle • Industry lacks cohesion on pricing structure which leads to frustration with overseas buyers • Depletion of wild reserves • The variable quality of tea sold can harm the consumer's perception of the tea, e.g. poor color draw can create the perception that the tea is weak • Honeybush name has been trademarked in Japan which could impact on foreign earnings • The proposed tax on farm land can have an impact on land values, profitability and creditworthiness of farming operations, • Strong and variable currency. 	<p>Weakness</p> <ul style="list-style-type: none"> • Wild reserves are under pressure and there may be a resultant loss of these wild reserves, • Honeybush seeds are not on the strategic plant list, • Small scale and commercial farmers compete with wild tea suppliers and can sometimes not sell their crops or are too far from processing facilities, • There is a shortage of expertise for setting up and managing plantations, • Cyclopia intermedia (mountain/wild tea) is more popular than most cultivated species, • Honeybush is often confused with rooibos, • Tea of variable quality is being marketed, • Community projects lack the resources, capital and skills to do end product value added marketing • There is a lack of funding for research on the cultivation of honeybush tea, • Community members lack transport and access to communication facilities to facilitate their involvement with SAHTA • The industry is perceived as too small by funding institutions such as the Innovation • Fund and precluded from accessing funds • There are no pasteurization and refining and tertiary value adding facilities in the • Langkloof so the tea is costly to transport 600km to Cape Town • Some on-farm processing plants need to still be HACCP registered • Capital investment needs to be made to develop large scale commercial plantings • Importers demand bulk product and disallow value-adding in South Africa (big multinationals protecting their market share and processing

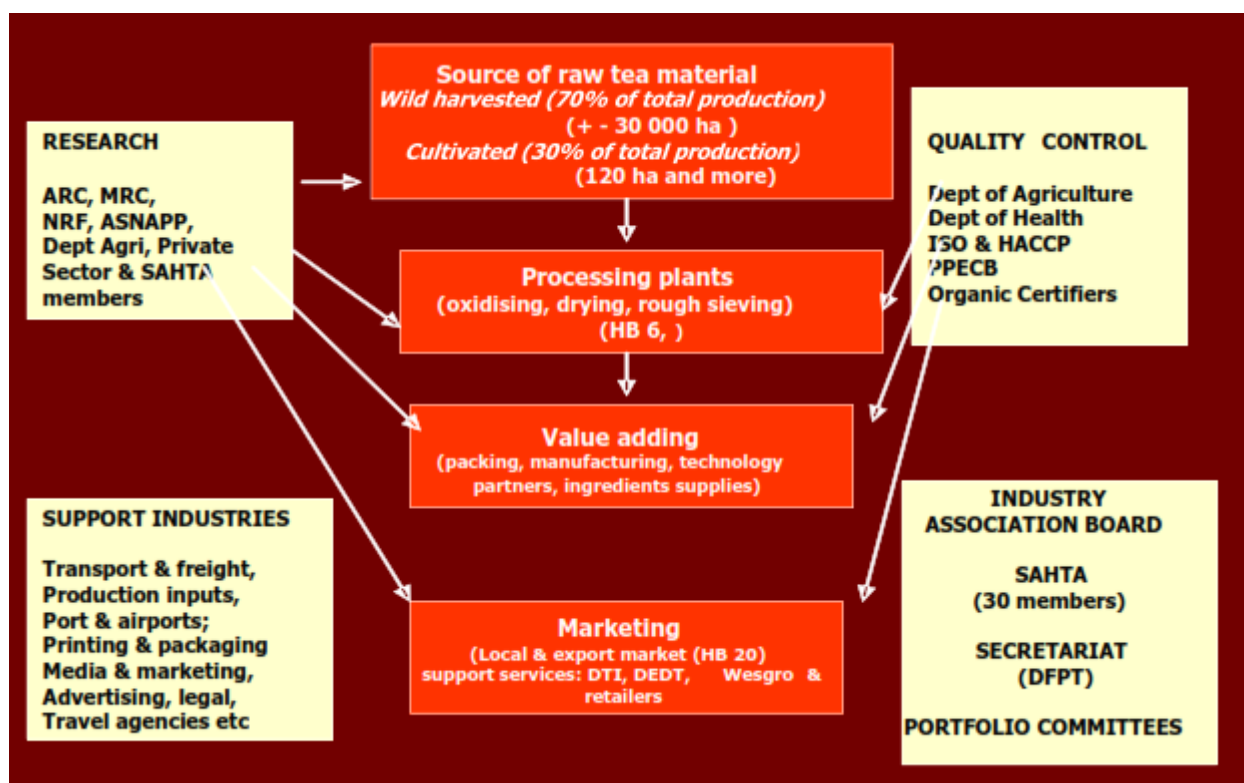
	operations) • No international generic marketing campaign has been embarked upon and a strategy and campaign needs to be developed with government support.
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The Agri Park will need to coordinate and facilitate linkages with a wide range of industry role-players at both the production level (e.g. regarding existing producer support initiatives) as well as processing and market access levels. A few of the industry structure linkages with Agri-Park shown in below:

Table 12 Honeybush Industry bodies linked with Agri-Park

Agri-Park Model			
Emerging Farmers	Farmer Production Support Unit	Agri-Hub	Rural Urban Centre Market
<ul style="list-style-type: none"> • Haarlem Community Cooperative • Pickers incl. Haarlem Pickers • Commercial Farmers (individual, independent forums and associations) • Retailers • RSA Market Agents • Processors • NAWACO • Support industries 	<ul style="list-style-type: none"> • NAWACO-cooperatives • Retailers (Spar, Massmart, Pick n Pay, Shoprite/Checkers, speciality retailers) • ARC-training, information and networking 	Women in	<ul style="list-style-type: none"> • International marketing Agencies • National Agricultural Marketing Council (NAMC)
Industry Representative Body: <ul style="list-style-type: none"> ▪ SA Honeybush Tea Association (SAHTA) 			
<ul style="list-style-type: none"> • 			
Links with Public Sector Organisations <ul style="list-style-type: none"> • Information, Research and Training: Agricultural Research Council (ARC), Elsenburg, all Western Cape Universities and locally based FET colleges, SA Biodiversity Institute. • Support, Training, Funding & Information: National, Provincial and Local Agriculture department and development • Funding and Support: DRLR, DAFF, The dti, the National Empowerment Fund (NEF) and Industrial Development Corporation (IDC), Small Enterprise Development Agency (Seda), Small Enterprise Finance Agency (Sefa), Department of Science and Technology, CSIR. 			

Figure 13 Honeybush Industry Participants in 2013-2014



Source: DAFF. 2014

2.3 Eden Agro-Processing Opportunities in the Short, Medium and Long Term

Food processing opportunities in the Eden District have been identified with potential in the short term (0-2 years), and medium to long term (2-10). While immediate the implementation focus of the Agri Park will be on the short-term opportunities, it is also important that planning and preparation to develop the medium and longer term processing opportunities also takes place in the short term. The medium and longer term opportunities will require production planning and emerging farmer capacity development in order to maximize emerging farmer participation in these opportunities.

Short Term: 0-2 years: focus: fruit, vegetables, honeybush and lucerne

1. Expand fruit and vegetable drying facilities in Zoar (including linkages to Amalienstein farm) and Dysseisdorp (including growing demand for sun dried tomatoes) and investigate feasibility of juice processing both fruit and vegetables).
2. Expand access to sorting, packaging, storage facility in Haarlem (mainly serving Anhalt farm at the moment) to include cold storage.
3. Expand Honeybush production as well processing Haarlem (incl. sorting, storage, packaging).
4. Lucerne: possible processing facility for pelleting in Eden District or Central Karoo/ Leeu

Gamka needs investigation (or partner with existing facility to be investigated).

Medium to Longer Term: 2-10 years

5. Essential oils: requires production revival and needs investment in 1-2 new processing facilities in the Groothoek production area. A facility for the extraction of oils from seeds could be located in a more central area (possibly at the Agri Hub in Oudsthoorn) and serving a wider production area.
6. Ostriches (longer term): initially rearing and eggs and then further processing in the medium to longer term by emerging farmers (the use of Waaikraal as incubation training facility is currently being explored)
7. Aquaculture and Aquaponics: may be potential for combined facility (Tilapia 100-200 tonnes) which includes tomatoes, lettuce, and cucumbers, peppers and production of smoked fish products for export and using new water-efficient biofloc technology (currently being piloted in South Africa at the University of Stellenbosch).
8. Olives: Investigate partnering with and expand existing facility (e.g. De Rustica) to support emerging farmer participation.
6. Mohair: Investigate linkages with new mohair waterless processing technology being explored in the Central Karoo District.

2.4 Summary and Conclusion

The Agri-Park initiative of Government offers small scale farmers the unique opportunity to become viable and profitable business owners.

The challenge now facing small-scale and subsistence cattle producers is to transform the informal livestock production which prevails on both communal and private owned land to a vibrant commercial livestock production system. The industry needs to stop thinking of small-scale farmers as subsistence (which 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 value chain partnerships which strengthen emerging farmers and their ability to manage their farms and livestock through improved support which will in turn support market access. Small-scale farmers are fully capable of becoming profitable businesses but this will require a coordinated support approach which can be facilitated by the Agri Park.

CHAPTER THREE: EDEN DISTRICT MUNICIPALITY AGRI-PARK STRATEGY

3.1 Introduction

The Eden District Municipality covers an area of 23,331km² in the south eastern part of the Western Cape, covering the Garden Route and the Little Karoo regions. It stretches to the Breede River mouth

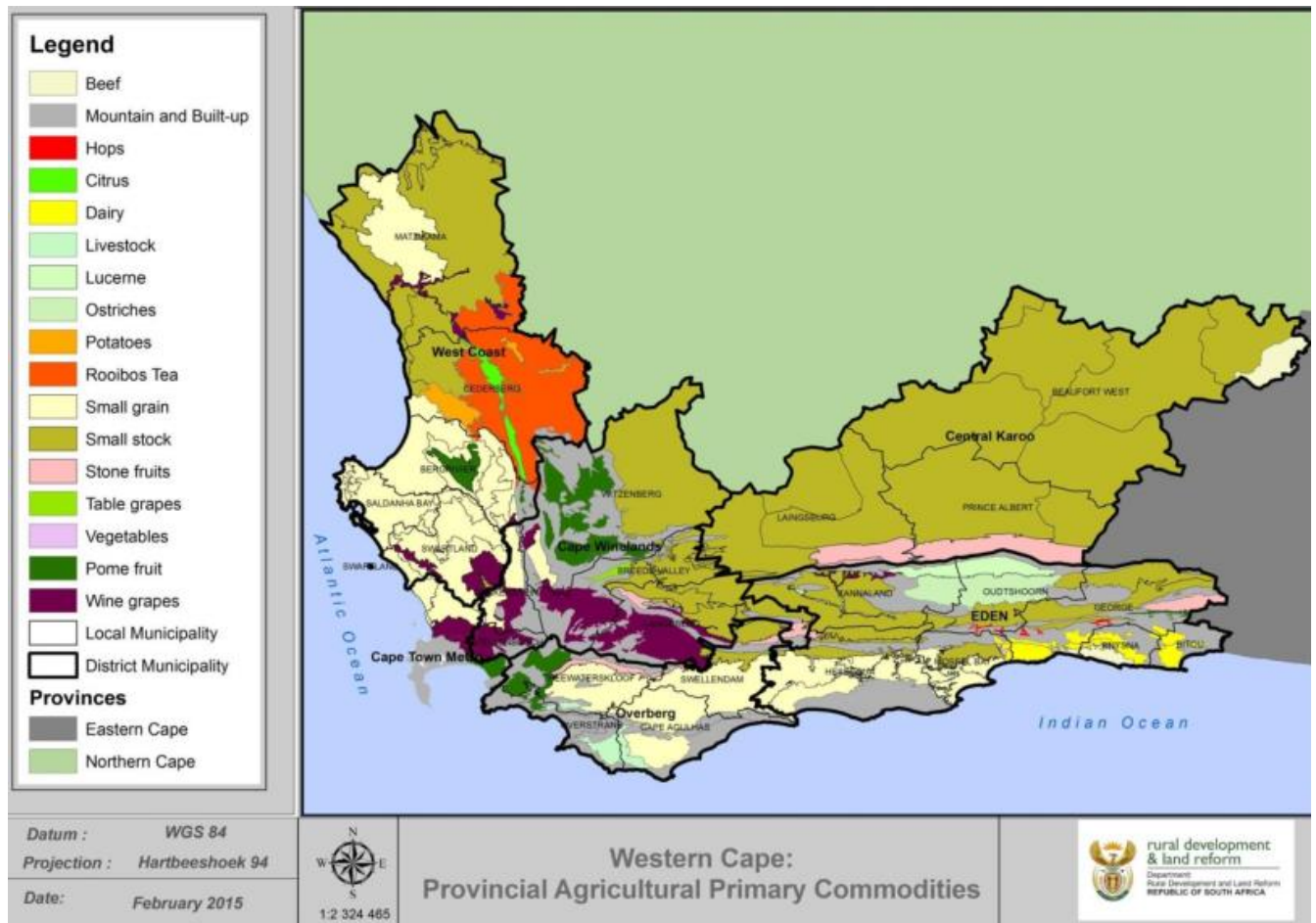
and the Langeberg mountains on the west, where it abuts the Overberg District Municipality and (for a short distance) the Cape Winelands District Municipality. To the north the boundary with the Central Karoo District Municipality runs along the Swartberg mountains. In the east the municipality runs up to the Eastern Cape provincial boundary. The district is divided into seven local municipalities, which include: Kannaland (Ladismith), Hessequa (Riversdale), Mossel Bay, George, Oudsthoorn, Bitou (Plettenberg Bay) and Knysna.

The 2014 Eden District Medium Term Economic Development Strategy identifies high level scenarios and priorities. The strategy can be summarised as follows and it prioritises “niche agribusiness built on clustering for products endemic to the region and with value add potential”:

3.2 Eden Economic Profile

According to the Municipal Economic Review Outlook the Eden District (ED) economy is the second largest of the district economies in the Western Cape outside of the Cape Metro (which produces 73% of the Western Cape GDP-R). The Eden district accounts for 7.3 per cent of the Western Cape GDP-R and 27.5 per cent of the non-Metro GDP-R. The value of the GDP-R generated during calendar 2010 amounted to R25.5 billion. George is the largest municipality, accounting for close to a third of the Eden district GDP-R, followed by Mossel Bay (25%) and Knysna and Oudsthoorn (12% each); the Bitou municipality contributes 7.6 per cent, Hessequa 5.5 per cent and Kannaland 3.6 per cent.

Figure 30 Western Cape Spatial Distribution of Primary Agriculture Commodities



Source: Department Rural Development and Land Reform. April 2015. Western Cape Rural Economic Transformation Model Draft Status Quo Report – Version 3

There are approximately 2 000 to 3 000 farmers and smallholding operators in the Eden District, and 18024 farms. Agricultural activities play a dominant role in several of the municipalities, covering direct production on farms or smallholdings, the processing of agricultural products, the marketing of the produce as well as the supply of inputs and technical extension to farmers and those processing the crops. A number of important and unique Eden tourist events are based on agricultural and ocean resources like the Oyster Festival and Gastronomical in Knysna, the Outeniqua Hop in Blanco, Calitzdorp’s Portfees, Riversdale’s Flower Show and Mossel Bay’s Sea Festival.

The District’s agriculture sector comprises of mainly large commercial farming. The Eden District has a diverse production capacity with at least 14 commodities contributing significantly to agricultural production. The main economic activities of the region are ostrich farming, deciduous fruit farming, forestry, and fishing. The region also produces the following key export products, including Port wine, certified fine vegetable seed, Honey bush herbal tea and Aloe products. Eden’s agricultural economy is well established with the coastal areas and coastal plateau being utilised intensively for crop production (vegetables), hops, as well as dairy production.

The top 10 commodities in terms of land area under cultivation (2013) per municipality are listed below according to type, hectares planted, and locality in the table below.

3.3 Eden Agri Park Strategy: Outcome, Vision, Mission, Goal and Objectives

The Eden Agri Park outcome and outputs are as follows

3.3.1 Agri Park Outcome

Outcome 7	Vibrant, equitable and sustainable rural communities
Outputs	<ol style="list-style-type: none"> 1) Sustainable agrarian reform with a thriving farming sector 2) Improved access to affordable and diverse food 3) Improved rural services to support livelihoods 4) Improved employment and skills development opportunities 5) Enabling institutional environment for sustainable and inclusive growth

3.3.2 Agri Park Vision

The vision statement describes why an Agri-Park exists and what the achievement of its mandate would result in. Furthermore, it is a compelling view of the future, able to motivate stakeholders alike. At the same time, it should be ambitious, yet realistic and credible.

Proposed Vision Statement for Eden District Agri-Park

The Eden DM Agri-Park will be a well-managed initiative that involves good coordination and involvement between emerging and commercial farmers (as well as the three spheres of government) in its governance and management (including effective monitoring and evaluation of operations and projects) and where emerging farmers are empowered with the necessary support, resources, knowledge, and skills to sustainably manage farm production, access processing opportunities and supply value chains and access markets without necessarily relying on ongoing government funding.

In the further development of the Agri-Park, the district stakeholders are to review the proposed vision in order to align with district municipality aspirations.

3.3.3 Agri Park Mission

The mission statement describes why the Agri-Park exists and what it does.

Proposed Mission Statement for Eden District Agri-Park:

The Eden Agri Park will assist to address the needs of emerging farmers to strengthen their ability to participate in both local and international (where relevant) value chains by coordinating and supporting improved access to capacity development (e.g. farm management) and other support services and facilities (e.g. access to equipment, water, transport, processing, cold and normal storage, packaging and distribution as well as market information and research) in order to meet the standards and other purchasing requirements of relevant supply chain buyers, thereby helping to retain and create jobs and improve the incomes of emerging farmers and farm workers

3.3.4 Agri Park Goal and Objectives

Goals and objectives can and should guide action. Goal or objective statements provide direction for planning, for evaluating plans and for guiding projects and actions. A "good" goal statement is SMART:

- Specific
- Measurable
- Acceptable
- Realistic

- Time bound

Proposed Goal Statement for Eden DM Agri-Park –

By 2025 Eden DM’s rural areas and towns would be transformed into thriving areas in terms of jobs, food security and opportunities to prosper.

In the further development of the Agri-Park, the district stakeholders are to review the proposed goal in order to align with district municipality aspirations.

To achieve the proposed Agri-Park Goal, the following objectives aligned to the Agri-Park draft policy framework are proposed for the implementation of Eden DM Agri-Park:

Objective 1: Transformation and Modernization

Proposed Objective One for Eden DM Agri-Park –

To transform and modernise rural areas and small towns in the Eden 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 the following:

One of the Agri-Park draft policy framework’s 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:

Equitable Growth and Competitiveness

- 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.

Objective 2: Agri-Park Infrastructure Development

Proposed Objective Two for Eden 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 consist 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.

Objective 3: Agri-Park Governance and Management

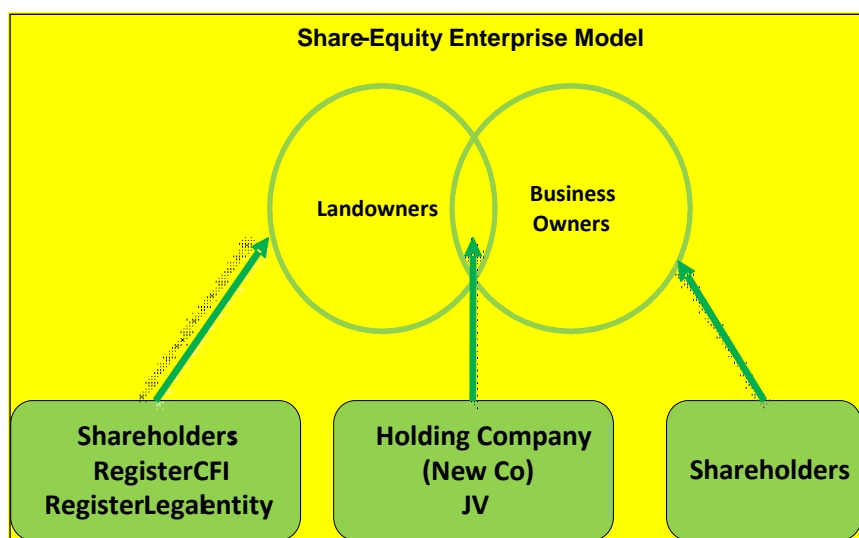
Proposed Objective Three for Eden DM Agri-Park –

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 below) (note that it will probably be advisable to follow a phased approach to enabling producer ownership as capacity building of emerging farmers in governance and management matters will first be required to ensure that they are able to effectively participate as shareholders); and
- Allowing smallholder producers to take full control of Agri-Parks by steadily decreasing state support over a period of ten years.

Figure 14 Agri Park Share-Equity Model



Proposed Governance and Management Model for the Eden 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 Frances Baard 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 the envisaged Agri-Park concept.

- **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.

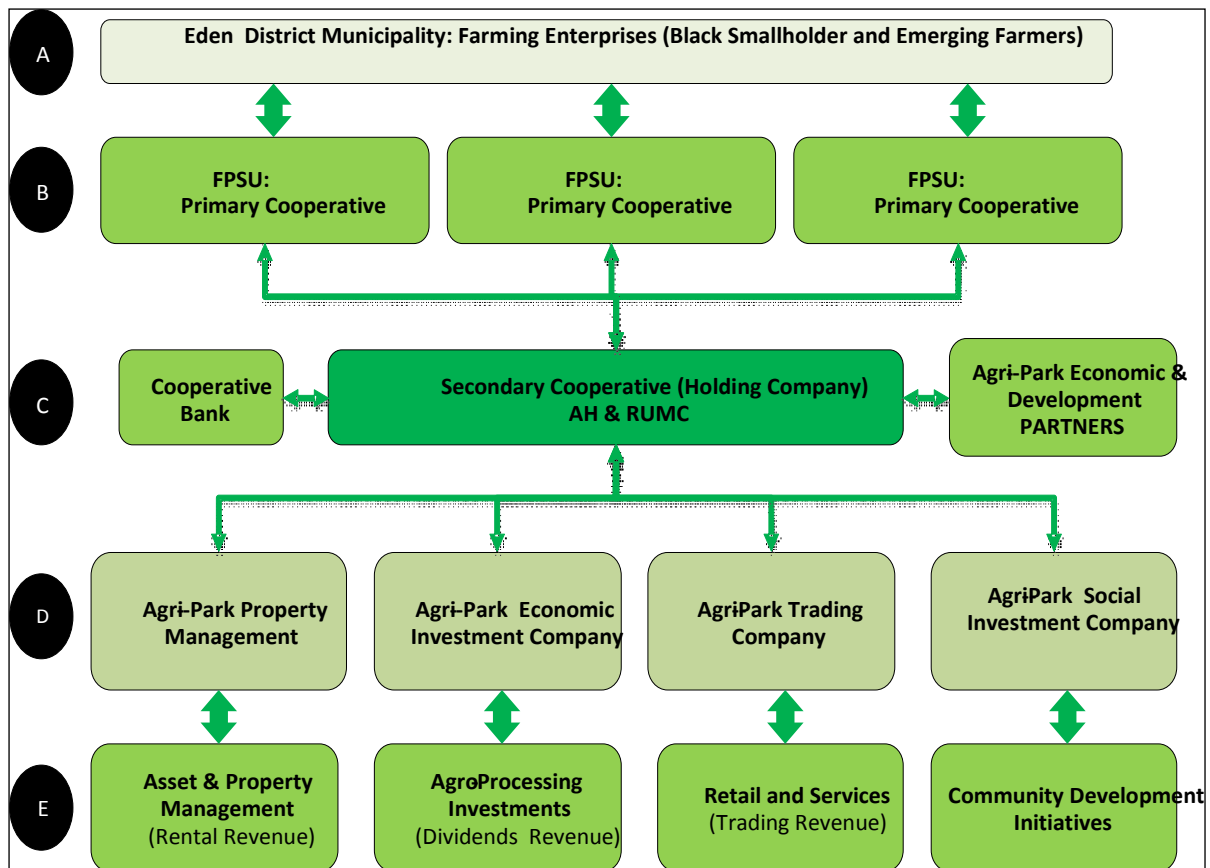
The table and figure below outlines a proposed Agri-Park ownership, governance and management model.

Table 13 Proposed Agri-Park Ownership, Governance and Management Model

Level	Ownership	Governance	Management
A	Independently-owned Small-holder Farms and Farming Enterprises. However, these could also include local Black 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. Livestock 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 form 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 two or	The Governance of the Cooperatives must in terms	Board of Directors whose main responsibility will be to

Level	Ownership	Governance	Management
	<p>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.</p>	<p>Cooperatives Act 14 of 2005. To assist in this matter, each cooperative is required to develop and adopt a Constitution. .</p> <p>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.</p> <p>The business affairs of the Cooperative must be audited and Audited Reports,</p>	<p>manage the business affairs of the cooperative.</p> <p>To dispense with its management duty, the Board has the power to appoint staff and engage external expert service providers.</p> <p>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.</p>
D	<p>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.</p>	<p>The special-focus enterprises will be separate legal entities (Juristic Persons) with own governance and audit arrangements suitable for each enterprises.</p> <p>As a subsidiaries, each enterprise will report to and account to the Agri-Park Holding Company.</p> <p>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.</p>	<p>Each special-focus enterprise will assemble its own management arrangements best suited for its core business.</p> <p>However, the Agri-Park Holding Company will provide strategic management and performance direction to each special-focus enterprise.</p>

Figure 15 Proposed Agri-Park Ownership, Governance and Management Model



The above model will need to be adapted for specific commodities and for the District’s unique circumstances and context.

Objective 4: Agri-Park Funding

Proposed Objective Four for the Edén 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.

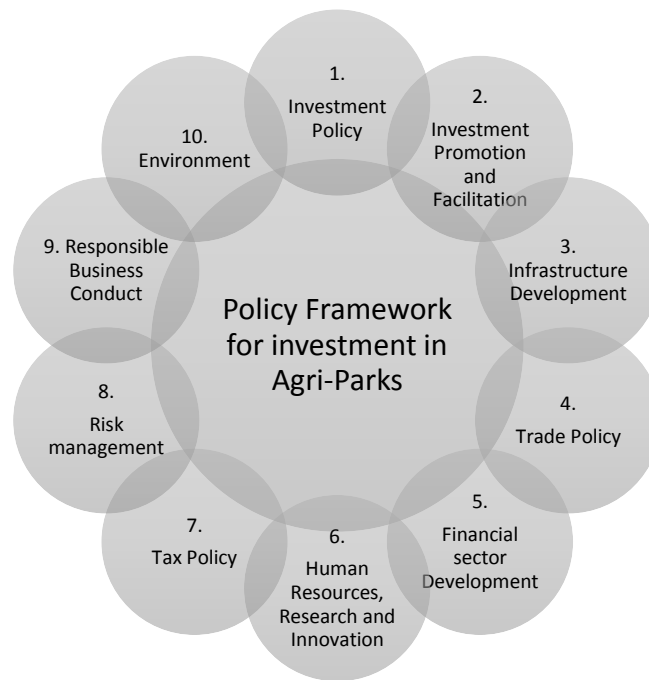
The renewed emphasis on and need for rural development in South Africa exposes the limited capacity of the Development Finance System(DFS) and other development agencies to transform the rural economy and reach marginalised enterprises in rural areas, notably the former Bantustans, where many of these 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.

Figure 16 Agri Park Investment Framework



Source: Adapted from OECD, 2013

Proposed Policy Investment Framework for Investing in Agri-Parks

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.).

8. 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 favorable to investment.

9. 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.

10. 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.

Objective 5: Agri-Park Farmers and Communities Development

Proposed Objective Five for the Eden DM Agri-Park –

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

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.

Objective 6: Agri-Park Implementation Capacity

Proposed Objective Six for the Eden DM Agri-Park –

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

- Creating and institutionalizing technical and operational tasks teams to manage all phases of Agri-Park development and implementation;
- Establishing the proposed National Agri-Park Project Support Facility, which will coordinate and support district-based operational teams;
- Coordinating Agri-Park development with other DRDLR programmes targeted at increasing the pace of land acquisition and redistribution;
- 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;
- 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;
- 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;
- Generating site specific maps containing district specific narratives and selection criteria for initial identification of sites;
- Further development of evaluation criteria for assessing Agri-Parks proposals;
- 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,
- Signing resolutions for the establishment of Agri-Parks with each District Municipality identified.

CHAPTER FOUR: EDEN DISTRICT AGRI-PARK INFRASTRUCTURE PLAN

4.1 Introduction

An Agri-Park 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 District Municipalities. As a network it **enables** the **growth** of market-driven **commodity value chains** and contributes to the achievement of **rural economic transformation (RETM)**. An **AP** 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**) which may service multiple districts.

4.2 The Eden Agri-Hub and FPSUs

Oudsthoorn in the Oudsthoorn LM has been identified as a AH due to its strategic central location as the district gateway and agro-processing potential due to the good road transport networks crossing the district. The town of Oudsthoorn was proposed after a number of consultative meetings between the Department of Rural Development and Land Reform's PSSC officials, Western Cape Department of Agriculture, Land Reform and Rural Development, Eden District District Municipality and other key stakeholders as well as an analysis of key potential criterion.

Figure 17 Proposed Eden District Agri Hub Location



Eden Agri-Park Locations

October 2015

Source: DRDLR 2015

1st working draft Master Plan submitted by Camissa-ME: April 2016

According to CSIR (2016), the Agri-Hub is a production, equipment hire, processing, packaging, logistics and training (demonstration) unit as indicated in the figure below:

Figure 18: Agri-Hub Conceptual Layout Plan



This Agri-Hub will support the feeder Farmer Production Support Units.

The **Agri-Hub** should include the following facilities and support services:

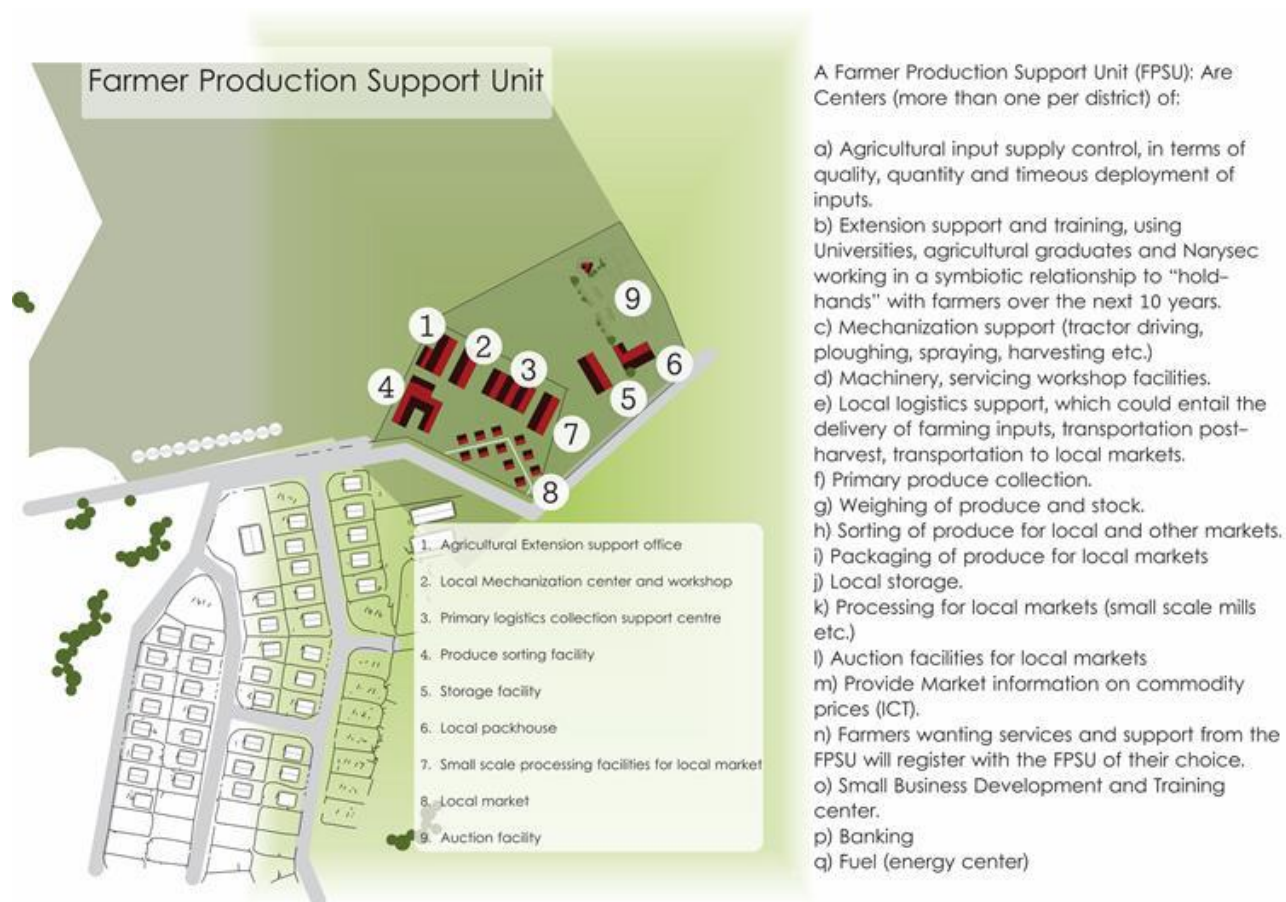
- Training facilities including lecture halls and lodging for 20 trainees. Ideally existing training facilities should first be utilised and new facilities only considered if these do not meet the Agri Hub's training needs;
- Intake, storage and dispatch facility of about 2000 m² for produce from the feeder FPSU's:
 - Fruit and vegetables.
 - Lucerne from FPSU's to go to market and / or possible feed production plant (yet to be identified)
- Packing (800 m²) and cooling (500 m²) facility for vegetables to handle about 200 tons of vegetables per month
- Local market facility to sell local produce of about 200 m².

- Office space (open plan office with desks), boardroom (2) facilities, internet cafe and secretarial services for local emerging farmers.
- Main production input supply facility (most probably a cooperative) of about 2000 m² (shop to purchase production inputs like fertilizer, chemicals, seed irrigation equipment, small tools, etc) to be operated with a strategic partner along the following lines:
 - A small farmer / emerging farmer (client) will approach the cooperative for production inputs for a specific crop and quantity.;
 - The cooperative and client will enter into a supply / purchase contract stipulating, crop or farming enterprise, quantity and timing, e.g. number of sheep or area to be planted with crop and when planting will take place. From this it will be clear as to what is needed, when and how much;
 - The cooperative will inspect the clients operations on a regular basis to ensure that the client adheres to the contract;
 - The contract will also stipulate that the client must deliver the produce to the cooperative who will grade and pay the client market price minus the costs of the inputs supplied. The cooperative will then on sell the produce delivered to one of the other facilities in the Agri-Hub for further processing of packaging;
 - Cooperative personal will, as part of their service, supply extension services to the client;
- Main mechanization centre and equipment servicing and repair centre with a shed of 500 m² and yard of 2000 m² to effect major repairs to the fleet of trucks, tractors and vehicles that service the hub and its feeder FPSU's.
- Collection services linked to the mechanization centre.
- Extension services with shared offices at the training centre.
- Market information centre with shared offices at the training centre.

Agri Farmer Production Support Units (FPSU) feeding into the Oudsthoorn Agri-Hub.

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 per the following layout plan:

Figure 19: FPSU Conceptual Layout Plan



Four priority Agri FPSU's have been identified:

1. FPSUs 1-2: Expand fruit and vegetable drying facilities in Zoar and Dysselsdorp
2. FPSU 3: Expand access to fruit sorting, packaging, storage facility in Haarlem (mainly serving Anhalt farm at the moment) to include cold storage.
3. FPSU 4+: Lucerne: the location of FPSUs to support emerging farmers producing Lucerne requires further investigation as there are a wide range of production areas throughout the District, including Ladismith (Produce for the market), Mossel Bay (Pastures and own consumption), Oudtshoorn (Produce for the market) and Riversdale (Pastures and own consumption). The main need is for storage facilities as well as shared equipment. The FPSU 2 in Dysselsdorp should include support for Lucerne producers.
4. FPSU 5: Honeybush: Haarlem (linked to nursery): short term focus on expanding production (1-3 years) and medium term focus on supporting processing, packaging, distribution.

In the longer term, the following additional FPSUs should be planned for:

1. FPSU 6: Essential oils: Groothoek production area and linked to mechanisation centre.
2. FPSU 7: Olives: location to be determined (possibly linked to existing processing facility).

3. FPSU 8: Aquaculture: location to be determined.

Ideally the FPSUs should be located on municipal land wherever possible. Each Municipality needs to identify the detailed location and land for FPSUs in consultation with emerging farmers. Linkages with existing infrastructure and facilities should be maximised wherever possible. Alignment with proposed nodes in existing Local Spatial Development Frameworks should also be maximised wherever possible.

In addition, possible additional FPSUs to support agriculture production in the following communities and emerging farmers not already supported by the above proposed FPSUs should also be explored as the Agri Park initiative evolves:

- Kranshoek
- Bitou Commonage
- Forest Hall
- Bongulethu Farmers
- Rheenendal
- Karatara
- Jakkalskraal
- Sandkraal (Thembaletu)
- Pacaltsdorp Commonage
- Herbertsdale
- Brandwacht Kleinboere
- Garcia (Riversdale)
- Friemersheim Small Farmers
- Buffelskraal
- Heidelberg Kleinboere
- Buisplaas Kleinboere Vereniging
- Albertinia Kleinboere
- Slangrivier
- Melkhoutfontein boere
- Mooiplaas
- New Horizons (Hartenbos)
- Nostranikwa
- Olympia Extension
- Uitkyk (Macinsedane)

This **FPSUs** should include the following facilities and support services:

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas (mainly animals, but also other produce): +-2000m²
- Mechanization and repair centre: +- 400 m².
- Collection services linked to the mechanization centre.
- Local market facility to sell produce locally: +- 200 m².

- FPSU production input supply facility (a local branch of the main production input supply facility): +- 500 m²
- Storage facility for Lucerne: +-200 m².
- Compost plant.
- Small meeting and internet facility: +- 100 m².

In addition, improved access to water will be absolutely critical to support and improve production in the FPSU catchment areas. This includes the need for water supply and irrigation infrastructure for Dysseisdorp, LRAD and PLAS farms, as well as for Haarlem and other FPSU catchment areas- as informed by WCDoA water investigations.

Note: The above FPSU facilities need not necessarily be located in one location / on the same piece of land. For example, the local market facility should be located to take advantage of local demand (and which may include tourists visiting an area) and therefore should be carefully located to maximise exposure to local demand (for example, along a main route and/or at a local node).

4.3 Proposed Rural Urban Market Centre

The Rural Urban Market Centre Unit (RUMC) has three main purposes:

- Linking and contracting rural (AH's and FPSUs), 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.

The site for Eden RUMC has not been confirmed. It is however proposed that the Eden and Central Karoo District should seriously consider a shared Rural Urban Market Centre either at Oudsthoorn or Beaufort West depending on a more detailed analysis of commodity linkages and logistical requirements including access to relevant local and regional markets. A single RUMC will not only save on development and operational costs, but it will also create economy of scale and bargaining muscle in negotiations with local and overseas buyers.

Oudsthoorn has possible advantages including: It is closer to support educational institutions, the Western Cape Department of Agriculture Research Farm and Technology testing facilities, and the George airport for time sensitive and export oriented activity. In addition, access to the South African Army Base (which includes the Infantry School) is key as one of the major local buyers that the Agri Park needs to target as a supplier. Beaufort West is located along the N1 in terms of road or rail based cargo and supplies.

There are also plans underway to strengthen the Oudsthoorn Airport's ability to service cargo needs and there may be synergies between the Agri-Park and future airport development and cargo feasibility. At the same time discussions are also underway to strengthen the Beaufort West airport and its ability to service freight. A holistic assessment of regional airport development is needed as the Agri Park initiative unfolds. The optimal development of export oriented commodities in the District (e.g. essential oils, aquaculture and processed fish products, and honeybush) may require

enhancements to airport facilities and routes served. Plans to develop and expand the Mossel Bay harbour should also be investigated in terms of possible Agri-Park synergies.

Regarding market access and maximising access to local markets, it is proposed that the RUMC explore the potential to establish a District Framework Contract to facilitate stream-lined procurement from local producers by a wide range of national, provincial and local government institutions.

It is also proposed that a national brand be developed for Agri Parks which can strengthen market awareness and market access.

4.4 PESTEL Assessment of the Agri-Park

A PESTEL analysis is a framework or tool used to analyse and monitor the macro-environmental (external operating environment) factors that have an impact on an organisation. The result of which is used to identify threats and weaknesses that is used in a **SWOT analysis**.

PESTEL stands for:

- P – Political
- E – Economic
- S – Social
- T – Technological
- E – Environmental
- L – Legal
-

The PESTEL analysis for the Eden Agri-Park is indicated in the Table below:

Table 14 PESTEL analysis for the Eden Agri-Park

Political	<ul style="list-style-type: none"> • National focus on agrarian reform, rural development and sustainable rural communities • IPAP & APAP focus on agro-processing and bio-fuels • Backlogs in land restitution and lack of support to new land owners • Focus on agriculture and rural development in Provincial and District Municipality Growth and Development Strategies • Focus on food security, nutrition and food sovereignty • Political administration interface • Agri-BBBEE • Lack of support to smallholder farmers • Unemployment; poverty and inequality • Trust relations between government, private sector, civil society, labour, traditional leaders • Historical land issues • Intergovernmental relations • Public service capacity, capability and competence • Corruption, nepotism and cronyism
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	<ul style="list-style-type: none"> • Policy consistency, certainty, continuity and implementation
Economic	<ul style="list-style-type: none"> • Agricultural inputs costs (seeds, pesticides, fertilisers, equipment, etc) • Alternative markets (government, local and informal markets) • IPAP & APAP financial support to high priority agricultural products and agro-processing • Lack of smallholder and emerging farmers access to markets, credit, transport, finance, extension services, etc • Domination of markets by large commercial farmers • Volatility and speculation in commodity market • Exchange rates • Potential for inclusive growth • Potential for increased job creation • Seasonal nature of employment • Increase cost of electricity and inconsistent supply to rural areas • Drought • Increased food demand • Currency volatility and stability • Micro-economic policy • Retailers • Competitiveness • Public Private Partnerships • Policy consistency • Imports • Economic structural issues • Rejuvenation and expansion (irrigation schemes)
Social	<ul style="list-style-type: none"> • Crime • Social capital and social cohesion • HIV/AIDS • Unresolved CPA disputes • Migration out of rural areas reducing agricultural workforce • Perception that agriculture is an unattractive sector amongst the youth • Availability of social basic services such as health, education, etc • Low levels of skills development in agricultural sector • NARYSEC • Potential to create viable smallholder businesses • Uneven development in rural areas
Technological	<ul style="list-style-type: none"> • Indigenous and modern technology • Technology for family farmers and smallholder farmers • New greenhouse and hydroponic technology • ICT innovative digital platforms (prices, markets, weather, etc) • R&D

	<ul style="list-style-type: none"> • Renewable energy sources • Productivity • Logistics • Small scale processing technology
Environmental	<ul style="list-style-type: none"> • Limited water supply • Limited water licences • Ecological sustainable farming methods • Climate change • Devastating effects of drought • Water management • Energy management • Land Use management • Natural Resources • Renewable energy • Waste and by-products
Legal	<ul style="list-style-type: none"> • Effective by-laws • Complimentary legislative and policy frameworks • Implementation and compliance of food safety standards and quality control • Land Reform and Rural Development legislation and policy frameworks-Daff synergy and complimentary • EIA cumbersome process

4.5 Eden Agri-Park SWOT Analysis

A review of the significant trends, issues and changes in the external environment in which **Eden District Municipality Agri-Park** will operate identified several key factors that are likely to have a significant influence on the development and the implementation of the Agri-Park. The Agri-Park SWOT analysis are proposed to inform decisions on the development and implementation of the Agri-Park Programme (see Chapter 5).

4.5.1. Strengths

- Cooperation between the municipality and the emerging farmers.
- Land availability
- Development aspiring communities
- Local municipality that articulates their plight.
- Accessible local governance system
- Participation process enshrined in the Constitution

4.5.2. Weakness

- Large portion of population unemployed

- Low mitigation to the negative impacts of climate change as can be witnessed with the continued desertification and current drought
- Large distances between areas having a potential negative impact of transportation of certain agricultural products
- Poor water management : high water debts and inefficient uses of potential water sources including waste treatment.
- Lack of agricultural facilities for small scale and emerging farmers in rural areas
- Lack of farm management and financial management expertise amongst emerging farmers.

4.5.3. Opportunities

Spatial clustering is forms the essence of agri-parks concept. In practice clustering can take many forms and there could also be varied combination of agricultural and non-agricultural activities. Some of the advantages of clustering are:

- Coordination, cooperation, networking and collaboration
- Improved social cohesion
- Reducing transport requirements
- Improve animal welfare
- Restricting disease outbreaks
- Reduce the gap between producer and consumer
- Generate economic and social benefits
- Development of infrastructure networks to create sustainable ecological system
- Integrated spatial planning-SPLUMA
- AgriBEE- encourage Black entrepreneurs to take advantage
- Connecting development corridors
- Knowledge management- universities, agricultural colleges
- Growth of agro-processing
- Intensive labour agriculture & agri- processing
- Efficient use of space
- Renewable energy sources-solar
- Setting of food standards and quality and conducting certification
- ICT-can provide less reliance on extension officers for certain needs and provide up to date market information
- Economies of scale
- PPPs including partnerships with existing processes
- Efficiency of resource allocation and utilisation
- Improved markets
- Synergy between non-agri-production like energy production, waste and water management

4.5.4. Threats

- Stifling bureaucracy
- Poor intergovernmental relations between the three spheres of government

- Alignment between various Agri-Parks committees and DLRCs-too many committees
- Technical capacity at district and local municipal levels
- Scarcity and degradation of land, water and soil
- Post-harvest food lost and wastage
- Low support for producers
- Duplication of effort
- Fragmented and uncoordinated planning
- Slow pace of regulatory approvals e.g. EIAs, water approvals
- Ineffective models of producer support. Absence of uniform criteria and definitions. Unable to effectively plan, invest or measure smallholders
- Slow pace in the issuing of water licences
- Proposed Incentive Programme for Climate Smart Agriculture (CSA) remains unfunded.
- Competing demands of land
- Import (dumping) e.g., AGOA
- 20% growth in consumer demand, met by 10% imports
- Veterinary services inadequate and I in accessible
- Commercialisation of communal herd owning 40% of national herd.
- Import 50% of wheat. Progressive replacement of wheat by canola and soya
- Greatest's contributor to agricultural exports/trade but is the least transformed sector
- Under investment in R&D (0.1%) capacity & infrastructure
- Inability to apply/integrate innovation
- Aging senior researchers
- 75% of local procurement under discussion between National Treasury and Department of Small Business Development
- Greater synergy between IPAP and APAP
- Climate change- drought, flooding and fires
- Soil degradation
- Reduction in water supply in terms of rain and stream flows

CHAPTER FIVE: EDEN DISTRICT AGRI-PARK IMPLEMENTATION PLAN

5.1 Introduction

The Agri Park implementation will continue to evolve as new developments unfold. It will be important for implementation to take place in as coordinated a manner as possible and therefore the pending appointment of a District Agri Park Manager will assist in this regard and provide a key focal point for all stakeholders to interact with.

This 10 year Agri Park Master Plan implementation plan therefore contains the following:

- f) Agri Park Success Factors based on international experience;
- g) Agri Park Implementation monitoring plan to guide the monitoring of the Agri Park (it will be critical for stakeholders to agree on key indicators to be monitored and for regular progress reports on these indicators to be presented and discuss at the Agri Park stakeholder meetings such as the DAPOTT and DAMC))
- h) Agri Park Risk Management Plan: it will be critical for key risk managers to be identified and who are responsible to implementing actions to mitigate the key risks facing the successful implementation and operation of the Agri Park.
- i) Agri 10 Park High Level 10 year implementation plan to provide an indication of the phased implementation approach; and
- j) Agri Park Strategic Partnership Framework to provide an indication of the wide range of partnerships which will need to be explored, facilitated and defined to ensure the successful operation of the Agri Park.

5.2 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 15 Agri Park Success Factors based on International Experience

<ul style="list-style-type: none"> • Production Systems and Innovation: 	<p>Engage expertise support for Agri-Park to implement systems and innovate.</p> <p>A culture of Research and Development to be inculcated in the enterprise.</p> <p>Develop a plan that integrates the necessary R&D with the overall Agri-Park strategic plan.</p> <p>Identify and prioritise R&D projects based on the contribution of the likely research outcomes to overall industry performance.</p> <p>Encourage a long-range program approach rather than commission a series of independent projects.</p> <p>Ensure that R&D is commercially focused on the product outcome.</p> <p>Build long-term relationships with competent and experienced research providers.</p>
<ul style="list-style-type: none"> • Enterprise and Industrial Development Support and 	<p>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.</p> <p>Recognise the importance of being a certain size before successful</p>

<p>enablers:</p>	<p>commercialisation can be possible.</p> <p>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.</p> <p>Recognise the contributions to growth possible through partnering throughout the supply chain, and through mentoring of new industry players.</p> <p>Encourage collective marketing and branding programs.</p> <p>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.</p>
<ul style="list-style-type: none"> • Quality Product Development: 	<p>The Agri-Park to develop skills in food product development.</p> <p>Compliance with industry codes of good practice in terms of product description and quality assurance.</p> <p>Standardisation of terminology and the way products are graded, labelled and traded.</p>
<ul style="list-style-type: none"> • Brand Building and Marketing: 	<p>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).</p> <p>The Agri-Park to develop a precise marketing plan and allocate resources for the promotion of the enterprise products.</p>
<ul style="list-style-type: none"> • Business linkages and supply chains: 	<p>Empower local distributors to get product to the market.</p> <p>Establish vertical and horizontal business linkages.</p> <p>Identify the market (or market segment) to be targeted.</p> <p>Identify sustainable supply chain partners most appropriate to the chosen market segment.</p> <p>Establish effective, ongoing, structured lines of communication between the supply chain partners.</p> <p>Project a realistic view of the industry's position and outlook.</p> <p>Build relationships based upon mutual benefit along the supply chain.</p>
<ul style="list-style-type: none"> • Governance and management 	<p>Competent Agri-Park management and governance.</p> <p>Business management systems and structures need to be in place.</p> <p>Business principles of profit, people and planet.</p> <p>Good practice corporate governance should be adhered to at all times.</p> <p>Comply with corporate governance legislative, policy and regulatory frameworks (public and private sector).</p>
<ul style="list-style-type: none"> • Supply contracts 	<p>The prices of agricultural inputs are incredibly volatile due to factors such</p>

in place for key inputs:	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.
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The following factors should be considered for the establishment and/or operationalisation of a processing plant:

Table 16 Key Considerations Informing Establishment of 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):	<p>Small-Scale 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.</p> <p>Intermediate-Scale 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.</p> <p>Large-Scale 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</p>

	<p>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.</p>
<p>Choice of processing technologies</p>	<p>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:</p> <ul style="list-style-type: none"> • 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

5.3 Agri-Park Strategy Implementation Monitoring Framework: outcomes, outputs, targets, activities and key assumptions

The following indicators and targets are proposed for refinement in order to monitor implementation of the Agri Hub and achievement of the Agri Hub objectives:

STRATEGIC OBJECTIVE 1: Transform Rural South Africa through a modernised agricultural sector

Outcome(s)	Measure (Outputs)	Targets & Milestones (Indicators)	Activities
Eden District Agricultural Sector transformed and modernised	Vibrant Eden District community and Food Security	% increase in households monthly income (socio impact)	Implement and manage Agri Park
	Percentage contribution of Agricultural to Eden District economy	% increase in absolute value of of District's Agricultural sector production (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
Eden District Agri-Park Operational	Number of Agri Hubs (AH) developed	<ul style="list-style-type: none"> AH Property Management Contract finalised % occupancy of operational enterprises One AH developed by 2018 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> FPSU Property Management Contract finalised % occupancy of operational enterprises Two FPSUs established by 2018 	<ul style="list-style-type: none"> Land acquisition and zoning Infrastructure Development Process (i.e. feasibility and design, professional teams, implementation and hand over)
	Number of Rural Urban Market Centres (RUMC) established	<ul style="list-style-type: none"> RUMC Property Management Contract finalised % of business linkages facilitated by RUMC Shared RUMC developed by 2018 	<ul style="list-style-type: none"> Land acquisition and zoning Infrastructure Development Process (i.e. feasibility and design, professional teams, implementation

STRATEGIC OBJECTIVE 2: Develop Integrated and Networked Agri-Park Infrastructure			
Outcome(s)	Measure (Outputs)	Targets & Milestones (Indicators)	Activities
			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
Eden District Agri-Park Sustainably managed and operated	A farmer led company established through the company act Management company responsible for both development and administration established	<ul style="list-style-type: none"> Articles of association Management contract 	<ul style="list-style-type: none"> Develop Articles of Association for Agri-Park Develop management contract for Agri-Park hubs and FPSU's
	District Statutory body responsible for oversight established	<ul style="list-style-type: none"> Memorandum of Understanding Municipal resolution 	<ul style="list-style-type: none"> 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 Eden District Agri-Park	Investment promotion	<ul style="list-style-type: none"> Promoted investment opportunities in the Agri-Parks 	<ul style="list-style-type: none"> Create investment material Develop bankable business plans Present investment opportunities to potential investors
	Partnerships established	<ul style="list-style-type: none"> Partnerships established for the various opportunities in the Agri-Parks 	<ul style="list-style-type: none"> Actively promote partnerships to potential investors Meet potential

STRATEGIC OBJECTIVE 4: Generate funds and secure investment			
Outcome(s)	Measure (Outputs)	Targets & Milestones (Indicators)	Activities
			partners <ul style="list-style-type: none"> Present bankable business plans to potential partners
	Investment generated	<ul style="list-style-type: none"> Investment in the Agri-parks generated 	<ul style="list-style-type: none"> 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
Eden District Farmers producing competitive produce	Smallholder and Emerging Farmers businesses profitable and sustainable	<ul style="list-style-type: none"> Extension services operational Support services operational Collection scheme operational Farmers delivering quality product to market 	<ul style="list-style-type: none"> Develop extension services in the Agri-Hub Develop support services model
	Smallholder and Emerging Farmers technical capacity and skills enhanced	<ul style="list-style-type: none"> Training material developed Farmers trained 	<ul style="list-style-type: none"> Develop training material Train farmers

STRATEGIC OBJECTIVE 6: Improve Agri-Park Programme Implementation			
Outcome(s)	Measure (Outputs)	Targets & Milestones (Indicators)	Activities
Eden District Municipality effectively and efficiently coordinating and facilitating the	Agri-Park generating income for the municipalities (rates and service fees)	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	Continuous service delivery and consistent service standards as per	Municipal service delivery.

STRATEGIC OBJECTIVE 6: Improve Agri-Park Programme Implementation			
Outcome(s)	Measure (Outputs)	Targets & Milestones (Indicators)	Activities
implementation of the Agri-Park	municipal services Capacitated coordinating structure operational	municipal service charter. 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

The following key assumptions can be identified and which will also need to be monitored and reported on as part of the Agri park monitoring plan:

Table 17 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)	
Eden District Agricultural Sector transformed and modernised	Vibrant Eden District community and Food Security	Emerging farmers will be able to produce high volumes of vegetables and poultry meat	✓		Yes
	Percentage contribution of Agriculture to Eden 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
Eden 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
	Number of Rural Urban Market Centres (RUMC) established	Government putting the required resources in the Agri-Park	✓		No
Eden 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	Private individuals willing to			








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)	
Investment generated for Eden District Agri-Park	generated	invest in the Agri-Parks	✓		Yes
	Partnerships established	Private individuals willing to partake in the Agri-Parks		✓	Yes
Eden 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
Eden 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

5.4 Agri-Park 10-Year Implementation Plan

The following high level 10 year implementation plan provides an indication of the agri-parks phased implementation:

Table 18 Agri Park 10 Year Implementation Plan

EDM 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	EDM District Agricultural Sector transformed and modernised	Vibrant EDM District community and Food Security			
		Percentage contribution of Agricultural to EDM District economy			
		Increased agricultural beneficiation (agro-processing activities)			
		Number Black Industrialists Developed	3	3	3
SO: 2	EDM District 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	EDM District 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	Investment generated			
		Partnerships established	2	3	5

EDM Agri-Park 10-Year Implementation Plan			Phase One	Phase Two	Phase Three
Strategic Objective	Outcome(s)	Measure (Outputs)	2016 - 2018	2019 - 2021	2022 - 2025
	EDM District Agri-Park	Investment promotion			
SO: 5	EDM District 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: 5	EDM District Municipality 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			

5.5 Strategic Risks Assessment and Risk Management Framework

A wide range of risks exist which can undermine the successful establishment and operation of the 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 19 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	
Eden District Agricultural Sector transformed and modernised	Vibrant <u>Eden District</u> community and Food Security	Farmers unable to produce quality vegetables			√			Farmers assisted to follow planting seasons of various vegetables
	Percentage contribution of Agricultural to <u>Eden District</u> economy	Farmers not supplying enough vegetables to the market for sales			√			Creating incentives for farmers to supply their vegetables 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
Eden 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-Park Outcomes	Agri-Park Measure (Outputs)	Risk Description	Probability of risk occurrence					Strategy for mitigation/C controls
			(1) Very Low	(2) Low	(3) Moderate	(4) High	(5) Very High	
								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-Parks and the government prioritizing Agri-Parks as project to drive rural development
Eden 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				√		Appointment of key personnel with right skills and

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	
		body						qualifications
Direct Investment generated for Eden 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
Eden 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
Eden District Municipality effectively and efficiently coordinating and facilitating the implementation of	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				√		Appointment of key personnel with right skills and qualifications

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	
the Agri-Park		agri-parks						
	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.

5.6 Agri-Park Implementation Partnerships

The following framework should be used to start identifying potential strategic partners including government agencies, private sector organisations and international organisations to be involved in various aspects of the Agri Hub:

Table 20 Agri Park Partnership Identification Framework

Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private Sector Organisations	International Organisations
SO: 1	Vibrant Eden District community and Food Security			
	Percentage contribution of Agricultural to Eden District economy			
	Increased agricultural beneficiation (agro-processing activities)			
	Number Black Industrialists Developed			
SO: 2	Number of Agri Hubs (AH) developed			
	Number of Farmer Production Support Units (FPSU) developed			
	Number of Rural Urban Market Centres (RUMC) established			
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			
SO: 4	Investment generated Partnerships established Investment promotion			
SO: 5	Smallholder and Emerging Farmers businesses profitable and sustainable			
	Quality meat production increased			

Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private Sector Organisations	International Organisations
	Smallholder and Emerging Farmers technical capacity and skills enhanced			
SO: 5	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			

5.7 Way Forward and Recommendations

This master plan will be taken forward by the District which will facilitate its ongoing evolution and implementation with a wide range of partners and support organisations. The following next steps can be identified:

1. **DRDLR to finalise appointment District Agri Park Managers** (Stakeholders have strongly requested that the Agri Park Managers be located at the District level so that meaningful coordination and implementation can take place).
2. **DRDLR to provide clarity on Agri Park service providers** to the DAPOTT AND DAMC who have been appointed to assist with required detailed feasibility studies as well as detailed facility designs and costing so that coordination can take place at a District Level.
3. **Conduct Eden and Eden District Lucerne Pellet processing feasibility study:**
A joint feasibility into the above covering both Districts needs to be initiated and which links to emerging farmer Lucerne production areas in both Districts.
4. **Conduct feasibility into establishing essential oils processing facility** in Groothoek production area. In addition, investigate feasibility of essential oils processing facility from seeds and identify ideal location.
5. The District and Local Municipalities will need to make provision for the Agri Park in their Integrated Development Plans (IDPs) (including possible infrastructure and services needed for the Agri Hub, FPSUs, and RUMC), Local Economic Development Plans, and Spatial Development Frameworks (SDFs). Local Municipalities must ensure an agri park representative is nominated to participate in future DAPOTT meetings. In addition, Local

Municipalities (together with the District Municipality, DRDLR, and Provincial Department of Agriculture) will need to identify specific sites for the FPSUs (ideally such sites should be aligned to any nodes identified in local SDFs). District and Local Municipalities to engage emerging farmers to refine facility and service requirements at FPSUs. If EIA processes are required, the possibility of an EIA class application for all Agri Park EIAs should be investigated to speed up the planning process and ensure it is efficient:

- a) FPSUs 1-2: Expand fruit and vegetable drying facilities in Zoar and Dysseisdorp Expand fruit and vegetable drying facilities in Zoar (including linkages to Amalienstein farm) and Dysseisdorp (including growing demand for sun dried tomatoes) and investigate feasibility of juice processing both fruit and vegetables). Storage facilities for lucerne may also be required.
- b) FPSU 3: Expand access to fruit sorting, packaging, storage facility in Haarlem (mainly serving Anhalt farm at the moment) to include cold storage.
- c) FPSU 4+: Lucerne: the location of FPSUs to support emerging farmers producing Lucerne requires further investigation as there are a wide range of production areas throughout the District. (including Ladismith, Mossel Bay, Oudtshoorn and Riversdale. The main need is for storage facilities as well as shared equipment. The FPSU 2 in Dysseisdorp should include support for Lucerne producers.
- d) FPSU 5: Honeybush: Haarlem (linked to nursery): short term focus on expanding production (1-3 years) and medium term focus on supporting processing, packaging, distribution.

In the longer term, the following additional FPSUs should be planned for:

- a) FPSU 6: Essential oils: Groothoek production area and linked to mechanisation centre.
 - b) FPSU 7: Olives: location to be determined (possibly linked to existing processing facility).
 - c) FPSU 8: Aquaculture: location to be determined.
6. DRDLR to facilitate a meeting with both Eden and Eden Districts to discuss (and agree on) the location of the Rural Urban Market Centre (Oudsthoorn or Beaufort West).
 7. Detailed design of Agri Park and FPSU facilities should commence as informed by detailed user needs analysis. Existing facilities should be used wherever possible. Additional infrastructure support requirements (e.g. bulk infrastructure, water storage, supply and irrigation infrastructure for Dysseisdorp, Matjiesrivier and Zoar and other FPSU catchment areas) to be identified as part of this process. Any land ownership and planning process implications (e.g. re-zonings, EIAs) to be identified and process initiated.
 8. Additional research to develop a Agri Park Skills Plan: Training and skills required for the agro processing opportunities should be identified to inform Training Courses and opportunities (explore partnerships with NARYSEC and existing FET colleges and other training providers).
 9. Resource Mobilization, Collaboration and Partnerships including clarification of funding

sources to be initiated by the District and DRDLR to clarify funding arrangements.

10. Detailing of agri-park desired institutional arrangements to be informed through detailed legal advice.
11. Regarding market access and maximising access to local markets, it is proposed that the RUMC explore the potential to establish a District Framework Contract to facilitate stream-lined procurement from local producers by a wide range of national, provincial and local government institutions. It is also proposed that a national brand be developed for Agri Parks which can strengthen market awareness and market access.
12. The Development of an emerging farmer farm management programme should proceed to clarify how all relevant role-players can strengthen emerging farmers in the District. Key industry associations, the Provincial Department of Agriculture, and private sector role-players need to be engaged with. The possibility of organising a District Emerging Farmer Capacity Building consultative workshop to discuss this process should be considered.

The proposed next steps and high level three year implementation plan can be summarised as follows:

Year	Key Activities
Y 1	<ul style="list-style-type: none"> • DRDLR finalise appointment District Agri Park Managers (located at the District level). • Identification of Beaufort West Abattoir Strategic Partner. • Beaufort West Tannery Feasibility. • Central Karoo and Eden District Lucerne Pill processing feasibility: • Beaufort West Hydroponics Feasibility and Business Plan. • Agree on location of the Rural Urban Market Centre (Oudtshoorn or Beaufort West). • Outcome of the Western Cape Department of Agriculture waterless wool and mohair cleaning study discussed with all stakeholders. • Agri-Park performance targets established and incorporated into district IDP and SDF plans, & sector departments • Key commodity development plan developed • Feasibility Studies • Agri-Park sites finalised and land acquired • Agri-Park governance and management structures operationalised • Designs completed, including service requirements regarding water, electricity, waste water disposal • Agri-Park costing model and budgets compiled • Agri-Park funding, investment & partners secured • Agri-Park infrastructure development professional teams procured • Develop and support farmers
Y 2	<ul style="list-style-type: none"> • Agri-Park infrastructure development initiated and managed • Agri-Park funding, investment & partners secured • Develop and support farmers • Agri-Park markets secured (and District Procurement Framework if feasible)
Y 3	<ul style="list-style-type: none"> • One Agro-hub industrial site phase developed and operational • Two FPSUs sites developed and RUMC office established and operational • Develop and support farmers, and link to commodity chains

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