



## rural development & land reform

Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA

# AGRI-PARK MASTER BUSINESS PLAN

**Frances Baard**

**District Municipality**

**Northern Cape Province**



MANAGING FOR EXCELLENCE



Agri-Park Details	
<b>Province:</b>	Northern Cape
<b>District:</b>	Frances Baard
<b>Agri-Hub Site:</b>	Warrenton (Magareng LM)

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## List of Abbreviations and Definitions

Abbreviation	Description
<b>AGOA</b>	African Growth and Opportunity Act
<b>AGM</b>	Annual General Meeting
<b>AGRIBEE</b>	Agricultural Black Economic Empowerment
<b>AgriNC</b>	Agriculture Northern Cape
<b>AGRI-SA</b>	Agriculture South Africa
<b>AH</b>	Agri-Hub
<b>AP</b>	Agri-Park
<b>APMBP</b>	Agri-Park Master Business Plan
<b>APAP</b>	Agriculture Policy Action Plan
<b>ARC</b>	Agricultural Research council
<b>BRICS</b>	Brazil, Russia, India, China and South Africa
<b>CASP</b>	Comprehensive Agriculture Support Programme
<b>CBO</b>	Community Based Organisation
<b>CPA</b>	Communal Property Association
<b>CRDP</b>	Comprehensive Rural Development Programme
<b>CSA</b>	Climate Smart Agriculture
<b>CSIR</b>	Council for Scientific and Industrial Research
<b>DAFF</b>	Department of Agriculture, Forestry and Fisheries
<b>DAMC</b>	District Advisory Management Committee
<b>DAPOTT</b>	District Agri-Parks Task Team
<b>DBSA</b>	Development Bank of Southern Africa
<b>DEA</b>	Department of Environmental Affairs
<b>DFI</b>	Development Finance Institutions
<b>DFS</b>	Development Finance System
<b>DGDS</b>	District Growth Development Strategy
<b>DLRC</b>	District Land Reform Committee
<b>DM</b>	District Municipality
<b>DMA</b>	District Municipal Area
<b>DoE</b>	Department of Energy
<b>DRDLR</b>	Department of Rural Development and Land Reform
<b>DTI</b>	Department of Trade and Industry
<b>EIA</b>	Environment Impact Assessment
<b>EMF</b>	Environmental Management Framework
<b>EU</b>	Expanded Public Works Programme
<b>FAO</b>	Food and Agriculture Organisation
<b>FBDM</b>	Frances Baard District Municipality
<b>FBDMSDF</b>	Frances Baard District Municipality Spatial Development Framework
<b>FET</b>	Further Education and Training
<b>FPSU</b>	Farmer Production Support Units
<b>GDP</b>	Gross Domestic Product
<b>GVA</b>	Gross Value Added
<b>GWK</b>	Griekwaland Wes Kooperatiewe

<b>Abbreviation</b>	<b>Description</b>
<b>HIV/AIDS</b>	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
<b>ICT</b>	Information Communications and Technology
<b>IDC</b>	Industrial Development Corporation
<b>IDP</b>	Integrated Development Plan
<b>IGR</b>	Intergovernmental Relations
<b>IPAP</b>	Industrial Policy Action Plan
<b>LED</b>	Local Economic Development
<b>LM</b>	Local Municipality
<b>LRAD</b>	Land Redistribution for Agricultural Development
<b>LUMS</b>	Land Use Management Strategy
<b>MDG</b>	Millennium Development Goals
<b>MFMA</b>	Municipal Financial Management Act
<b>MIG</b>	Municipal Infrastructure Grant
<b>MSDF</b>	Municipal Spatial Development Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>M&amp;E</b>	Monitoring and Evaluation
<b>NAAC</b>	National Agri-Parks Advisory Council
<b>NARYSEC</b>	National Rural Youth Corps Strategy
<b>NAWO</b>	National Agricultural Women Organisation
<b>NCEDA</b>	Northern Cape Economic Development Agency
<b>NCLEDS</b>	Northern Cape Local Economic Development Strategy
<b>NCDLRARD</b>	Northern Cape Department of Land Reform, Agriculture and Rural Development
<b>NDP</b>	National Development Plan
<b>NGP</b>	National Growth Path
<b>PAPOTT</b>	Provincial Agri-Parks Task Team
<b>PESTEL</b>	
<b>PGDS</b>	Provincial Growth Development Strategy
<b>PSDF</b>	Northern Cape Provincial Spatial Development Framework
<b>PSSC</b>	Provincial Shared Services Center
<b>NCRDS</b>	Northern Cape Rural Development Strategy
<b>NDA</b>	National Development Agency
<b>NDP</b>	National Development Plan
<b>NEF</b>	National Empowerment Fund
<b>NFSD</b>	National Framework for Sustainable Development
<b>NGO</b>	Non-Governmental Organisation
<b>NGP</b>	New Growth Path
<b>NPO</b>	Non-Profit Organisation
<b>NSSD</b>	National Strategy for Sustainable Development
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PIC</b>	Public Investment Corporation
<b>PLAS</b>	Proactive Land Acquisition Strategy
<b>PPP</b>	Public Private Partnership
<b>RDP</b>	Rural Development Plan
<b>REID</b>	Rural Enterprise and Industrial Development

<b>Abbreviation</b>	<b>Description</b>
<b>RID</b>	Rural Infrastructure and Development
<b>RSA</b>	Republic of South Africa
<b>RUMC</b>	Rural Urban Management Centre
<b>R&amp;D</b>	Research and Development
<b>SAFFVPA</b>	SA Frozen Fruit and Vegetables Producers Association
<b>SADC</b>	Southern Africa Development Community
<b>SALGA</b>	South African Local Government Association
<b>SANRAL</b>	South African National Road Agency Limited
<b>SANSOR</b>	South African National Seed Organisation
<b>SASHA</b>	Sweet Potato Action for Security and Health in Africa
<b>SAACTA</b>	Southern African Auditor & Training Certification Authority
<b>SDF</b>	Spatial Development Framework
<b>SEDA</b>	Small Enterprise Development Enterprise
<b>SEFA</b>	Small Enterprise Finance Agency
<b>SETA</b>	Sector Education and Training Authority
<b>SLP</b>	Social And Labour Plans
<b>SLAG</b>	Settlement for Land Acquisition Grant
<b>SMME</b>	Small Medium Micro Enterprise
<b>SPLUMA</b>	Spatial Planning And Land Use Management Act
<b>StatsSA</b>	Statistics South Africa
<b>SWOT</b>	Strength, Weakness, Opportunities and Threats
<b>TVET</b>	Technical Vocational Educational and Training
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organisation
<b>WHO</b>	World Health Organisation
<b>WTO</b>	World Trade Organisation

## Executive Summary

### Master Plan Purpose:

#### Background and Context

This master plan has been commissioned by the Department of Rural Development and Land Reform to inform the way forward with the Frances Baard District Agri Park initiative. The Frances Baard District Agri Park Master Plan provides a broad framework to guide the way forward. However, this plan 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 overall purpose of agricultural and rural economic transformation is to improve the quality of life of rural households, enhancing food security, creating jobs, alleviate poverty and address the skewed economic landscape through a broader base of rural industrial and agricultural production and exploiting the varied economic potential of each rural district municipality. Agri-Parks are one of the strategies developed by Government to address issues such as underdevelopment, hunger, poverty, joblessness, lack of basic services, and the challenges faced by smallholder and emerging 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 Agri-Park initiative of Government offers small scale farmers the unique opportunity to become viable and profitable business owners.

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.

The Agri-Park Master Plan therefore puts forward proposals regarding priority Agri-Park agricultural commodities and agro-processing initiatives, required facilities and services, institutional options, and way forward issues regarding planning processes and detailed feasibility analysis.

#### Agri-Parks: A Definition

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.**

#### Priority Frances Baard District Municipality Agri-Hub Commodities:

The Frances Baard 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 FB District Agri Park for immediate focus in years 1 onwards vegetables and vegetable agro-processing. 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: cattle, field crops, goats, sheep and poultry.

The full master plan contains a detailed discussion of the priority commodity value chain, and an industry and SWOT analysis. 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 smallholder and 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 vegetable production and farm management and the Agri Hub will need to strengthen partnerships with these initiatives.

#### **Four Potential Vegetable Agro-Processing Opportunities**

The following four vegetable agro-processing opportunities present exciting opportunities for the Frances Baard Agri-Park

- Frozen vegetable processing (business plan already developed).
- Canned/bottled vegetable processing.
- Vegetable juice (carrot in particular as it is in high demand) processing.
- Dried vegetable processing

#### **Frances Baard Agri-Park Strategy**

The Agri-Park strategy is aimed at providing direction and scope for Frances Baard DM Agri-Park over the long term, in order to achieve implementation advantages.

The strategy aligns itself to the 14 government priority outcomes, and most importantly **outcome 7 – Vibrant, equitable and sustainable rural communities** and the Agri-Park draft policy framework; which aims to enable the establishment of rural industrial hubs across South Africa to serve as primary vehicles of agrarian transformation and comprehensive rural development in order to:

- enhance agricultural production and efficiency;
- promote household food security and national food sovereignty;
- engender agrarian transformation through rural enterprise development and employment creation; and,
- address the triple challenges of poverty, inequality and unemployment as starkly manifested in rural areas.

To achieve this, the following Agri-Park outcome, vision, mission, goals and objectives are proposed for the Frances Baard Agri-Park:

- Priority Outcome

Outcome 7                      Vibrant, equitable and sustainable rural communities

- Outputs
- 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

- Vision

The Frances Baard DM Agri-Park will be a catalyst for rural economic development/industrialisation ensuring development and growth in order to improve the lives of all communities in the district.

- Mission

Our mission is to strive for a viable and sustainable Agri-Park, delivering good returns for smallholder and emerging farmers, investors, customers, Black entrepreneurs, tenants, its owners and all communities in the district.

- Goal

By 2025 the Frances Baard 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 Frances Baard DM Agri-Park:

Objective 1: Transformation and Modernization - To transform and modernise rural area and small towns in Frances Baard DM through the development of the Agricultural sector over the next 10 years

Objective 2: Agri-Park Infrastructure Development - To develop an integrated and networked Agri-Park Infrastructure over the next 10 years.

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 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.

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-Park Infrastructure Plan**

Frances Baard District Municipality is the smallest of the five district municipalities in the Northern Cape, comprising approximately (12 384km<sup>2</sup>) of the geographic area of the province. It comprises of four local municipalities namely, Sol Plaatje, Dikgatlong, Magareng and Phokwane (FB GDS 2014). FB contributes 36% to the GDP of the NC. The district is plagued by high unemployment (27.9%) and an education and skills base of 41.8% skilled and 36.7% semi-skilled and unskilled. Agriculture is regarded as an important sector in the district but only contributes 2.1% to its GDP with mining (10.4%) the biggest contributor is the financial sector (19.6%), community (11.2%), transport (12.5%), trade (12.9%), water and electricity (2.0%) and construction (1.5) (FBDM RDP 2015). The performance of the economy within this district is thus crucial to achieving the overall growth and development targets agreed to at a provincial level.

According to FBDM (2014-15), issues and challenges facing key agricultural sector in district include:

- Limited agro-processing facilities and value adding to products
- Limited production of specialized agricultural products such as spices, herbs, indigenous teas.
- Moderate production potential of agricultural activities.
- Large proportion of district population residing in rural areas with limited access to basic infrastructure.
- Limited entrepreneurial skills and appropriate economic infrastructure in rural areas.
- Insufficient information and telecommunication infrastructure in rural areas.



- Limited of extension services for smallholder and emerging farmers (can be improved in terms of modernising extension and advisory services).
- Limited access to water and support/advisory services for small scale farmers.
- Limited harnessing of the agriculture & agro-processing value chain

One of the single biggest challenges facing the economy of the district is **economic diversification**. The district goal is to promote the development in key economic sectors such as agro processing, export orientated manufacturing, and tourism to position the area as a competitive regional and international producer of high quality and innovative products and services.

**Box 3: FB DM Agriculture and Agro-processing promotion and development objectives**

- To optimize the potential opportunities for agro-processing facilities and activities, with a specific focus on vegetable processing facilities.
- To investigate and undertake the necessary feasibility analysis for the production of specialized high value vegetable processing and products such as soups, malt, preserved foods (chutney, sauces, pickles, etc) international aid nutritional products/packs, etc.
- To protect high potential agricultural land from inappropriate development in line with the recommendations of the Provincial Spatial Development Framework.

The proposed Agri-Hub and its Farmer Production Support Units for the Frances Baard DM are:

**Agri-Hub will be located at Warrenton**

Warrenton has been identified as the ideal setting for an Agri-Park hub given its increased potential for agricultural production and processing. It is also ideally located given the major transport routes crossing the district. The proposed Agri-Hub location is situated within the Magareng Local Municipality. The municipality's economy is mainly based on the surrounding mining and agricultural activities.

Warren is situated on the N12 route, forming part of the main route between Gauteng, Free State and Cape Town. The site was proposed for the following reasons:

- Warrenton is well connected to the district gateways
- The agricultural enterprise commodities include: Vegetables, beef cattle, and sheep
- Connected to good road transport network (regional connector)
- It is 22km from the Vaalharts irrigation scheme
- The main railway line between Gauteng and Cape Town runs through it
- There are many potential vacant municipal land farm portions
- Good road connectivity (N12)

**Business Plan (s) developed:**

Magareng Cooperative Farm and Manufacturing Business Plan for Middleplaas just outside of Warrenton (Greyville Wood Development 2015)

Vaalharts Pecan Nut Project

Warrenton Super Chicken

Bio-security Plan for 2016

Custom feeding for Middleplaas in Warrenton

Piggery Project in Middleplaas

Solar Project at Super Chicken in Warrenton

The most **suitable location for the establishment of FPSUs in Frances Baard DM** is:

### **Jan Kempdorp**

Jan Kempdorp is 22km from the AH and located in the Phokwane LM. Currently there is a smallholder and emerging farmer mechanisation, equipment servicing and repair centre which is quite close to the Ganspan human settlement. The land is owned by the NCDLRARD. There are 250 family owned 0.85ha plots with and additional 150ha of land close to the settlement which has the potential for vegetable and pecan nut production.

#### **Business Plans developed for the area:**

The Ganspan Frozen Vegetables Project (2015)

Vaalharts Pecan Nut Project (2015)

Oil Processing Plant (2013) (Hartswater)

Frances Baard DM Feasibility Study to establish a Vegetable and/ or Fruit Processing Plant (2011)

### **Ritchie**

Ritchie is situated 104 km from the the AH and located in the Sol Plaatje LM. The FPSU site has not yet been identified. Municipal land needs to be identified to establish a FPSU in the catchment area to support small and emerging farmers who produce vegetables and red meat.

### **Pniel**

Pniel is situated 72km from the AH and is located in the Dikgatlong LM. The proposed FPSU would be allocated on communal land. A Communal Property Association has been established but there has been very little production on the land. The land has potential for vegetable production of potatoes and onions. A catalytic bridge building project has been identified to link the R374 to the R31. This would shorten the distance by 17km. The Dikgatlong LM has also proposed the establishment of an industrial park in Barkly West with proposed facilities for agricultural processing and cold storage. Potential to establish a partnership between PNIEL CPA and DewideKlawer farm in terms of vegetable production.

### **Ulco**

Ulco is situated 115,1km from the AH and located in the Dikgatlong LM. The FPSU site has not yet been identified. Municipal land needs to be identified to establish a FPSU in the catchment area to support small and emerging farmers who produce vegetables and red meat.

### **The Rural Urban Market Centre Unit**

The site for Frances Baard RUMC has not been confirmed. It is however proposed that the Frances Baard, Frances Baard, John Taolo Gaetsewe and Pixley ka Seme District Municipalities should seriously consider a shared Rural Urban Market Centre at Kimberly. This 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. Kimberly is the main urban (capital city) and export centre and is linked to Kuruman (N 12 or R31), Warrenton (N 12) and Petrusville (N12). Kimberly as a shared RUMC has further advantages, namely: It is close to support, airport, educational institutions, and extension and research structures such as the NCDLRARD, Sol Plaatje University, DRDLR (PSSC), Kimberly Fresh Produce Market, and TVET Colleges.

## **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:

- Agri-Park Critical Success Factors based on international experience;
- 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))
- 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.
- Agri 10 Park High Level 10 year implementation plan to provide an indication of the phased implementation approach; and
- Agri-Park Strategic Partnership Framework to provide an indication of the wide range of partnerships that will need to be explored facilitated and defined to ensure the successful operation of the Agri-Park.

## **Way Forward and Next Steps**

A number of specific feasibility studies, consultation and further research will now be required during the course of 2016 to further detail the Agri-Park and processing opportunities, including the identification of possible implementation partners and facility planning requirements:

### **1. Vegetable Feasibility and Identification of a Strategic Partner in PNIEL:**

A feasibility study is required into the above including the type of vegetable cultivar (s), hydroponics and agro-processing opportunities. Issue of location, volumes, markets and institutional arrangements should all be addressed. The WildeKlaver commercial farm owner has given some indication of interest in partnering or leasing part of the PNIEL communal area for vegetable production. DRDLR together with the FBDM should explore these possibilities.

### **2. Vegetable and Agro-processing feasibility:**

Further market studies and feasibilities have to be conducted to validate and confirm these agro-processing opportunities related to **Frances Baard DM's AH and FPSUs**. Frozen/dried agro-processing business plan for Ganspan already developed.

3. The District and Local Municipalities will need to identify specific sites (Ulco & Ritchie) for the Farmer Production Support Units. District and Local Municipalities to engage smallholder and emerging farmers to refine facility and service requirements at FPSUs.
4. Revisit the Malt processing opportunity at Ritchie
5. Local municipalities need to complete SPLUM application form for zoning of AH & FPSUs in terms of the SPLUMA.
6. Revisit the Magareng Cooperative Farm and Manufacturing Business Plan (Greville Wood) as part of the Agri-Park development initiative.

7. DRDLR to facilitate a meeting with the three districts, Frances Baard, John Taolo Gaetsewe and Pixley ka Seme discuss the establishment of the RUMC at Kimberly.

8. Additional research and studies will also be required including but not limited to the following:

**Consider Skills Development and Training opportunity through for e.g. NARYSEC, ARC, universities, and other Institutions):**

Training and skills required for the agro processing opportunities should be identified to inform Training Courses and opportunities (explore partnerships with SAFFVA and SAFCA). Consider synergies between the other Agri-Parks in the Province.

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 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

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. The Development of a vegetable improvement and farm management programme should proceed to clarify how all relevant role-players can strengthen smallholder and emerging farmers in the District. Key industry associations, ARC, the Provincial Department of Land Reform, Agriculture and Rural Development, and private sector role-players such as, SANSOR, SAFFVA, SAHS, etc need to be engaged with. The possibility of organising a District Smallholder and Emerging Farmer Capacity Building consultative workshop to discuss this process should be considered.

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# Chapter One: Introduction and Background

## 1. Introduction

The Department of Rural Development and Land Reform (DRDLR) commissioned Camissa Institute of Human Performance and Managing for Excellence to develop an **Agri-Park Master Business Plan (APMBP)** aligned to its Agri-Park model and the main agricultural commodity value chain (s) in the **Frances Baard District Municipality (FBDM) in the Northern Cape Province of South Africa.**

### 1.1. Project Scope and objectives

Camissa and Managing for Excellence was expected to:

- a) Develop a **Frances Baard District Municipality** Agri-Park Master Business Plan, aligning the Agri-Park model developed by the DRDLR and the dominant Commodity Value Chain (s) in the specific district.
- b) Develop the APMBP in line with the commodities in the respective of:
  1. Farmer Production Support Units (FPSU) linked to farmers and farming areas;
  2. Agri-Hub and feeder FPSUs; and
  3. Rural Urban Market Centre (RUMC) and linkages with Agri-Hubs and FPSUs.
- c) The APMBP must highlight existing and possible new agro-processing initiatives, possible synergies and linkages based on market analysis and financial viability.
  1. **Three possible agro-processing business opportunities** must be identified
  2. An **institutional/organisational plan** must be developed showing how existing farmer support organisations, support services (private and public sector) and farmers will be linked to the Agri-Park model
- d) Consider during the development of the APMBP, but not limited to:
  1. Review all existing documentation available in terms of status quo information, maps and reports for the district under consideration this would include social, economic, and institutional matters
  2. To work with the district identified representatives and the DRDLR provincial office to develop APMBP aligned to the Agri-Park model.
  3. To utilise tools developed by the DRDLR and CSIR. Identify the dominant commodity value chains through liaison with the district and local municipalities and the following should be considered:
    - i. Socio-economic viability and sustainability:
    - ii. SWOT analysis that includes legal, environmental, financial and technical analysis
    - iii. Identify current agro-processing initiatives and possible synergies, linkages and opportunities to buy into existing businesses.

### 1.2. Methodology and Approach

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

<b>Step One</b>	• Project inception and consultations
<b>Step Two</b>	• Provincial and Municipal engagements
<b>Step Three</b>	• Information gathering and Analysis
<b>Step Four</b>	• Development and compilation of the analysis report



<b>Step Five</b>	• Analysis Report inputs gathering exercises (further engagements and consultations)
<b>Step Six</b>	• Review and finalisation of the analysis report
<b>Step Seven</b>	• Development of Agri-Park Master Business Plan
<b>Step Eight</b>	• Agri-Park Master Business Plan inputs gathering exercises (further engagements and consultations)
<b>Step Nine</b>	• Review and finalisation of the Agri-Park Master Business Plan
<b>Step Ten</b>	• Project Closure

### 1.3. The Agri-Park Master Business Plan

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

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

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

### 1.4. Instruction for reading Agri-Park Master Business Plan

<b>Chapter 1:</b>	Introduces the APMBP project scope and methodology used, and also outlines a background to the Agri-Park concept and to this Master Plan
<b>Chapter 2:</b>	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.
<b>Chapter 3:</b>	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.
<b>Chapter 4:</b>	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.
<b>Chapter 5:</b>	Looks towards the implementation of the District Agri-Park Master Business Plan.

## 2. Background and Context

Most rural areas in South Africa face the triple structural challenges of unemployment, poverty and inequality as can be attested by the profiling of Comprehensive Rural Development Programme sites by the DRDLR in

the 27 priority districts in South Africa. This is an unwanted economic legacy of the apartheid state that still haunts us. This is most aptly evident in the crisis of rural underdevelopment, underutilisation and unsustainable use of productive land (including redistributed and state-owned land), the plight of Black small-scale and emerging farmers across the country.

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

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 (Agrarian Transformation Model, 2009). 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.

### **2.1. Agri-Park Model**

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

#### **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 supplies 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.

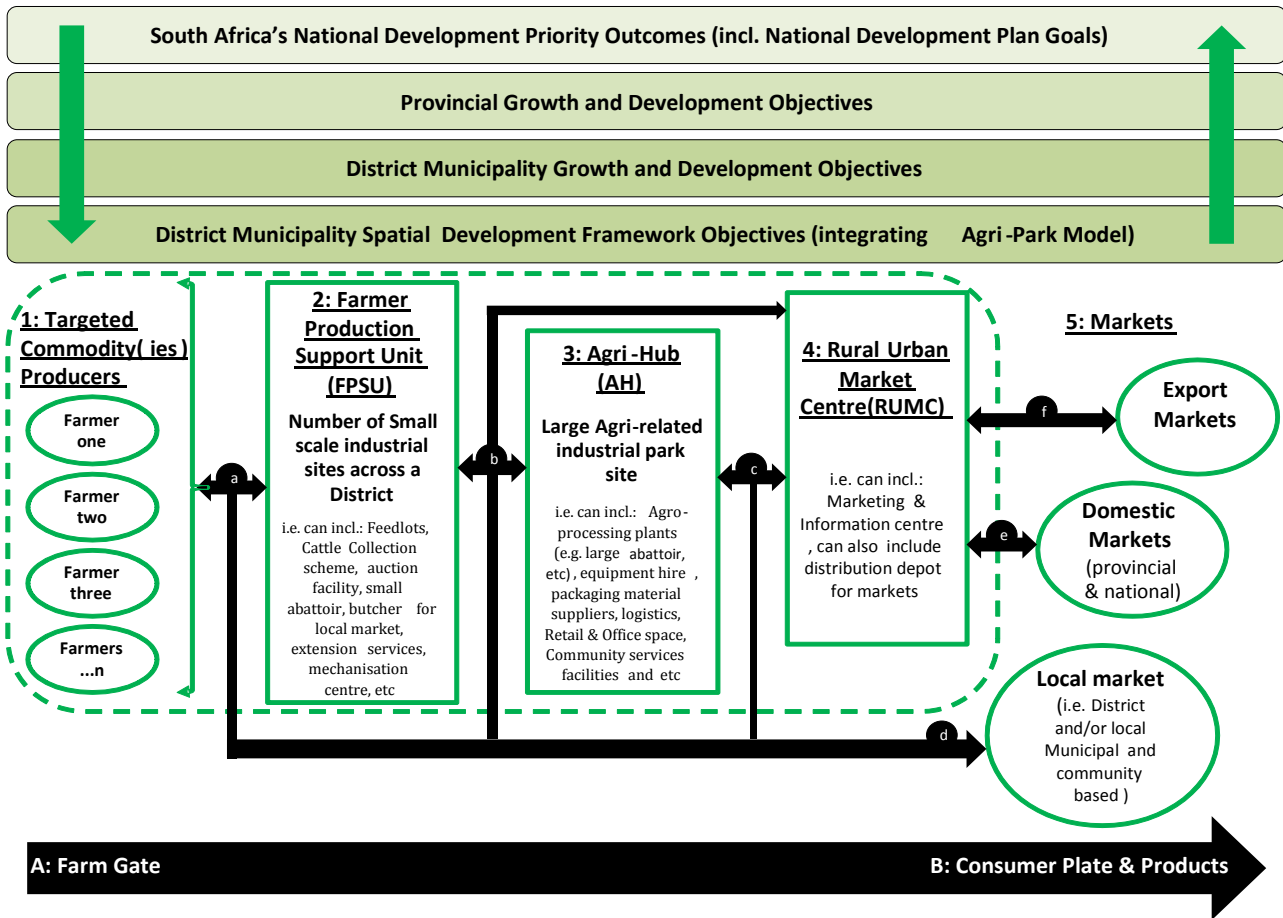
c. **Market:** The Agri-Hub mainly suppliers agro-processed products through the RUMC and local market.

## 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 1: 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.

### 2.2. 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	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		

		Assist with resolving any blockages at district and provincial level		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	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	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.

	<p>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</p>		<p>the Agri-Park.</p>		
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## Chapter Two: Frances Baard Agri-Park Commodity

The Frances Baard 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);
- 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.

FB District Municipality selected dominant commodity is Horticultural sub-sector. A distinction can be made in the South African horticultural industry between large scale commercial farmers, Black emerging farmers and small-scale farmers. White commercial farmers have large land holdings, access to expert knowledge, agro-clusters and latest technology and connected to markets, smallholder farmers typically lack access to these assets and produce mainly for their own consumption and little access to markets. The black emerging farmers are slightly more advanced and hold production assets, but struggle to scale up production, and have difficulty in getting connected to markets. However, black emerging and smallholder farmers have the potential for further growth and development especially within the South African government's land reform, tenure reform and rural development strategies and programmes. This section will focus on the vegetable sub-sectors because vegetable production still remains largely labour intensive, smallholder and emerging farmers have access to informal markets (commercial farmers also play in this space), the rotational nature of vegetable farming and holds high potential for inclusive growth (Jooste and Dempers, 2002).

This section analysis is solely based on horticultural sub-sector and FBDM Agri-Park. The chapter outlines the vegetable subsector and industry forces, vegetable consumption and production, industry structure and links with the Agri-Park, and value chain players.

### 2.1. Vegetable Sub-Sector

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).

### 2.2. Vegetable Industry

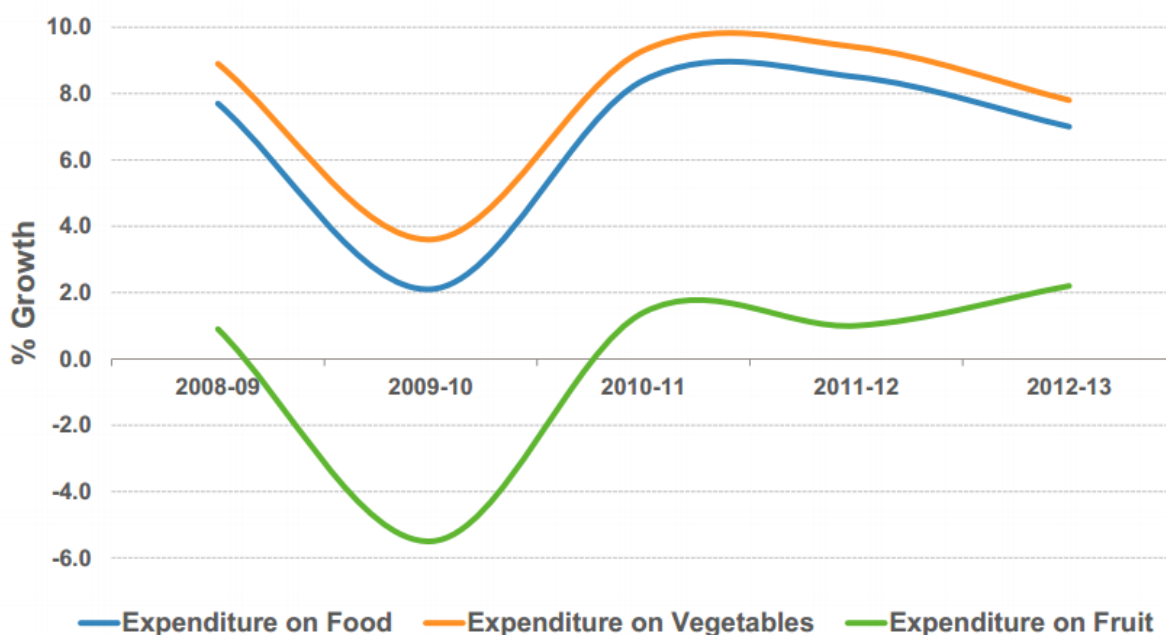
#### Consumption

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 widely used in stews to complement the staple diet of maize meal. As a result, it is also one of the main products traded by street vendors in the informal sector. A wide range of vegetables are grown in South Africa. The primary crop is potatoes; other important crops are: tomatoes, onions, green mealies, pumpkin, carrots, cabbage and squashes.

Many of the crops are hand harvested for optimum fresh-market quality, requiring considerable numbers of seasonal workers<sup>1</sup>.

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 imported<sup>2</sup>. Graph 1 illustrates the expenditure patterns of food, vegetables and fruit consumption in South. Between 2008/09 and 2012/13 vegetables expenditure has been 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.

**Graph 1: South African Consumer Expenditure Growth by Category, 2008 – 2013**



Source: Euromonitor International, 2014<sup>3</sup>

According to Naude (2013)<sup>4</sup>, 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

<sup>1</sup> 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

<sup>2</sup> 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](http://www.intracen.org/uploadedFiles/intracenorg/Content/Exporters/Sectoral_Information/Agricultural_Products/Fruits_and_Vegetables/final%20agri-food%20products%2013-12-10.pdf)

Horticulture market in SA; accessed 08 October 2014

<sup>3</sup> 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

<sup>4</sup> 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



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)<sup>5</sup> 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. These crops are produced and found growing in the country under various weather conditions. Their production within the rural farming communities is on small scale and is mainly for family farmers purposes. Most of the arable land is used mainly for production of maize and other exotic crops. Indigenous food crops refer to food crops that have their origin in South Africa. Added to these crops are those that were introduced into the country and are now recognised as naturalised or traditional crops. They are divided into three main categories; namely grains, vegetables and fruit.

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 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. Other countries have taken note of the commercial value of indigenous food species. For example, *Dovyalis caffra* (*kei apple*) has been cultivated in California, Horned melons (*Cucumis metuliferus*) are produced commercially in New Zealand, France, Israel, and California and are exported widely across the world.

The indigenous food crop sector is currently characterised by the following challenges:

- The sector is currently fragmented;
- Most of these crops are found and harvested in the wild;
- Production and consumption have declined; and
- There is limited and undocumented information owing to the minimal (or lack of) research that has been conducted<sup>6</sup>.

## 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 2012/13<sup>7</sup>

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<sup>5</sup> 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

<sup>6</sup> Department Of Agriculture, Forestry and Fisheries, Division: Indigenous Food Crops; 2013; Most common indigenous food crops of South Africa; Republic of South Africa; <http://www.nda.agric.za/docs/Brochures/Indigfoodcrps.pdf>; accessed 10 October 2014

<sup>7</sup> 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 2: 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
<b>Total</b>	<b>2 428</b>	<b>2 521</b>	<b>2 552</b>	<b>2 674</b>	<b>2 636</b>

Source: Trends in the Agricultural Sector 2013

When looking on a national level at the level of production of major vegetables, it can be seen that potatoes, in terms of volume, was responsible for 45% of horticultural production in 2013/14. Other major vegetables included onions (12%), tomatoes (11%), green mealies (8%) and pumpkins with 5% contribution to horticultural production in 2013/14 (DAFF 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

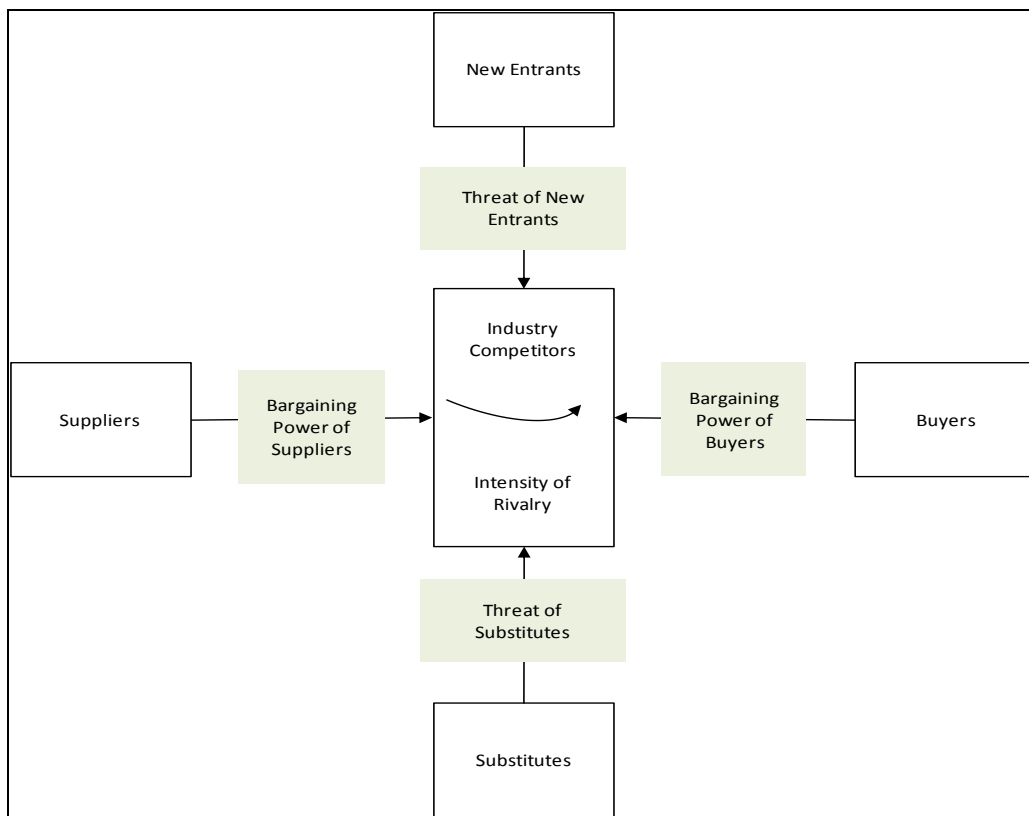
### **2.3. Vegetable Industry Structure**

#### **Industry Forces**

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 figure 2 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 2: Porter Five-Force Model: Elements to be applied to the Horticultural Industry in SA**



Source: (Oliver G. C., 2004)<sup>8</sup>

Table 3: Application of Five Forces

<p><b>New Entrants</b></p>	<p><b>The threat of new entrants is medium:</b></p> <ul style="list-style-type: none"> <li>• New entrants into the vegetable can engage in market/collaboration with commercial farmers</li> <li>• Profit levels and growth in demand</li> <li>• Access to informal and hawker markets in local municipalities</li> <li>• Production risks and price volatility</li> <li>• Lack of funding for smallholder farmers to diversify produce</li> <li>• Food safety and quality could act as a barrier</li> <li>• Direct-to-consumer channels</li> <li>• Processing companies do not apply stringent food safety and quality assurance</li> <li>• Lack of technical, marketing, financial and business management skills</li> </ul>
<p><b>Suppliers</b></p>	<p><b>Bargaining power of supplier is medium:</b></p> <ul style="list-style-type: none"> <li>• Vegetable producers are in position to determine or manipulate any process or the market</li> <li>• 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</li> <li>• Large commercial farmers dominate the supply to retailers</li> </ul>
<p><b>Buyers</b></p>	<p><b>Buyers have high bargaining power:</b></p> <ul style="list-style-type: none"> <li>• Buyers especially supermarkets are more concentrated than smallholder farmers and impose stringent quality controls</li> <li>• Perishability gives buyers more bargaining power</li> <li>• Weather patterns also influence the bargaining power of buyers</li> </ul>

<sup>8</sup> 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]

<b>Intensity of Rivalry / Competition</b>	<b>Intensity of Rivalry and competition is high:</b> <ul style="list-style-type: none"> <li>• Large scale commercial farmers dominate the supply of products to the market.</li> <li>• Large scale commercial farmers sell their second grade and surplus to informal markets</li> <li>• Large scale farmers have resorted to mechanisation and innovative technologies to enhance efficiency and output</li> <li>• Narrow margins have seen a decline in small and medium size commercial farmers</li> </ul>
<b>Substitutes</b>	<b>Threat of substitution is high:</b> <ul style="list-style-type: none"> <li>• There are no substitutes for the nutrients contained in vegetables.</li> <li>• 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, flavour and price.</li> <li>• Consumers today are more knowledgeable about the diversity and usage of fresh produce</li> <li>• 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.</li> </ul>

#### 2.4. Industry Structure Link with the Agri-Park

Table 3: Vegetable Industry bodies linked with Agri-Park

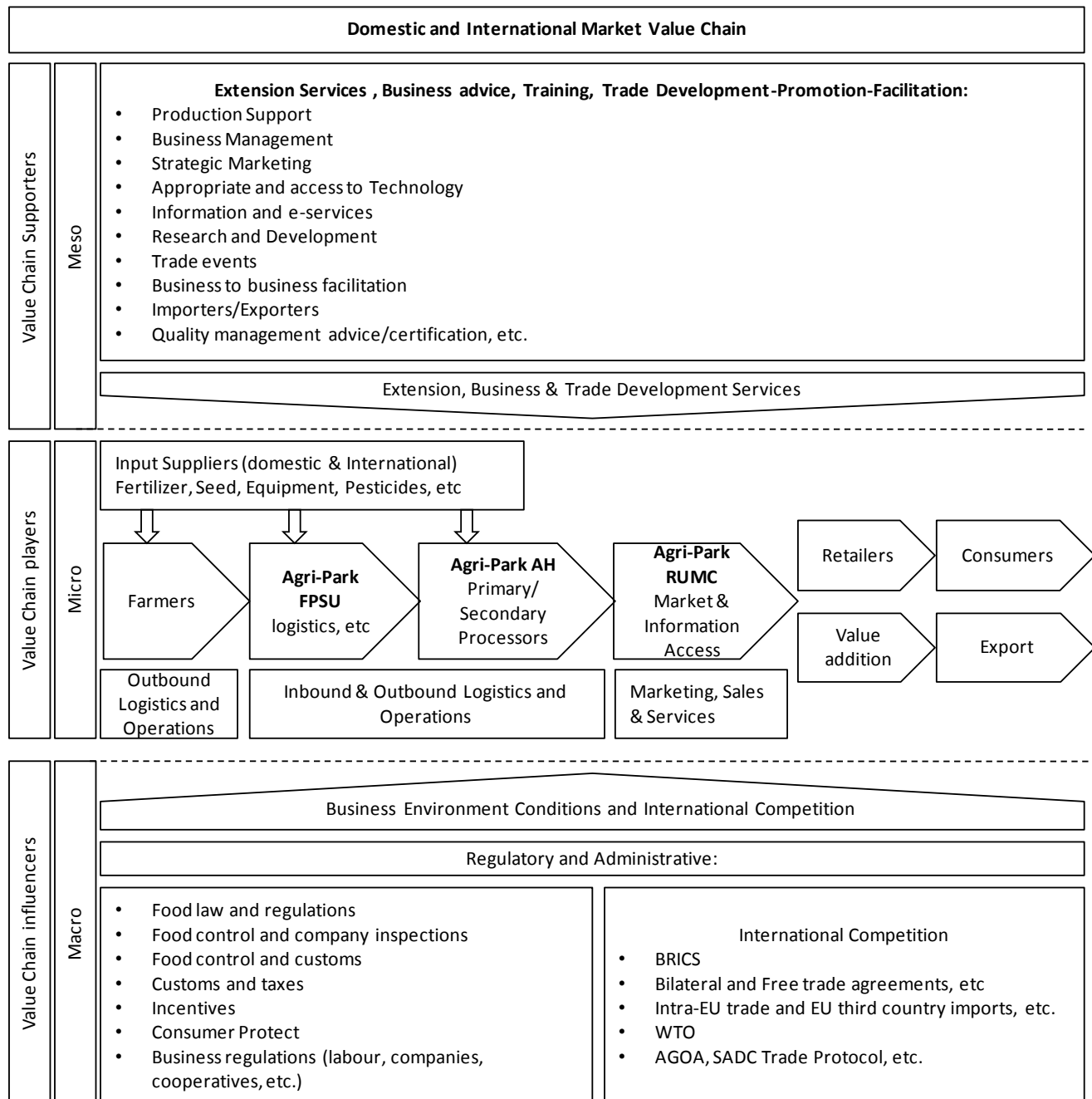
	Agri-Park Model			
	Emerging Farmers	Farmer Production Support Unit	Agri-Hub	Rural Urban Centre Market
<b>Links with Vegetable Industry Organisations</b>	<ul style="list-style-type: none"> <li>• Fresh Produce Markets</li> <li>• Commercial Farmers (individual, independent forums and associations)</li> <li>• Retailers</li> <li>• RSA Market Agents</li> <li>• Agrimega</li> <li>• Sunherbs</li> <li>• Processors</li> <li>• NAWACO</li> </ul>	<ul style="list-style-type: none"> <li>• SACTA: Training, Information &amp; Networking</li> <li>• NAWACO- Women in cooperatives</li> <li>• Retailers (Spar, Massmart, Pick n Pay, Shoprite/Checkers, Fruit &amp; Veg City)</li> <li>• ARC-training, information and networking</li> <li>• Association of Vegetables under Protection</li> <li>• SA Fruit and Vegetable Canner's Association</li> <li>• SA Groente &amp; Vrugte</li> <li>• Municipal Fresh Produce Market-Kimberly</li> <li>• Vaalharts Agricultural Research Station</li> <li>• Fresh Produce Forum</li> <li>• Tomato Producer's Association</li> <li>• SANSOR</li> <li>• Potatoes South Africa</li> <li>• Potato Trust</li> </ul>		<ul style="list-style-type: none"> <li>• RSA Marketing Agents</li> <li>• Fresh Produce Forum</li> <li>• Market and Price Info</li> <li>• International marketing Agencies</li> <li>• National Agricultural Marketing Council (NAMC)</li> </ul>

Agri-Park Model			
Emerging Farmers	Farmer Production Support Unit	Agri-Hub	Rural Urban Centre Market
	<ul style="list-style-type: none"> <li>• Directorate Water Use and Irrigation Development</li> <li>• SA Irrigation Institute</li> <li>• NIRES</li> </ul>		
	<p><b>Industry Representative Body:</b></p> <ul style="list-style-type: none"> <li>▪ Crops Fresh Produce Exporters Forum</li> <li>▪ SA Frozen Fruit and Vegetables Producers Association (SAFFVPA)</li> <li>▪ Fruit Producers Association</li> <li>▪ SA Fruit and Vegetable Cannery Association</li> <li>▪ Horticultural Sciences, SA Society for (SASHS)</li> <li>▪ Horticultural Industry Task Team</li> </ul>		
<b>Links with Public Sector Organisations</b>	<ul style="list-style-type: none"> <li>• <b>Information, Research and Training:</b> Agricultural Research Council (ARC)</li> <li>• <b>Support, Training, Funding &amp; Information:</b> National, Provincial and Local Agriculture department and development agencies (e.g. North Cape Development, Trade and Investment promotion Agency)</li> <li>• <b>Funding and Support:</b> DRLR, DAFF, The DTI, the National Empowerment Fund (NEF) and Industrial Development Corporation (IDC), Small Enterprise Development Agency (Seda), Small Enterprise Finance Agency (Sefa)</li> </ul>		

## 2.5. Vegetable Industry Value Chain players, supporter and influencers

Figure 2: Vegetable Industry Value Chain Players, Supporters and influencers

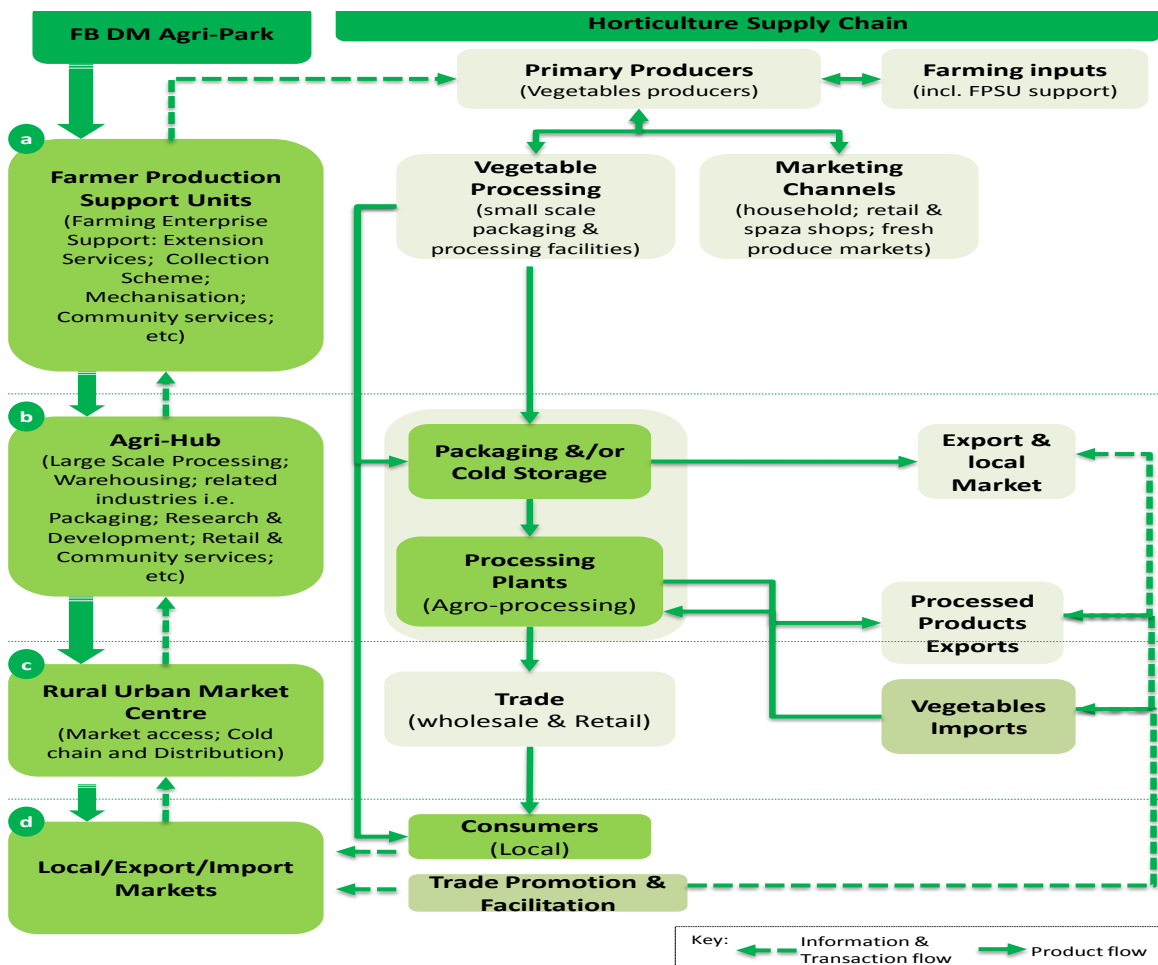
Vegetable Industry Value Chain players, Supporter and influencers



Source: (adapted from Spies, 2011)

## 2.6. Agri-Park Vegetable Value Chain

Figure 3: Agri-Park Vegetable Value Chain



## 2.7. Agro-Processing Opportunities

According to DAFF (2012)<sup>9</sup>, the agro-processing industry is among the sectors identified by the Industrial Policy Action Plan (IPAP), the New Growth Path and the National Development Plan for its potential to spur growth and create jobs owing to its strong backward linkage with the primary agricultural sector. Agro-processing (industry) is a subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector. Agro-processing thus means transforming products originating from agriculture.

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

### What is agro-processing?

Agro-processing refers to a set of technological and economic activities undertaken on a basic agricultural product with the aim of transforming it into usable items such as food, fibre, fuel and industrial raw material.

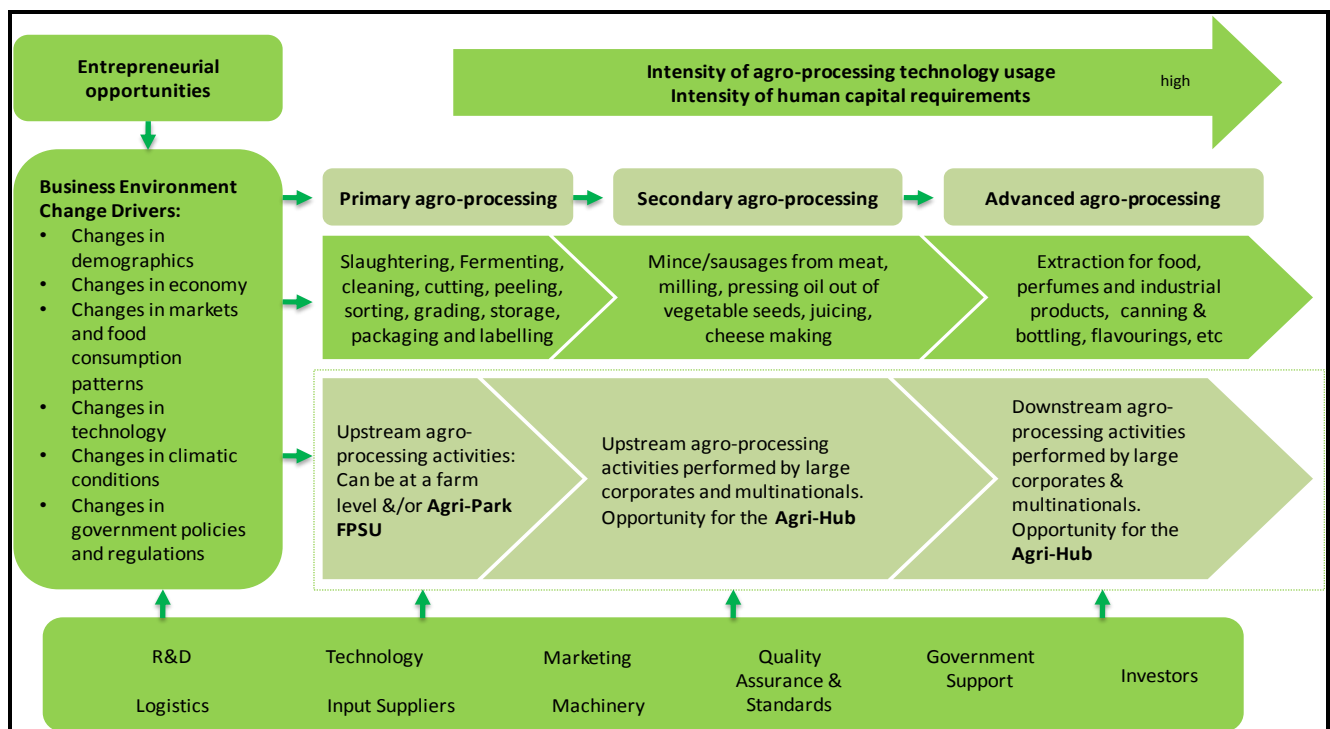
<sup>9</sup> DAFF (2012); Economic Profile of the Agro-Processing Industry in South Africa: 1970-2010; March 2012; [http://www.nda.agric.za/daaDev/sideMenu/AgroProcessingSupport/docs/Economic%20Profile\\_Agro-Processing%20Industry%20Final%20III.pdf](http://www.nda.agric.za/daaDev/sideMenu/AgroProcessingSupport/docs/Economic%20Profile_Agro-Processing%20Industry%20Final%20III.pdf); [accessed on 08 December 2015]

According to the United Nations International Standard Industrial Classification System (ISIC, 2013) agro-processing is demarcated into the following subsectors and/or components:

- Food and beverages;
- Tobacco products;
- Paper and wood products;
- Textiles, footwear & apparel
- Leather products; and
- Rubber products.

Agro-processing industry may be in the upstream and downstream component. Upstream industries are engaged in initial processing of primary agricultural products such as flour milling, leather tanning, cotton ginning, oil pressing and fish canning. Figure 6 demonstrates the three phases of agro-processing activities from primary agro-processing to advanced and shows the possible links with the Agri-Park Model. Also refer to figure 4 above provided the context at a meso, micro and macro level in relation to support activities and players.

**Figure 4: Phases of Agro-Processing Activities**



Source: (adapted from Thindisa, 2014)<sup>10</sup>

Downstream industries undertake further manufacturing operations on intermediate products emanating from primary agricultural products such as bread, biscuit, paper production, and textile spinning and weaving. Agro-processing activities has the potential to contribute to sustainable livelihoods through food availability, improved income resulting in increased profitability, employment, social and cultural well-being from limited land (Thindisa, 2014).

<sup>10</sup> Thindisa, L.M.V (2014); Participation by smallholder farming entrepreneurs in agro-processing activities in South Africa; University of the Witwatersrand, Johannesburg; [http://wiredspace.wits.ac.za/jspui/bitstream/10539/15536/1/Research\\_Report\\_Participation\\_Smallholder\\_Farmers\\_Agroprocessing\\_Final\\_25July2014.pdf](http://wiredspace.wits.ac.za/jspui/bitstream/10539/15536/1/Research_Report_Participation_Smallholder_Farmers_Agroprocessing_Final_25July2014.pdf) [accessed on 08 January 2016]



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).

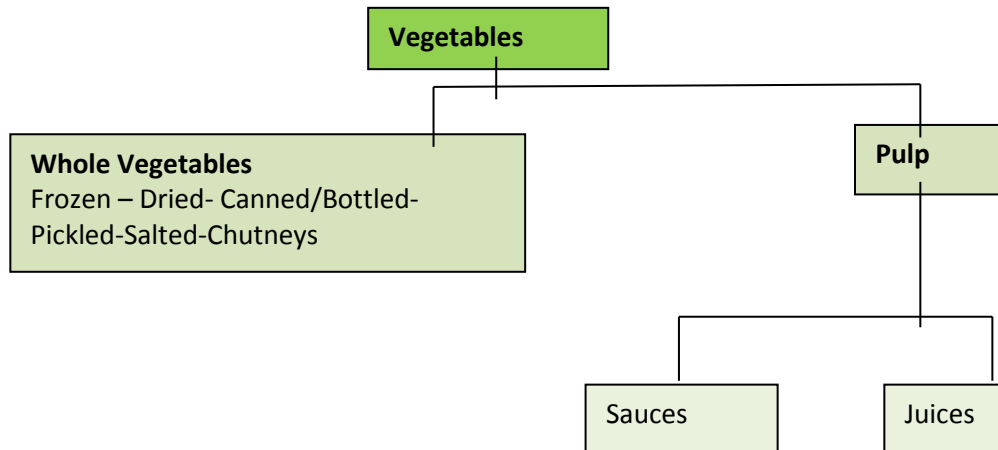
According to IBISWorld (2014)<sup>11</sup>, barriers to entry into the Global Fruit and Vegetables Processing industry are low and depend on the scale of production a potential entrant pursues. Entry into this industry is relatively straightforward since the technology needed for production is readily 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. The IBIS World analysis is particularly important for smallholder and emerging farmers clustered around the FPSUs and the setting up of vegetable agro-processing at the FPSUs.

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<sup>11</sup> 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

**Figure 5: Vegetable products**



**Agro-Processing Opportunities for Frances Baard**

The Northern Cape Government’s PGDS (2012), Strategic Plan/Medium Terms Strategic Framework (2015-2020) identified vegetable processing amongst other as one of the potential agro-processing opportunities that need to be explored. The following vegetable processing opportunities have been identified at FPSU level:

**Table 4: general flow charts for frozen, dried, canned and juices**

Frozen	Vegetable Juices	Canned Vegetables	Dried
Raw materials (choice of cultivar)	Raw materials (choice of cultivar)	Raw materials (choice of cultivar)	Raw materials (choice of cultivar)
Maturity assessment	Maturity assessment	Maturity assessment	Maturity assessment
Harvesting & transport	Harvesting & transport	Harvesting & transport	Harvesting & transport
Inspection	Inspection (sample analysis)	Inspection	Inspection
Sort/grade	Sort/grade	Sort/grade	Sort/grade
Preparation Cleaning/washing, peeling, slicing, dicing)	Preparation (clean/wash, peeling, deseed)	Preparation Cleaning/washing, peeling, slicing, dicing)  Chopper/slicer	Cut, slice, core or whole
Blanching (hot water or microwave)	Pulp (macerate)	Cooker	Blanche (optional)  Acid dip (optional)  Treatment with sulphur dioxide (optional)
Cold storage &	Heat, fill & seal or	Can filler & can sealer	Dry

packaging(Freezer packaging)	heat, cool, label & store	Heat sterilization	
		Water cooler, labeling & casing & store	Pack, label & store
Distribution and Marketing			

Vegetable processing provides an opportunity for smallholder farmers to participate in the mainstream economy but it is not enough to assume that there would be plenty of cheap vegetables available. A business plan for frozen/dried vegetable processing has already been developed. According to UNIDO (2004) Smallholder processors must:

- Ensure there is a demand for good processed food
- Ensure “added value” which means that cheap raw materials can be processed into relatively expensive products
- Use affordable equipment suitable for small scale processing
- Ensure profitability by producing good quality products, attractive packaging and well manage business
- Ensure competitive prices and new product lines

## 2.8. Vegetable Processing Industry SWOT Analysis

Table 5: SWOT Analysis

<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Processed vegetables that can be stored for long periods and is also an opportunity for increasing production.</li> <li>• Increased income levels resulting in an increase in per capita consumption.</li> <li>• Commercial processors willingness to provide technical support and assistance to smallholder and emerging farmers and processors ( Just Veggies, Good Food Solutions, McCain, etc)</li> <li>• Increase demand for processed and convenient foods</li> <li>• Contracting with firms</li> <li>• Provincial and local agri-business</li> <li>• Urbanization and changing eating habits.</li> <li>• Other food manufacturers buy processed vegetables for input into their products</li> </ul>	<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Availability of post-harvesting handling, processing and packaging technology</li> <li>• RSA processing industry has good grading systems</li> <li>• Supermarkets and convenience stores by directly from processors</li> <li>• Foodservices industry</li> <li>• Education, training and development</li> <li>• Farmers’ markets in local areas</li> <li>• Availability of Infrastructure</li> <li>• Availability of irrigation schemes</li> <li>• Well established agro-processing companies</li> <li>• RSA has sophisticated processing and manufacturing industry</li> </ul>
<p><b>Threats</b></p>	<p><b>Weakness</b></p>

<ul style="list-style-type: none"> <li>• Many competitors</li> <li>• Imported products</li> <li>• Climatic conditions which has problems with hail that can have devastating consequences for production.</li> <li>• Subsidized products that are dumped in South Africa.</li> <li>• Volatility of prices</li> <li>• Availability of post-harvesting handling, processing and packaging technology</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of technical knowledge amongst smallholder farmers on grading, harvesting, post-harvest handling and storage technology</li> <li>• Less investment on research and development by the current government</li> <li>• Wastage during preparation and storage periods</li> <li>• Unavailability of proper packaging</li> <li>• Smallholder and emerging farmers compliance with food safety and quality standards</li> <li>• Business and marketing skills</li> <li>• Unaware of vegetable processing technologies</li> </ul>
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## 2.9. Summary and Conclusion

The Agri-Park initiative of Government offers small-scale and emerging farmers an unique opportunity to become viable and profitable agro-processing business owners. The challenge now facing small-scale and emerging vegetable producers is to transform the informal vegetable production which prevails on both communal and private owned land to a vibrant commercial vegetable production system. The industry needs to stop thinking of small-scale farmers as subsistence producers (which implies a struggle to survive and not an effort to build a business that thrives). One way of achieving this is to develop inclusive and equitable value chain partnerships which strengthen emerging farmers and their ability to manage their farms and vegetables 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: Frances Baard District Municipality Agri-Park Strategy

The Agri-Park strategy is aimed at providing direction and scope for **Frances Baard DM** Agri-Park over the long term, in order to achieve implementation advantages. This chapter proposes a road map for strategy formulation that will inform the implementation of **Frances Baard DM** Agri-Park. This road map comprises of three interacting elements of strategic management, which are, (1) *analysis* covered in Chapter 2 above; (2) *choice* which is concerned with choosing the appropriate strategy for responding to South African government priorities and Agri-Park policy framework (Chapters 4 and 5); and (3) *implementation* covered in Chapter 6, which is concerned with the realisation of choices and selected objectives.

The strategy aligns itself to the 14 government priority outcomes, and most importantly **outcome 7 – Vibrant, equitable and sustainable rural communities** and the Agri-Park draft policy framework; which aims to enable the establishment of rural industrial hubs across South Africa to serve as primary vehicles of agrarian transformation and comprehensive rural development in order to:

- enhance agricultural production and efficiency;
- promote household food security and national food sovereignty;
- engender agrarian transformation through rural enterprise development and employment creation; and
- address the triple challenges of poverty, inequality and unemployment as starkly manifest in rural areas.

### 3.1. Frances Baard DM Agri-Park Strategic Intent

The formulation of Frances Baard DM Agri-Park outcome, vision, mission, goal and objectives are described below:

#### 3.1.1. Priority Outcome

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

#### 3.1.2. 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.

<b>Proposed Vision Statement for Frances Baard DM Agri-Park –</b>
<ul style="list-style-type: none"> <li>• The Frances Baard DM Agri-Park will be a catalyst for rural economic development/industrialisation</li> </ul>

ensuring development and growth in order to improve the lives of all communities in the district.

The proposed vision has been drawn from the Agri-Park draft policy framework. 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.

### 3.1.3. Mission

The mission statement describes what the Agri-Park seeks to accomplish and why it exists. The proposed mission has been formulated in line with Frances Baard DM Spatial Development Framework Development Principles/Objectives.

#### **Proposed Mission Statement for Frances Baard DM Agri-Park –**

- Our mission is to strive for a viable and sustainable Agri-Park, delivering good returns for smallholder and emerging farmers, investors, customers, Black entrepreneurs, tenants, its owners and all communities in the district by ensuring that the following is achieved:
  - Achieve a sustainable equilibrium between urbanisation, conservation, and tourism, mining, and agricultural activities within the District, by way of proper land use management and in partnership with the private sector and local communities.
  - Define and establish a functional hierarchy of urban and rural service centres in the District, in order to optimise the delivery of social and engineering services and stimulate the local economy, while protecting valuable agricultural land.
  - Promote irrigated and cultivated farming activities on suitable land within the District; and to support small scale and/ or family farmers farming throughout the remainder of the area.
  - Consolidate industrial and manufacturing activities around three core areas, namely Kimberly, Ganspan and Barkly West; and to promote small-scale manufacturing/ light industrial activities, including agro-processing, at Rural Service Centres.

### 3.1.4. 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 Frances Baard DM Agri-Park –**

- By 2025 Frances Baard DM's rural areas and small 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 Frances Baard DM Agri-Park:

#### 3.1.4.1. Objective 1: Transformation and Modernization

##### Proposed Objective One for Frances Baard DM Agri-Park –

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

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

One of the Agri-Park draft policy framework's objectives 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.

#### 3.1.4.2. Objective 2: Agri-Park Infrastructure Development

##### Proposed Objective Two for Frances Baard 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.

### 3.1.4.3. Objective 3: Agri-Park Governance and Management

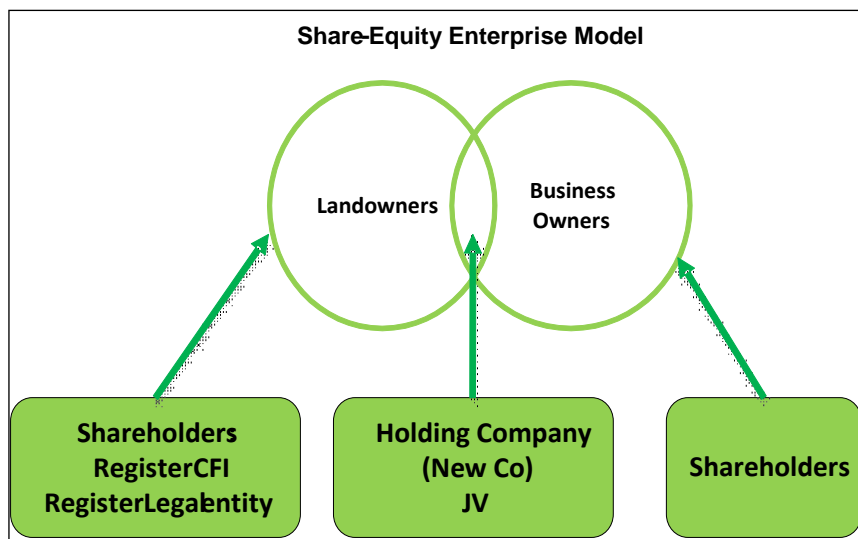
**Proposed Objective Three for Frances Baard DM Agri-Park –**

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

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

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

**Figure 6: Share-Equity Model**



**Box 2: Proposed Governance and Management Model for Frances Baard 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 agro-processing and manufacturing activities linked to the main commodity that belies the Agri-Park
- Providing easier access to a comprehensive range of farming business and financial support services.
- Providing Farmers with market intelligence and market access support for farm produce, including manufactured agri-products, to gain maximum local and export market access. This function will be best located under the Rural Urban Market Centre (RUMC) which is an invariable component of each envisaged Agri-Park in South Africa.

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

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

The table 6 and figure 6 below outlines a proposed Agri-Park ownership, governance and management model

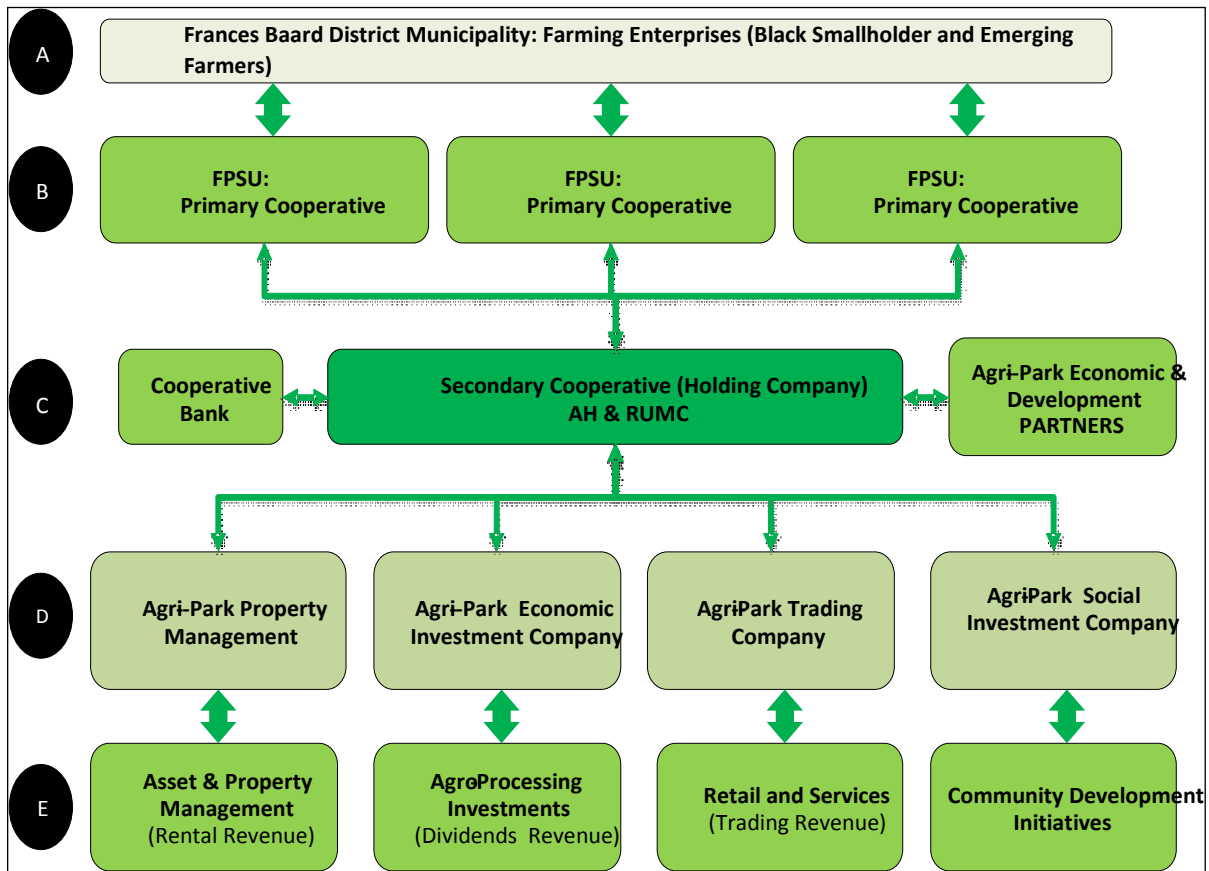
**Table 6: Proposed Agri-Park Ownership, Governance and Management Model**

Level	Ownership	Governance	Management
<b>A</b>	Independently-owned Small-folder Farms and Farming Enterprises. However, these could also include local Commercial Farmers	Private Governance arrangements linked to legal status of the ownership of the farming enterprise.	Private management arrangements decided upon by each farming enterprise

Level	Ownership	Governance	Management
<b>B</b>	<p>A group of Farmers, at least 5 Members, will form and register a Primary Cooperative whose mission is to serve their common farming needs and interests. E.g. Maize Farmers</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>The business affairs of the Cooperative must be audited and Audited Reports, including Audited Financial Statements must be presented to Members at each AGM.</p>	<p>Board of Directors whose main responsibility will be to 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>
<b>C</b>	<p>A Secondary Cooperative is formed and owned by a two or more Primary Cooperatives. The main responsibility of the Secondary Coop is to serve the common farming needs and interests of the Primary Coops. E.g. Commodity marketing or bulk sourcing of inputs.</p>	<p>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. .</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>Board of Directors whose main responsibility will be to 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>
<b>D</b>	<p>The Agri-Park Holding Company will establish and/or wholly or partly acquire a</p>	<p>The special-focus enterprises will be separate legal entities (Juristic Persons) with own</p>	<p>Each special-focus enterprise will assemble its own management arrangements</p>

Level	Ownership	Governance	Management
	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.	governance and audit arrangements suitable for each enterprises.  As a subsidiaries, each enterprise will report to and account to the Agri-Park Holding Company.  It will be advisable that the Board Members of the Holding Company be included in the governance arrangements of the special focus enterprises in order to bear influence upon them.	best suited for its core business.  However, the Agri-Park Holding Company will provide strategic management and performance direction to each special-focus enterprise.

Figure 7: Proposed Agri-Park Ownership, Governance and Management Model



#### 3.1.4.4. Objective 4: Agri-Park Funding

##### **Proposed Objective Four for Frances Baard DM Agri-Park –**

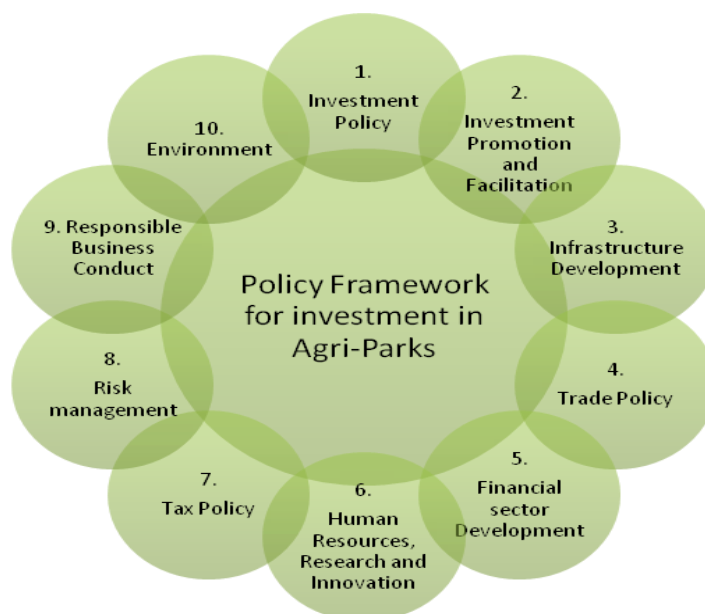
- To facilitate funding, and investment for the development of the **Agri-Park** over the next 5 years.

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 8: Policy Framework for investment in Agri-Parks-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 favourable to investment. Similarly there is a need by government to determine the financial implications for the fiscus in establishing a national subsidised index insurance (not indemnity) initiative for smallholder farmers to protect them against large scale regional risk such as the recent drought experienced by most provinces in South Africa (Greatrex H, Hansen JW, Garvin S, Diro R, Blakeley S, Le Guen M, Rao KN, Osgood, DE. 2015 and Agri-SA undated).

## 9. Responsible business conduct

Policies promoting recognised 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.

### 3.1.4.5. Objective 5: Agri-Park Farmers and Communities Development

#### Proposed Objective Five for Frances Baard DM Agri-Park –

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

The challenge now facing family farms, small-scale and emerging farmers are to transform their agricultural production which prevails on both communal and private own land to a vibrant commercial production

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

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

#### 3.1.4.6. Objective 6: Agri-Park Implementation Capacity

**Proposed Objective Six for Frances Baard DM Agri-Park –**

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

- A. Creating and institutionalizing technical and operational tasks teams to manage all phases of Agri-Park development and implementation;
- B. Establishing the proposed National Agri-Park Project Support Facility, which will coordinate and support district-based operational teams;
- C. Coordinating Agri-Park development with other DRDLR programmes targeted at increasing the pace of land acquisition and redistribution;
- D. Organization and mobilization of stakeholders and communities residing in identified site localities through participatory consultation on Agri-Parks model, site selection and identification of production areas to receive support;
- E. Socio-economic analysis (already done by SPLUM) for each of these areas, in which district connectors (gateways), areas of economic growth/ decline, economic functional zones are all identified; and income, employment statistics and access to utility services data (to water, sanitation, energy etc.) is collated;

- F. Conducting a National spatial, commodity, value chain and market analysis to determine target sites through identification of high value commodities, growing production areas and available infrastructure;
- G. Generating site specific maps containing district specific narratives and selection criteria for initial identification of sites;
- H. Further development of evaluation criteria for assessing Agri-Parks proposals;
- I. Weighing each Agri-Park proposal against this evaluation criteria and other important findings from previous analyses to make final determinations on Agri-Park sites; and,
- J. Signing resolutions for the establishment of Agri-Parks with each District Municipality identified.



## Chapter Four: FB District Agri-Park Infrastructure Plan

This chapter addresses strategic objective two defined in chapter three above, i.e. “To develop an integrated and networked **Agri-Park Infrastructure** over the next 10 years.” This strategic objective seeks to respond to challenges of South Africa’s agriculture sector (Box 2) and Frances Baard DM agricultural sector challenges. It proposes an Agri-Park infrastructure development framework for the Frances Baard DM as an intervention to effect positive economic, social and spatial change for the growth and development of the district.

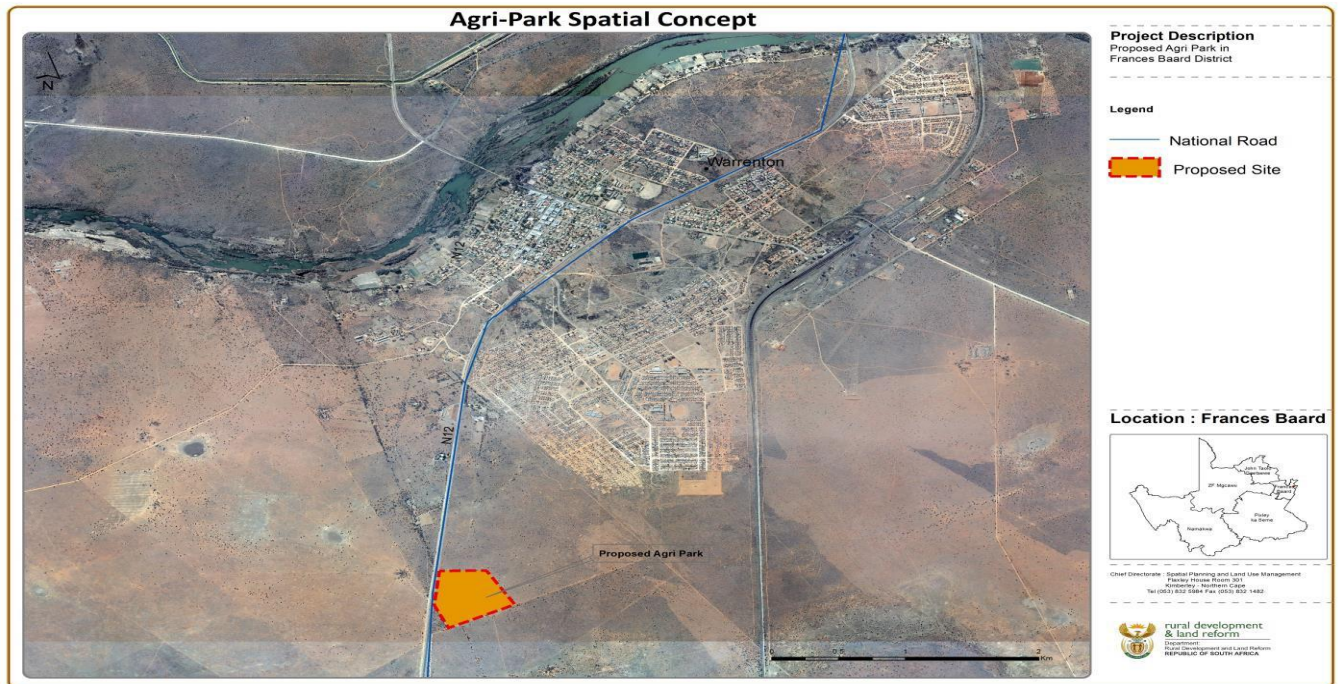
### Box 2: South Africa’s Agriculture Sector Challenges

According to DAFF (2011)<sup>12</sup>, the key challenges faced by South African agriculture today include:

- **An unregulated market environment** has left the domestic agricultural market vulnerable to fluctuating, and high global prices of agricultural staple foods, e.g. maize, wheat, and soya. Domestically produced products are impacted upon by the international market;
- **A growing Retail Supermarket Sector.** The procurement catchment area of supermarket chains has shifted from local or national suppliers to international suppliers both domestically and within the SADC region, and has decreased the number of market entry points for agricultural producers;
- **Increasing farmer to retail price differences** for certain food products such as bread and chicken, impact on food prices;
- **Growing food insecurity** contributed by increasing food prices;
- **Poorly skilled and marginalised in terms of accessibility to natural resources water and productive land, of subsistence and smallholder farmers,** translates into low production outputs, asset loss and land degradation;
- **Poor infrastructural support.** Infrastructural development allows for farmers and buyers to link, and in turn, boosts local sales; translating into local economic development;
- **Increasing input costs** (animal nutrition, seed, fertiliser, etc.)
- **Poorly defined economies of scale** leads to poor farm management, and local agricultural economic planning. **The number of commercial farms are decreasing while their farm sizes are increasing,** indicating a consolidation of the commercial farming sector;
- **Lack of; or poor agricultural spatial economic planning.** Agricultural planning has to be considered at local, regional, and national levels, to effect market flows, infrastructural requirements and rural development;
- **Poor information and knowledge management** for improving farming practices among smallholder farmers. All farmers require information and knowledge, to improve and address production challenges. The distribution, collection and storage of required information and knowledge is pivotal to the success of any agricultural sector.
- Although attempts have been made to improve the alignment between research and practice, **research and development planning** still bears little or no impact on the growth and development of South Africa’s agricultural economy.

<sup>12</sup> DAFF ( 2011) . South African Agricultural Production Strategy 2011 – 2025, [http://www.daff.gov.za/doaDev/doc/IGDP/AGRIC\\_PRODUCTION\\_STRATEGY\\_FRAMWK.pdf](http://www.daff.gov.za/doaDev/doc/IGDP/AGRIC_PRODUCTION_STRATEGY_FRAMWK.pdf); [accessed on 26 November 2015]

#### 4.1 Introduction Frances Baard DM Agri-Hub and farmer Production Support Units



**Map0 1: Frances Baard Agri-Hub Locality, Warrenton Super Chicken (Source: DRDLR 2015)**

Warrenton has been identified as the ideal setting for an Agri-Park hub given its increased potential for agricultural production and processing. It is also ideally located given the major transport routes crossing the district. The proposed Agri-Hub location is situated within the Magareng Local Municipality. The local municipality is situated approximately 75 km from Kimberley and is located on the banks of the Vaal River. The geographical area of Magareng LM is 1541.6 km<sup>2</sup> and Warrenton is the seat of the municipal administration. The municipality is referred to as Magareng due to its convergence of two important transport routes which lead to the two business hubs in the country, namely the N12 national road which connects Gauteng and the Western Cape as well, as the N18 route from the North West which also passes through Warrenton. The railway line, that connects Gauteng with the Northern and Western Cape Provinces, runs through Magareng Municipality with a railway station at Warrenton, Fourteen Streams and Windsorton Station. The economy is based on three predominant industries namely agriculture, social/ private households and retail (FBDM GDS 2014/15). The site of the proposed hub currently has broiler chicken production and an abattoir as an anchor project. The site is 21ha in size and is owned by Warrenton Super Chicken.

The Agri-Hub will support the feeder farmer production support units:

Table 7: FPSUs

Local Municipality	Confirmed FPSU Locations	Distance to the AH
<b>Phokwane</b>	Jan Kempdorpe (Hartswater, Pampierstad, Ganspan) Horticulture (veggies, fruits & nuts) Beef	29km (tarred)
<b>Dikgatlong</b>	PNIEL (Barkly West) Horticulture (veggies- Delportshoop & Windsorton hydroponics) ULCO (Beef)	72km (tarred)
<b>Sol Plaatje</b>	Ritchie Horticulture (veggies and possibly malt production) Beef	104km (tarred)
<b>Magareng</b>	Warrenton Horticulture (veggies taking into account Greyville Wood Dev business plan) Beef	5km (tarred)
<b>RUMC</b>	Kimberly	75km (tarred)

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

**Industrial:**

- Green house
- Primary and secondary processing zones
- Standard design factory

**Commercial:**

- Office space
- Retail
- Trading house(s)
- Logistics facility
- Banking facilities

**Trading centres**

- Warehouse(s)
- Controlled Atmospheric Storage and Cold storage
- Packaging facilities
- Testing and Certification Labs

## Education, training and development

Education, training and development centres

Demonstration room

Field training area

Extension services

Research and development

ICT and secretarial services to smallholder and emerging farmers

Market information centre

Main mechanization centre and equipment servicing and repair centre

## Others

Waste management and disposal

Water management system

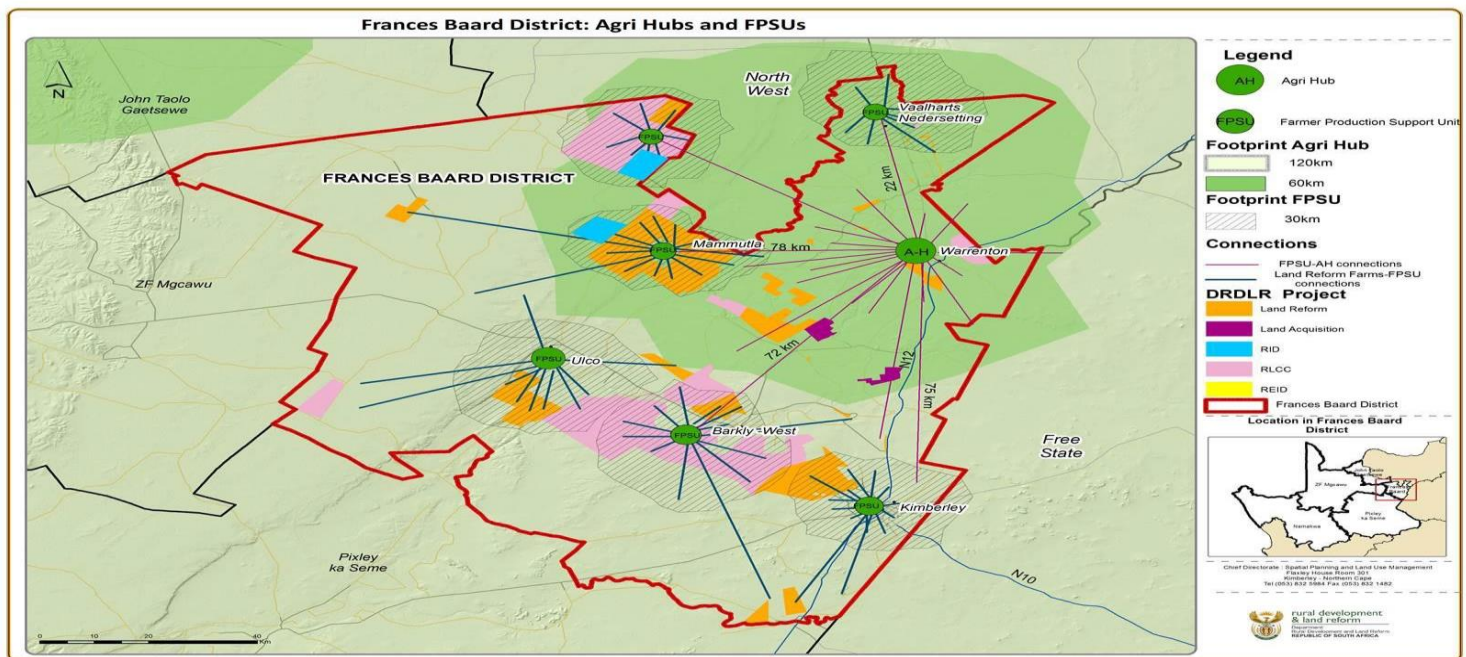
Power supply (renewable energy)

Toilet facilities

Parking

Security services

**Map0 2: Frances Baard District Municipality AH and FPSUs (Source: DRDLR 2015)**



## 4.2 Farmer Production Support Units feeding into the Warrenton AH

The most suitable location for the establishment of the FPSUs in Frances Baard are:

### 1. Jan Kempdorp (FPSU)-Vaalharts irrigation scheme

Jan Kempdorp is 22km from the AH and located in the Phokwane LM. Currently there is a smallholder and emerging farmer mechanisation, equipment servicing and repair centre which is quite close to the Ganspan human settlement. The land is owned by the NCDLRARD. There are 250 family owned 0.85ha plots with and additional 150ha of land close to the settlement which has the potential for vegetable and pecan nut production.

This FPSU should consist of the following facilities and support services:

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas (Ganspan, Pampierstad, and Hartswater)
- Extension services
- Small-scale agro-processing facility
- Packing and cooling facility for handling and packing of vegetables.
- Mechanization and repair centre (already exist).
- Compost plant
- 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

#### **Business Plans developed for the area:**

The Ganspan Frozen Vegetables Project (2015)

Vaalharts Pecan Nut Project (2015)

Oil Processing Plant (2013) (Hartswater)

Frances Baard Feasibility Study to establish a Vegetable and/ or Fruit Processing Plant (2011)

### 2. Ritchie

Ritchie is situated 104 km from the the AH and located in the Sol Plaatje LM. The FPSU site has not yet been identified. Municipal land needs to be identified to establish a FPSU in the catchment area to support small and emerging farmers who produce vegetables and red meat.

This FPSU should consist of the following facilities and support services:

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas
- Extension services
- Small-scale agro-processing facility
- Packing and cooling facility for handling and packing of vegetables.
- Mechanization and repair centre (already exist).
- Compost plant
- 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

### **3. Pniel**

Pniel is situated 72km from the AH and is located in the Dikgatlong LM. The proposed FPSU would be allocated on communal land. A Communal Property Association has been established but there has been very little production on the land. The land has potential for vegetable production of potatoes and onions. A catalytic bridge building project has been identified to link the R374 to the R31. This would shorten the distance by 17km. The Dikgatlong LM has also proposed the establishment of an industrial park in Barkly West with proposed facilities for agricultural processing and cold storage.

This FPSU should consist of the following facilities and support services:

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas
- Extension services
- Small-scale agro-processing facility
- Packing and cooling facility for handling and packing of vegetables.
- Mechanization and repair centre (already exist).
- Compost plant
- 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

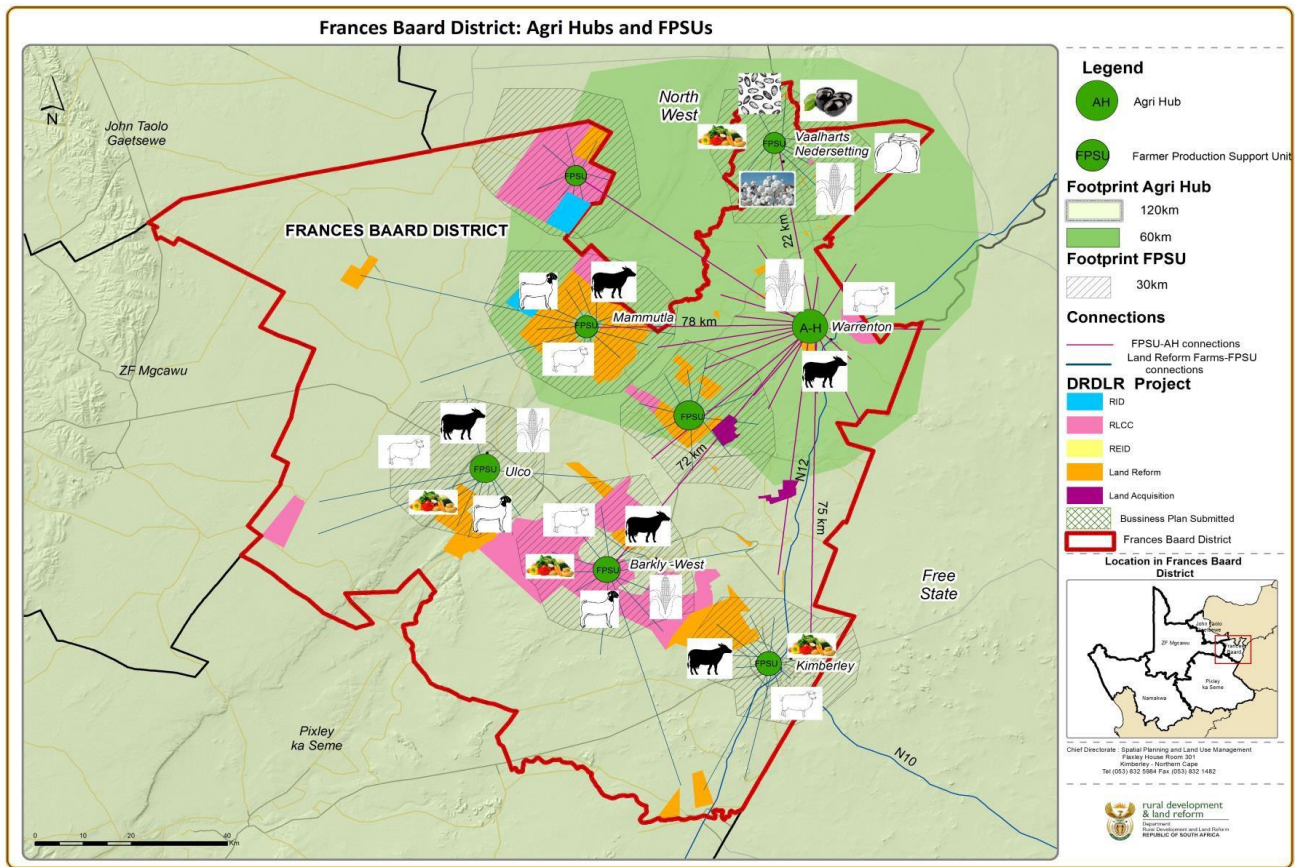
### **4. Ulco**

Ulco is situated 115,1km from the AH and located in the Dikgatlong LM. The FPSU site has not yet been identified. Municipal land needs to be identified to establish a FPSU in the catchment area to support small and emerging farmers who produce vegetables and red meat.

This FPSU should consist of the following facilities and support services:

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas
- Extension services
- Small-scale agro-processing facility
- Packing and cooling facility for handling and packing of vegetables.
- Mechanization and repair centre (already exist).
- Compost plant
- 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

**Map0 3: Frances Baard Agri Park and supporting commodities per FPSU to the AH (Source: DRDLR 2015)**



### 4.3 Proposed Rural Urban Market Centre

The site for Frances Baard RUMC has not been confirmed. It is however proposed that the Frances Baard, Pixley Ka Seme and John Taolo Gaetsewe District Municipalities should seriously consider a shared Rural Urban Market Centre at Kimberly. This 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. Kimberly is the main urban (capital city) and export centre and is linked to Kuruman (N 12 or R31), Warrenton (N 12) and Petrusville (N12). Kimberly as a shared RUMC has further advantages, namely: It is close to support, educational institutions, and extension and research structures such as the NCDLRARD, Sol Plaatje University, DRDLR (PSSC), Kimberly Fresh Produce Market, and TVET Colleges.

### 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 Frances Baard DM Agri-Park is indicated in the Table below:

**Table 7: PESTEL Assessment**

Political	<p>National focus on agrarian reform, rural development and sustainable rural communities</p> <p>IPAP &amp; APAP focus on agro-processing and bio-fuels</p> <p>Backlogs in land restitution and lack of support to new land owners</p> <p>Focus on agriculture and rural development in Provincial and District Municipality Growth and Development Strategies</p> <p>Focus on food security, nutrition and food sovereignty</p> <p>Political administration interface</p> <p>Agri-BBBEE</p> <p>Lack of support to smallholder farmers</p> <p>Unemployment; poverty and inequality</p> <p>Trust relations between government, private sector, civil society, labour, traditional leaders</p> <p>Historical land issues</p> <p>Intergovernmental relations</p> <p>Public service capacity, capability and competence</p> <p>Corruption, nepotism and cronyism</p> <p>Policy consistency, certainty, continuity and implementation</p>
Economic	<p>Agricultural inputs costs (seeds, pesticides, fertilisers, equipment, etc)</p> <p>Alternative markets (government, local and informal markets)</p> <p>IPAP &amp; APAP financial support to high priority agricultural products and agro-processing</p> <p>Lack of smallholder and emerging farmers access to markets, credit, transport, finance, extension services, etc</p> <p>Domination of markets by large commercial farmers</p> <p>Volatility and speculation in commodity market</p> <p>Exchange rates</p> <p>Potential for inclusive growth</p> <p>Potential for increased job creation</p> <p>Index Insurance to protect smallholder farmers against weather, climate and produce loss</p> <p>Seasonal nature of employment</p> <p>Increase cost of electricity and inconsistent supply to rural areas</p> <p>Drought</p> <p>Increased food demand</p> <p>Currency volatility and stability</p> <p>Micro-economic policy</p> <p>Retailers</p> <p>Competitiveness</p> <p>Public Private Partnerships</p> <p>Policy consistency</p> <p>Imports</p> <p>Economic structural issues</p> <p>Rejuvenation and expansion (irrigation schemes)</p>
Social	<p>Crime</p> <p>Social capital and social cohesion</p>



	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	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 Renewable energy sources Productivity Logistics Small scale processing technology
Environmental	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	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 PESTEL FBDM Agri-Park SWOT Analysis

A review of the significant trends, issues and changes in the external environment in which **FB 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 is 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 agro-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
- Agri-BEE- encourage Black entrepreneurs to take advantage
- Connecting development corridors
- Knowledge management- universities, agricultural colleges
- Growth of agro-processing
- Intensive labour agriculture & agro- 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 inaccessible
- Import 50% of wheat. Progressive replacement of wheat by canola and soya
- Greatest 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

In conclusion this chapter provides a form of guide towards the Agri-Park infrastructure development in relation to the Agri-Park model. It should be noted that specific to FB DM, development of detailed infrastructure master plans and feasibilities are the next key actions for the Agri-Park establishment in the district.

## Chapter Five: FB District Agri-Park 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 who are responsible to implementing actions to mitigate the key risks facing the successful implementation and operation of the Agri Park.
- d) Agri-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.

### 5.1 Critical Success Factors

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

**Table 8: Critical success factors**

<ul style="list-style-type: none"> <li>• Production Systems and Innovation:</li> </ul>	<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&amp;D with the overall Agri-Park strategic plan</p> <p>Identify and prioritise R&amp;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&amp;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"> <li>• Enterprise and Industrial Development Support and enablers:</li> </ul>	<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 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</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"> <li>Quality Product Development:</li> </ul>	<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"> <li>Brand Building and Marketing:</li> </ul>	<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 world 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"> <li>Business linkages and supply chains:</li> </ul>	<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"> <li>Governance and management</li> </ul>	<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 corporate governance practices 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"> <li>Supply contracts in place for key inputs:</li> </ul>	<p>The prices of agricultural inputs are incredibly volatile due to factors such as adverse weather conditions and insect infestations. To negate this, long-term fixed-price supply contracts with local farmers, suppliers (e.g. packaging company) and distributors is crucial.</p>
<ul style="list-style-type: none"> <li>Sustainable development</li> </ul>	<p>Principles of sustainable development</p> <p>Integrated energy, water and waste management design and processes</p> <p>Applications of the principles of industrial ecological, i.e. mutual use of waste and by-products</p>

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

<b>Location:</b>	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.
<b>Processing planning:</b>	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.
<b>Processing systems (Scalability):</b>	<p><b>Small-Scale Processing.</b> This can be done at FPSUs for small-scale farmers for personal family farmers or for sale in nearby markets. In this system, processing requires little investment: however, it is time consuming and tedious.</p> <p><b>Intermediate-Scale Processing.</b> 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><b>Large-Scale Processing.</b> Processing in this system is highly mechanised and requires a substantial supply of raw materials for economical operation. This system requires a large capital investment and high technical and managerial skills. For example, because of the high demand for foods in recent years many large-scale factories were established in developing countries. Some succeeded, but the majority failed, especially in West Africa. Most of the failures were related to high labour inputs and relatively high cost, lack of managerial skills, high cost and supply instability of raw materials and changing governmental policies. Perhaps the most important reason for failure was lack of adequate quantity and regularity of raw material supply to factories. Despite the failure of these commercial operations, they should be able to succeed with better planning and management, along with the</p>

undertaking of more in-depth feasibility studies.

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:

**Choice of processing technologies**

- 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

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

Table 9: Strategy Implementation Plan

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

<b>STRATEGIC OBJECTIVE 1: Transform Rural South Africa through a modernised agricultural sector</b>			
<b>Outcome(s)</b>	<b>Measure (Outputs)</b>	<b>Targets &amp; Milestones (Indicators)</b>	<b>Activities</b>
	Industrialists Developed	processing developed	Park

<b>STRATEGIC OBJECTIVE 2: Develop Integrated and Networked Agri-Park Infrastructure</b>			
<b>Outcome(s)</b>	<b>Measure (Outputs)</b>	<b>Targets &amp; Milestones (Indicators)</b>	<b>Activities</b>
FB District Agri-Park Operational	Number of Agri Hubs (AH) developed	<ul style="list-style-type: none"> <li>• AH Property Management Contract finalised</li> <li>• % occupancy of operational enterprises</li> <li>• One AH developed by 2018</li> </ul>	<ul style="list-style-type: none"> <li>• land acquisition and zoning</li> <li>• Infrastructure Development Process (i.e. feasibility and design, professional teams, implementation and hand over)</li> </ul>
	Number of Farmer Production Support Units (FPSU) developed	<ul style="list-style-type: none"> <li>• FPSU Property Management Contract finalised</li> <li>• % occupancy of operational enterprises</li> <li>• Two FPSUs established by 2018</li> </ul>	<ul style="list-style-type: none"> <li>• land acquisition and zoning</li> <li>• Infrastructure Development Process (i.e. feasibility and design, professional teams, implementation and hand over)</li> </ul>
	Number of Rural Urban Market Centres (RUMC) established	<ul style="list-style-type: none"> <li>• RUMC Property Management Contract finalised</li> <li>• % of business linkages facilitated by RUMC</li> <li>• One RUMC developed by 2018</li> </ul>	<ul style="list-style-type: none"> <li>• land acquisition and zoning</li> <li>• Infrastructure Development Process (i.e. feasibility and design, professional teams, implementation and hand over)</li> </ul>



<b>STRATEGIC OBJECTIVE 3: Establish and implement a sustainable Agri-Park governance and management model</b>			
<b>Outcome(s)</b>	<b>Measure (Outputs)</b>	<b>Targets &amp; Milestones (Indicators)</b>	<b>Activities</b>
FB 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"> <li>Articles of association</li> <li>Management contract</li> </ul>	<ul style="list-style-type: none"> <li>Develop Articles of Association for Agri-Park</li> <li>Develop management contract for Agri-Park hubs and FPSU's</li> </ul>
	District Statutory body responsible for oversight established	<ul style="list-style-type: none"> <li>Memorandum of Understanding</li> <li>Municipal resolution</li> </ul>	<ul style="list-style-type: none"> <li>Develop Memorandum of understanding</li> <li>Establish district oversight body through resolution</li> </ul>

<b>STRATEGIC OBJECTIVE 4: Generate funds and secure investment</b>			
<b>Outcome(s)</b>	<b>Measure (Outputs)</b>	<b>Targets &amp; Milestones (Indicators)</b>	<b>Activities</b>
Direct Investment generated for FB District Agri-Park	Investment generated	<ul style="list-style-type: none"> <li>Promoted investment opportunities in the Agri-Parks</li> </ul>	<ul style="list-style-type: none"> <li>Create investment material</li> <li>Develop bankable business plans</li> <li>Present investment opportunities to potential investors</li> </ul>
	Partnerships established	<ul style="list-style-type: none"> <li>Partnerships established for the various opportunities in the Agri-Parks</li> </ul>	<ul style="list-style-type: none"> <li>Actively promote partnerships to potential investors</li> <li>Meet potential partners</li> <li>Present bankable business plans to potential partners</li> </ul>
	Investment promotion	<ul style="list-style-type: none"> <li>Investment in the Agri-parks generated</li> </ul>	<ul style="list-style-type: none"> <li>Generate partnership agreements</li> <li>Institute development of investment</li> </ul>

<b>STRATEGIC OBJECTIVE 5: Improve coordinated delivery of support services (i.e. extension services)</b>			
<b>Outcome(s)</b>	<b>Measure (Outputs)</b>	<b>Targets &amp; Milestones (Indicators)</b>	<b>Activities</b>
FB District Farmers producing competitive produce	Smallholder and Emerging Farmers businesses profitable and sustainable	<ul style="list-style-type: none"> <li>• Extension services operational</li> <li>• Support services operational</li> <li>• Collection scheme operational</li> <li>• Farmers delivering quality product to market</li> </ul>	<ul style="list-style-type: none"> <li>• Develop extension services in the Agri-Hub</li> <li>• Develop support services model</li> </ul>
	Smallholder and Emerging Farmers technical capacity and skills enhanced	<ul style="list-style-type: none"> <li>• Training material developed</li> <li>• Farmers trained</li> </ul>	<ul style="list-style-type: none"> <li>• Develop training material</li> <li>• Train farmers</li> </ul>

<b>STRATEGIC OBJECTIVE 6: Improve Agri-Park Programme Implementation</b>			
<b>Outcome(s)</b>	<b>Measure (Outputs)</b>	<b>Targets &amp; Milestones (Indicators)</b>	<b>Activities</b>
FB District Municipality effectively and efficiently coordinating and facilitating the implementation of the Agri-Park	Agri-Park generating income for the municipalities (rates and taxes)	Amount of municipal rates and service fees paid p.a.	Agri park businesses pay rates and service charges.
	Agri-Park provided with reliable and consistent municipal services	Continuous service delivery and consistent service standards as per municipal service charter.	Municipal service delivery.
	Capacitated coordinating structure operational	Municipal participation coordinated and effective.	Agri park coordinating structures effectively attended by relevant level of officials and / or Councillors
	Agri-Park contribution Monitoring and Evaluation	Agreed monitoring plan with clear responsibilities for collection, monitoring and reporting to key decision-making structures to inform decision-making	Monthly and 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 10: Implementation assumptions**


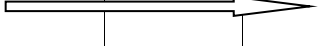
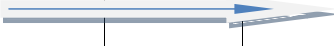
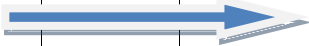


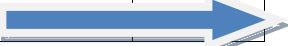
Agri-Park Outcomes	Agri-Park Measure (Outputs)	Assumptions Description (External Factors beyond Agri-Park control, e.g. drought etc.)	Will the assumption hold true?		Possible to redesign outcomes and outputs to influence external factors (Yes/No)
			Possibly (tick)	Very unlikely (tick)	
FB District Agricultural Sector transformed and modernised	Vibrant FB 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 FB 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
FB 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
FB 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

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)	
	District Statutory body responsible for oversight established	People with right calibre appointed to serve on the body		✓	Yes
Direct Investment generated for FB District Agri-Park	Investment generated	Private individuals willing to invest in the Agri-Parks	✓		Yes
	Partnerships established	Private individuals willing to partake in the Agri-Parks	✓		Yes
FB 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
FB 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 11: Agri-Park 10 year implementation plan

FBDM 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	FB District Agricultural Sector transformed and modernised	Vibrant FB District community and Food Security			
		Percentage contribution of Agricultural to FB District economy			
		Increased agricultural beneficiation (agro-processing activities)			
		Number Black Industrialists Developed	3	3	3
SO: 2	FB District Agri-Park Operational	Number of Agri Hubs (AH) developed			
		Number of Farmer Production Support Units (FPSU) developed	3	2	
		Number of Rural Urban Market Centres (RUMC) established	1		
SO: 3	FB 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 FB District Agri-Park	Investment generated			
		Partnerships established			
		Investment promotion			
SO: 5	FB District Farmers	Farmers businesses profitable and sustainable			

FBDM Agri-Park 10-Year Implementation Plan			Phase One	Phase Two	Phase Three
Strategic Objective	Outcome(s)	Measure (Outputs)	2016 - 2018	2019 - 2021	2022 - 2025
	producing competitive produce	Quality vegetable production increased			
		Farmers technical capacity and skills enhanced			
SO: 6	FB District Municipality effectively and efficiently coordinating and facilitating the implementation of the Agri-Park	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. 5 Strategic Risks Assessment

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 12: 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	
FB District Agricultural Sector transformed and modernised	Vibrant <u>FB District</u> community and Food Security	Farmers unable to produce quality vegetables			√			Farmers assisted to follow planting seasons of various vegetables
	Percentage	Farmers not						Creating

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	
	contribution of Agricultural to <u>FB District</u> economy	supplying enough vegetables to the market for sales			√			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
FB District Agri-Park Operational	Number of Agri Hubs (AH) developed	Unavailability of funds to fund the infrastructure				√		Proper budgeting by all spheres of government participating in the Agri-Parks and the government prioritizing Agri-Parks as project to drive rural development
	Number of Farmer Production Support	Unavailability of funds to						Proper budgeting by

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	
	Units (FPSU) developed	fund the infrastructure				√		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
FB 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.



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	
	District Statutory body responsible for oversight established	Unqualified people being appointed on the body				√		Appointment of key personnel with right skills and qualifications
Direct Investment generated for FB 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
FB District Farmers producing competitive produce and/or vegetables	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 vegetable production increased	The farmers not farming with quality vegetable plants and seeds			√			Selection of well known vegetables 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

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	
FB District Municipality effectively and efficiently coordinating and facilitating the implementation of the Agri-Park	Agri-Park generating income for the municipalities (rates and taxes)	Proper systems not being put in place				√		Designing of proper collection system and enforcing the collection thereof
	Capacitated coordinating structure operational	Unqualified people being appointed on the structure of agri-parks				√		Appointment of key personnel with right skills and qualifications
	Agri-Park socio-economic contribution Monitored and Evaluated	Well defined M & E framework not being put in place				√		A well defined M&E framework with indicators designed.

## 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 13: Strategic Partnerships**

Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private/NGO Sector Organisations	International Organisations
SO: 1	Vibrant FB District community and Food Security	<ul style="list-style-type: none"> <li>• DRDLR</li> <li>• NCDLRARD</li> <li>• NCDA</li> <li>• NDWSA</li> <li>• DEDEAT</li> <li>• DEA</li> <li>• SEDA</li> <li>• DCoGTA</li> </ul>	Agri-BEE entrepreneurs Commercial enterprises Commercial farmers Commercial Retailers Tourism sector Agro-Processing Companies Cooperatives NPOs & CBOs	Foreign donor partners (USAID, GTZ, WB, etc) UNFAO UNDP UNIDO UN Food Programme



Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private/NGO Sector Organisations	International Organisations
		<ul style="list-style-type: none"> <li>• DEA</li> <li>• DTI</li> <li>• DAFF</li> <li>• NEF</li> <li>• IDC</li> <li>• FBDM</li> </ul>		
	<p>Number of Farmer Production Support Units (FPSU) developed</p> <p>Number of Rural Urban Market Centres (RUMC) established</p>	<ul style="list-style-type: none"> <li>• DRDLR</li> <li>• NCDLRARD</li> <li>• NCDA</li> <li>• DEA</li> <li>• DTI</li> <li>• DAFF</li> <li>• NEF</li> <li>• IDC</li> <li>• FBDM</li> <li>• GLM</li> <li>• GSLM</li> <li>• JMLM</li> <li>• DRDLR</li> <li>• NCDLRARD</li> <li>• DTI</li> <li>• DAFF</li> <li>• FBDM</li> <li>• NAMC</li> </ul>	<ul style="list-style-type: none"> <li>• DAMC</li> <li>• DAMC</li> <li>• DAMC</li> </ul>	<p>Foreign donor partners (USAID, GTZ, WB, etc)</p> <p>Foreign donor partners (USAID, GTZ, WB, etc)</p>
SO: 3	A farmer led company established through a companies act	<ul style="list-style-type: none"> <li>• DRDLR</li> <li>• NCDLRARD</li> <li>• DTI</li> <li>• NT (Coop Bank)</li> <li>• FBDM</li> </ul>	<ul style="list-style-type: none"> <li>• DAMC</li> </ul>	
	<p>Management company responsible for both development and administration established</p> <p>District Statutory body responsible for oversight established</p>	<ul style="list-style-type: none"> <li>• DRDLR</li> <li>• NCDLRARD</li> <li>• FBDM</li> <li>• DRDLR</li> <li>• NCDLRARD</li> <li>• FBDM</li> </ul>	<ul style="list-style-type: none"> <li>• DAMC</li> <li>• DAMC</li> </ul>	
SO: 4	Investment generated	<ul style="list-style-type: none"> <li>• DRDLR</li> <li>• NCDLRARD</li> <li>• NCDA</li> <li>• DEDEAT</li> <li>• DTI</li> <li>• NEF</li> <li>• PIC</li> <li>• IDC</li> <li>• NCTI&amp;T</li> <li>• FBDM</li> </ul>	<p>Agri-BEE entrepreneurs</p> <p>Commercial enterprises</p> <p>Commercial farmers</p> <p>Commercial Retailers</p> <p>Commercial Agro-Processing companies</p> <p>Cooperatives</p> <p>SMMEs</p> <p>BBBEE</p> <p>Venture Capitalists</p> <p>Commercial Banks</p> <p>Investment Houses</p> <p>NAAC</p> <p>DAMC</p>	
	Partnerships established	<ul style="list-style-type: none"> <li>• DRDLR</li> <li>• NCDLRARD</li> <li>• NCDA</li> <li>• DEDEAT</li> </ul>	<p>Agri-BEE entrepreneurs</p> <p>Commercial enterprises</p> <p>Commercial farmers</p> <p>Commercial Agro-</p>	



Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private/NGO Sector Organisations	International Organisations
	Smallholder and Emerging Farmers technical capacity and skills enhanced	<ul style="list-style-type: none"> <li>• DRDLR</li> <li>• NCDLRARD</li> <li>• DAFF</li> <li>• FBDM</li> <li>• ARC</li> <li>• DST</li> <li>• VRS</li> </ul>	<ul style="list-style-type: none"> <li>• MPI</li> <li>• GWK</li> <li>• OVK</li> <li>• SenWes</li> </ul> <p>Commercial farmers Commercial Retailers Commercial Agro-Processing companies Agri NC Agri SA</p>	<p>One Acre Fund Skoll Foundation FBS Kickstart Root Capital Phatisa Technoserve UNIDO UNDP World Bank International DFIs UN International Fund for Agricultural Development Alliance for a Green Revolution in Africa Bill &amp; Malinda Gates Foundation (RSA chapter) Global Environment Facility Digital Green</p>
SO: 6	<p>Agri-Park generating income for the municipalities (rates and taxes)</p> <p>Agri-Park provided with reliable and consistent municipal services</p> <p>Capacitated coordinating structure operational</p> <p>Agri-Park contribution Monitoring and Evaluation</p>	<ul style="list-style-type: none"> <li>• DRDLR</li> <li>• NCDLRARD</li> <li>• FBDM</li> <li>• PLM</li> <li>• DLM</li> <li>• SPLM</li> <li>• MLM</li> </ul> <ul style="list-style-type: none"> <li>• FBDM</li> <li>• PLM</li> <li>• DLM</li> <li>• SPLM</li> <li>• MLM</li> </ul>	<ul style="list-style-type: none"> <li>• Universities</li> <li>• NGOs</li> <li>• CBOs</li> <li>• DAMC</li> </ul>	

## 5.7. Way forward and Next Steps

A number of specific feasibility studies, consultation and further research will now be required during the course of 2016 to further detail the Agri-Park and processing opportunities, including the identification of possible implementation partners and facility planning requirements:

### 1. Vegetable Feasibility and Identification of a Strategic Partner in PNIEL:

A feasibility study is required into the above including the type of vegetable cultivar (s), hydroponics and agro-processing opportunities. Issue of location, volumes, markets and institutional arrangements should all be addressed. The WildeKlaver commercial farm owner has given some indication of interest in partnering or leasing part of the PNIEL communal area for vegetable production. DALRRD and DRDLR together with the FBDM and WildeKlaver should explore these possibilities.

### 2. Vegetable and Agro-processing feasibility:

Further market studies and feasibilities have to be conducted to validate and confirm these agro-processing opportunities related to **Frances Baard DM's AH and FPSUs**. Frozen/dried agro-processing for Ganspan already developed.

- i. The District and Local Municipalities will need to identify specific sites (Ulco & Ritchie) for the Farmer Production Support Units. District and Local Municipalities to engage smallholder and emerging farmers to refine facility and service requirements at FPSUs.
- ii. Revisiting the Malt processing opportunity at Ritchie
- iii. Revisit the Magareng Cooperative Farm and Manufacturing Business Plan (Greyville Wood) as part of the Agri-Park development initiative.
- iv. DRDLR to facilitate a meeting with the three districts, Frances Baard, John Taolo Gaetsewe and Pixley ka Seme to discuss the establishment of the RUMC at Kimberly.
- v. **Local municipalities to complete the SPLUM application for the zoning of AH and FPSUs in terms of the SPLUMA**
- vi. Additional research and studies will also be required including but not limited to the following:
  - a. **Consider Skills Development and Training opportunity through for e.g. DRDLR, REID, NARYSEC, ARC, universities, and other Institutions):**
  - b. Training and skills required for the agro processing opportunities should be identified to inform Training Courses and opportunities (explore partnerships with SAFFVA and SAFCA). Consider synergies between the other Agri-Parks in the Province.
  - c. 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 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 according to the relevant legislation.
- vii. Resource Mobilization, Collaboration and Partnerships including clarification of funding sources to be initiated by the District and DRDLR to clarify funding arrangements.
- viii. Detailing of Agri-park desired institutional arrangements to be informed through detailed legal advice.
- ix. The Development of a vegetable improvement and farm management programme should proceed to clarify how all relevant role-players can strengthen smallholder and emerging farmers in the District.

Key industry associations, ARC, the Provincial Department of Land Reform, Agriculture and Rural Development, and private sector role-players such as, SANSOR, SAFFVA, SAHS, etc need to be engaged with. The possibility of organising a District Smallholder and Emerging Farmer Capacity Building consultative workshop to discuss this process should be considered.



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