rural development & land reform

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA

AGRI-PARK MASTER BUSINESS PLAN

John Taolo Gaetsewe

District Municipality

Northern Cape Province

MANAGING FOR EXCELLENCE

amissa

Agri-Park Details	
Province:	Northern Cape
District:	John Taolo Gaetsewe
Agri-Hub Site:	Kuruman (Ga Segonyana LM)

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List of Abbreviations and Definitions

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

Abbreviation	Description
GVA	Gross Value Added
GWK	Griekwaland Wes Kooperatiewe
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICT	Information Communications and Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
IPAP	Industrial Policy Action Plan
JTGDM	**John Taolo Gaetsewe District Municipality**
LED	Local Economic Development
LM	Local Municipality
LRAD	Land Redistribution for Agricultural Development
LUMS	Land Use Management Strategy
LWCC	Livestock Welfare Coordinating Committee
MDG	Millennium Development Goals
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MIT	Meat Industry Trust
MSDF	Municipal Spatial Development Framework
MSMS	Meat Statutory Measures Services
MTSF	Medium Term Strategic Framework
M&E	Monitoring and Evaluation
NAAC	National Agri-Parks Advisory Council
NARYSEC	National Rural Youth Corps Strategy
NCEDA	Northern Cape Economic Development Agency
NCLEDS	Northern Cape Local Economic Development Strategy
NCDLRARD	Northern Cape Department of Land Reform, Agriculture and Rural Development
NDP	National Development Plan
NFMT	National Federation of Meat Traders
NGP	National Growth Path
PAPOTT	Provincial Agri-Parks Task Team
PESTEL	Political, Economic, Technology, Environment and Legal
PGDS	Provincial Growth Development Strategy
PSDF	Northern Cape Provincial Spatial Development Framework
PSSC	Provincial Shared Services Center
NCRDS	Northern Cape Rural Development Strategy
NDA	National Development Agency
NDP	National Development Plan
NEF	National Empowerment Fund
NFSD	National Framework for Sustainable Development
NGO	Non-Governmental Organisation
NGP	New Growth Path
NPO	Non-Profit Organisation

Abbreviation	Description
NSSD	National Strategy for Sustainable Development
OECD	Organisation for Economic Co-operation and Development
PIC	Public Investment Corporation
PLAS	Proactive Land Acquisition Strategy
PPP	Public Private Partnership
RDA	National Rural Development Agency
RDP	Rural Development Plan
REID	Rural Enterprise and Industrial Development
RID	Rural Infrastructure and Development
RMAA	Red Meat Abattoirs Association
RMIF	Red Meat Industry Forum
RMLA	Red Meat Levy Administration
RMRDSA	Red Meat Research & Development South Africa
RMRDT	Red Meat Research Development Trust
RPO	Red Meat Producers
RSA	Republic of South Africa
RUMC	Rural Urban Management Centre
R&D	Research and Development
SADC	Southern Africa Development Community
SAFA	South African Feedlot Association
SAFLA	South African Federation of Livestock Auctioneers/Agents
SALGA	South African Local Government Association
SAMIC	South African Meat Industry Company
SAMPA	South African Meat Processors Association
SANCU	South African National Consumers Union
SANRAL	South African National Road Agency Limited
SAPPO	South African Pork Producers Organisation
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Enterprise
SEFA	Small Enterprise Finance Agency
SETA	Sector Education and Training Authority
SHALC	Skins, Hides and Leather Council
SLP	Social And Labour Plans
SMME	Small Medium Micro Enterprise
SPLUMA	Spatial Planning And Land Use Management Act
StatsSA	Statistics South Africa
SWOT	Strength, Weakness, Opportunities and Threats
TVET	Technical Vocational Educational and Training
UNESCO	United Nations Educational, Scientific and Cultural Organisation
WHO	World Health Organisation
WTO	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 John Taolo Gaetsewe District Municipality Agri-Park initiative. The JTG DM 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 agriculture 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 John Taolo Gaetsewe District Municipality Agri-Hub Commodities:

The John Taolo Gaetsewe 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 JTG District Agri Park for immediate focus in years 1 onwards is beef cattle. 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: sheep and goats (especially indigenous breeds).

The full master plan contains a detailed discussion of the priority commodity value chains, 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 live-stock management and the Agri Hub will need to strengthen partnerships with these initiatives.

Three Agro-Processing Opportunities

The following three agro-processing opportunities present exciting opportunities for the John Taolo Gaetsewe Agri-Park

- Gelatin production as the key driver of the three agro-processing opportunities.
- Acquisition of Kuruman Abattoir from Meadow Meats.
- Tannery- leather furniture manufacturing and footwear.

John Taolo Gaetsewe Agri-Park Strategy

The Agri-Park strategy is aimed at providing direction and scope for John Taolo Gaetsewe 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 manifest in rural areas.

To achieve this, the following Agri-Park outcome, vision, mission, goals and objectives are proposed for the John Taolo Gaetsewe 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 John Taolo Gaetsewe 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 John Taolo Gaetsewe 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 John Taolo Gaetsewe DM Agri-Park:

Objective 1: Transformation and Modernization - To transform and modernise rural area and small towns in John Taolo Gaetsewe 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

John Taolo Gaetsewe District Municipality is the second smallest of the five district municipalities in the Northern Cape, comprising approximately 7% (27 293km2) of the geographic area of the province. It comprises of three local municipalities namely, Joe Morolong, Ga Segonyana and Gamagara, and 186 towns and settlements of which 80% are villages (www.localgovernment.co.za). JTG contributes % to the GDP of the NC. The district is plagued by high unemployment (30.1%) and a low education and skills base. Agriculture is regarded as an important sector in the district but only contributes 0.7% to its GDP with mining the biggest contributor at 64.1% followed by retail at 9.1% (JTG 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 JTG DM IDP (2012-17), issues and challenges facing key agricultural sector in district include:

- Limited agro-processing facilities and value adding to products
- Increasing pressure from mining on high potential agricultural land.
- 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.
- Extensive areas of land degradation and soil erosion in many parts of the district.
- 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 economy is to a large extent centred on mining and quarry sector (64.1%), with wholesale and retail contributing 9.1%, and agriculture contributing only 0.7% to the district's economy. 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: JTG 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 red meat processing facilities.
- To investigate and undertake the necessary feasibility analysis for the production of specialized high value agricultural produce such as tannery and taxidermy, charcoal production, and bee farming products.
- 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 John Taolo Gaetsewe DM are:

Agri-Hub will be located at Kuruman

Kuruman 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 6ha Agri-Hub location is situated within the Ga Segonyana Local Municipality next to the Kuruman abattoir. The municipality's economy is mainly based on the surrounding mining and agricultural activities.

Kuruman is situated on the Namaquari route, forming part of the main route between Gauteng and Namibia and Cape Town via Upington. The site was proposed for the following reasons:

- Kuruman is the Economic Development Department's district gateway
- The agricultural enterprise commodities include: Beef, cattle, goats and sheep
- Agricultural infrastructure exists in Kuruman (Silo, 2 red meat abattoirs)
- The district is at least 30% tribal area
- Connected to good road transport network
- Presence of state land and Kuruman spring produces 20 million litres of water per day
- There is a cooperative to the north west and a grain silo to the south east of Kuruman town
- There are many restitution claims to the south and west of Kuruman town
- There are many potential vacant state land farm portions to the north of Kuruman town
- There is a CASP project to the south of Kuruman town
- There are a few land care projects to the south and south west of Kuruman town
- Good road connectivity (N14)
- There are AVMP farms to the south east of Kuruman town
- There are SPAR and Pick n Pay stores in Kuruman town
- The nearest railway link is in Kathu which is 45km from Kuruman

The most suitable location for the establishment of FPSUs in John Taolo Gaetsewe DM is:

Yale Farm

Yale Farm is 15km (5km of gravel) from the AH and located in the Ga Segonyana LM. Smallholder and emerging farmers farm with beef cattle and sheep.

Heuningvlei

Heuningvlei is situated 140 km (40km tarred and 100km gravel) from the the AH and located in the Joe Morolong LM. Smallholder and emerging farmers farm with beef cattle and goats.

Vanzylsrust

Vanzylsrust is situated 144km (104km tarred and 40km gravel) from the AH and is located in the Joe Morolong LM. The proposed FPSU would be allocated on communal land.

Tom Brown Farm

Tom Brown Farm is situated 70km (35km tarred and 35km gravel) from the AH and located in the Joe Morolong LM. Smallholder and emerging farmers primary production are beef cattle, sheep and goats.

The Rural Urban Market Centre Unit

The site for John Taolo Gaetsewe RUMC has not been confirmed. It is however proposed that the John Taolo Gaetsewe, Frances Baard 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 DE Aar (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.

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

This master plan will be taken forward by the District Municipality that will facilitate its ongoing evolution and implementation with a wide range of partners and support organizations.

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. Kuruman Abattoir Acquisition from Meadow Meats Feasibility and Identification of a Strategic Partner:

Meadow meats the owners of the Kuruman abattoir have shown an interest in selling it to the DRDLR. A due diligence process and a valuation needs to be conducted. There is also a need to conduct a feasibility study which should entail identifying any possible infrastructure (plant, property and equipment) upgrade needs. The results of this study should be used to inform the refined institutional arrangements including clarity on the participation of smallholder and emerging farmers. A private strategic partner needs to be identified to Once this has been completed a business plan needs to be developed.

2. Gelatin Agro-processing feasibility:

Further market studies and feasibilities have to be conducted to validate and confirm these agro-processing opportunities related to **John Taolo Gaetsewe DM together with Bojanala Platinum DM and DR Ruth Segomotsi Mompati DM being a Gelatin Producing Centre of South Africa**. It is going to be important for the three districts to explore this agro-processing opportunity together to ensure economies of scale.

3. Beneficiation of Beef Hides and Fresh Meat Processing Feasibility:

A feasibility study is required into the above including the identification and involvement of a strategic partner and whether this can be linked to local production of footwear, leather furniture, and fresh meat, raw fermented and dried meat products.

4. The District and Local Municipalities will need to identify specific sites for the Farmer Production Support Units. District and Local Municipalities to engage smallholder and emerging farmers to refine facility and service requirements at FPSUs.

5. DRDLR to facilitate a meeting with the three districts, John Taolo Gaetsewe, Bojanala Platinum and DR Ruth Segomotsi Mompati to discuss and explore public partnership in terms of the Gelatin Agro-processing opportunity.

6. Local municipalities to complete the SPLUM application for the zoning of the AH and FPSUs as per the SPLUMA.

7. Conduct a pre-feasibility study in setting up an agricultural college on the Yale Farm for NARYSEC and other youth interested in agricultural and rural development educational, training and development. Alternatively other possibilities for the utilization of the land in relation to the JTG Agri-Park should be explored.

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 SAMPA). 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 beef cattle and goat stocks 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, the Provincial Department of Land Reform, Agriculture and Rural Development, and private sector role-players such as the RMRDSA, RMRDT, 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 **John Taolo Gaetsewe District Municipality (JTGDM) 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 **John Taolo Gaetsewe 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:
   1. Farmer Production Support Units (FPSU) linked to farmers and farming areas;
   2. Agri-Hub and feeder FPSUs; and
   3. Rural Urban Market Center (RUMC) and linkages with Agri-Hubs and FPSUs.

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

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

1.2. Methodology and Approach

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

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

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

1.3. The Agri-Park Master Business Plan

This APMBP draws on the findings, recommendations and conclusions of the JTG Rural Development Plan (2015) for the **JTGDM** which was part of phase 1 for the drafting of this APMBP. In terms of the above definition the APMBP for the **JTGDM** 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 farmers.

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

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

1.4. Instruction for reading Agri-Park Master Business Plan

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

2. Background and Context

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

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

Agri-Parks as a concept is new in South Africa though it is practiced in other parts of the world. The concept draws on existing models from countries such as Mexico, India, Netherlands, amongst others and experience and empirical evidence from these countries show that Agri-Parks offer a viable solution in addressing social and economic inequalities, unemployment and poverty by promoting agro-industrialisation within small-scale farming and emerging commercial farming sectors, thus ensuring that the escalated land distribution, more inclusive restitution and strengthen land rights are accompanied by equitable, efficient and well-planned land and agricultural development. The first draft version of the Agri-Parks Policy (2015) defines an Agri-Park as:

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

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

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

2.1. Agri-Park Model

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

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 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.

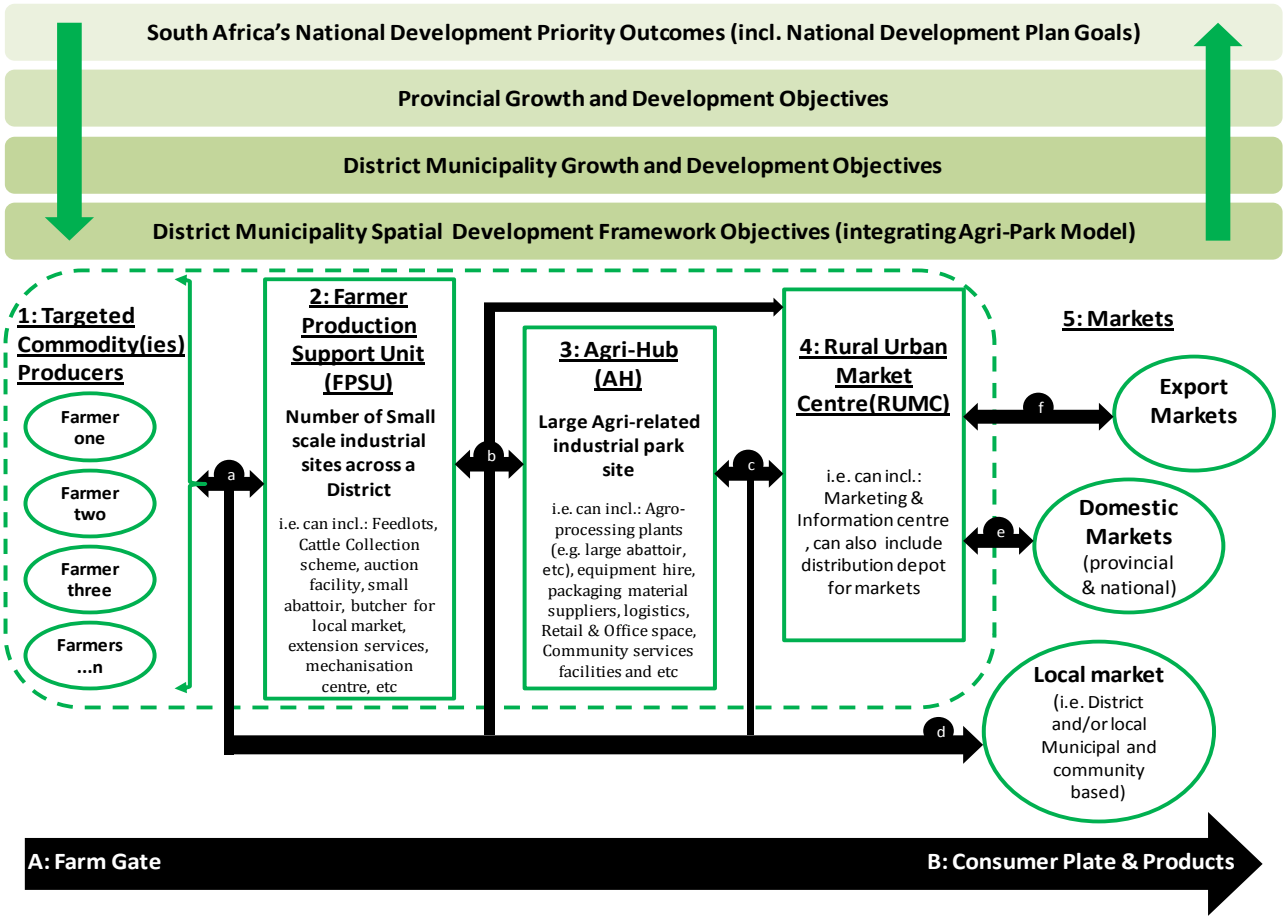
c. **Market**: The Agri-Hub mainly suppliers agro-processed products through the RUMC and local market.

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 competiveness, 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 Assist with resolving any blockages at district and provincial level	National Agri-Park Advisory Council	National Agri-Parks Advisory Council (NAAC) will provide oversight to the functionality of the District Agri-Parks Management Councils (DAMCs), organise markets, both domestically and internationally, control the quality of products, and provide advice to the political authority.		
Provincial	PAPOTT	Provincial Operations management: implementation Provide technical support and guidance for planning and implementation Identify projects that contribute to Agri-Parks business plan and to compile a provincial project register Monitor implementation Report to National Operations Team				
District	DAPOTT	District operations management implementation Provide technical support and guidance for implementation Oversight of the implementation of the district plan Coordinate relevant stakeholders as per plan Manage expenditure against	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	DLRC	The overall aim of the DLRCs is to facilitate the protection, promotion, provision and fulfillment of the rights, and responsibilities, in the management of district land ownership and use that is consistent with South Africa's Constitution.

		business plan Identify district projects that contribute to the Agri-Parks business plan and to compile a district project register Report to provincial operations task team		provide advice and support. It will also act as an independent watchdog in relation to the development of the Agri-Park.		

Chapter Two: John Taolo Gaetsewe Agri-Park Commodity?

JTG District Municipality selected dominant commodity is Beef Cattle sub-sector. Beef cattle are cattle raised for meat production (excluding dairy cattle used for milk production). Common beef cattle breads in South Africa include – Bonsmara, Afrikaner, Brahman, Boran and Nguni.

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

"The South African Red Meat Industry came under pressure during the 1990s due to a number of factors, including the increase in international competition, especially since 1994. This was brought about by the deregulation process and South Africa's compliance with world trade liberalisation rules. Further pressure resulted because of a decline in the per capita disposable income due to poor economic growth. Adding to this is the fact that consumers are becoming more health conscious and price competition from other sources of protein, especially poultry meat, are becoming more important"(Spies, 2011)[1].

2.1. Beef Cattle sub-sector

According to DAFF (2012)[2], the livestock sector is one of the best growing parts of the agricultural economy, driven by income growth and supported technological and structural change. This sector contributes 40% of global value of agricultural output and supports the livelihoods and food security of almost billion people. Beyond their role in generating food and income, livestock are a valuable asset, serving as a store of wealth, collateral for credit an essential security net during calamitous times. Globally, livestock contribute 15% of total food energy and 25% of dietary protein.

In South Africa, stock farming is the only viable agricultural activity in a large part of the country. Approximately 80% of South African agricultural land is suitable for extensive grazing. Cattle production have increased by 37 000 heads from 13.5 million in 2004 to 13.87 million in 2011 and areas for grazing declined owing to expanding human settlements and other activities such as mining, crops, forestry and conservation. 80% of the total cattle heads are for beef cattle and the remaining 20% is for dairy cattle.
Beef cattle producers vary from highly sophisticated commercial (who rely on high technology) to communal subsistence producers (who rely on indigenous knowledge and appropriate technology). Three major groups of beef cattle farmers co-exist in South Africa.

- The **commercial beef producer** (mostly white farmers) where production is relatively high and comparable to developed countries. Their production is generally based on synthetic breeds and/or crossbreeding, using Indicus/Sanga types and their crosses as dams.
- The **emerging black beef cattle farmer** who own or lease land (LRAD beneficiaries). Their cattle generally consist of indigenous crossbred or exotic type of animals.
- The **communal beef cattle farmer** who farm on communal grazing land. Their cattle are mostly of indigenous types.

[1] Spies, D. C.(2011); Analysis and Quantification of the South African Red Meat Value Chain; http://scholar.ufs.ac.za:8080/xmlui/bitstream/handle/11660/1901/SpiesDC.pdf?sequence=1&isAllowed=y;[accessed on 11 January 2016]
[2] DAFF (2012); A Profile of The South African Beef Market Value Chain 2012; http://www.nda.agric.za/docs/AMCP/Beef2012-13.pdf; [accessed on 08 December 2015]

Cattle are found throughout the country, but mainly in the Eastern Cape, KwaZulu-Natal, Free State and North West provinces. Herd sizes vary according to type of cattle. In the case of dairy cattle, it varies between less than 50 and 300 (average approximately 110). Beef cattle herds range from fairly small (less than 20 head of cattle) to large farms and feedlots (more than 1 000 head).

The production of weaners for the feedlot industry is the most frequent form of cattle farming in South Africa, such that feedlots account for approximately 75% of all beef produced in the country.

2.1.1. Production

Approximately 60% of the 14.1 million cattle available in South Africa are owned by commercial farmers and 40% by emerging and communal farmers. The gross value of beef production is dependent on the number of cattle slaughtered and the prices received by producers from abattoirs.

The amount of beef produced depends on the infrastructure such as feedlots and abattoirs, not necessarily by the number of cattle available in those areas. South Africa has highly developed transport infrastructure that allows movement of cattle and calves from one area to another, even from other countries such as Namibia.

There are approximately 488 abattoirs in total in South Africa ranging in slaughtering capacity from as little as 2 to 3 units a day to more than 1,500 units a day. Most of the larger abattoirs are owned by the feedlot industry, thus backwards vertical integration. Abattoirs in South Africa can either be classified as high throughput abattoirs (21 to 100 units/day) or low throughput abattoirs (1 to 20 units/day) where one unit equals 1 cattle, 6 sheep, 5 pigs, 4 ostriches or 2 horses.

In the North Cape Province high throughput abattoirs does 5 to 100 units/day, this is not competitive as compared to other high throughput abattoirs.

2.1.2. Consumption

Global meat markets are characterised as among the fastest growing consumption sectors of all major agricultural commodities. Quality-conscious urban consumers in developing countries have spurred global demand for meat products and much of this demand has been met by increased meat output in these countries themselves. This rapidly growing demand for meat products in developing countries has shifted the global base of animal production from developed to developing countries.

The total consumption of beef in South Africa only averages about 12 kg per capita, which is low for beef producing countries. In contrast to South Africa's relatively low consumption of beef, other major beef producing countries have much higher domestic consumption ranging from 34.6 kg per capita in Brazil to over 60 kg per capita in Uruguay and Argentina (NAMC, 2001)

South Africa's Meat Production and Consumption

Hahn W.F. et al (2015)[3], stated the total SA meat production nearly tripled from 1 009 million kg in 1975/76 to over 2 752 million kg in 2012/13. Beef was consistently the most produced meat until 1995/96, and from 2000/01 poultry production started to increase higher than red meat (beef, pork, sheep and goats). Table 18 shows the gap continued to increase in favor of poultry, also per capita consumption of poultry during the year 2000/01 surpassed that of red meat.

[3] Hahn W.F. et al (2015); International Food and Agribusiness Management Review Volume 18 Special Issue A, 2015 Factors Driving South African Poultry and Meat Imports; http://www.ifama.org/files/IFAMR/Volume%2018/Special%20Issue%20A/2014013212.pdf; [accessed on 08 December 2015]

Table 2: SA Production and Consumption of White and Red Meat

	Poultry		Red Meat		Poultry	Red Meat
	Prod.	Cons.	Prod.	Cons.	Per capita cons.	
	Million Kg				Kilogram	
1975 – 1976	294	290	715	831	13.5	33.1
1980 – 1981	364	338	806	891	14.1	31.7
1985 – 1986	474	474	905	939	17.4	29.8
1990 – 1991	593	593	987	1 050	19.4	29.9
1995 – 1996	699	736	740	865	18.7	21.8
2000 – 2001	869	938	736	828	21.5	18.9
2005 – 2006	1143	1 383	1 060	1 162	29.5	24.8
2010 – 2011	1474	1 753	1 164	1 240	35.1	24.8
2011 – 2012	1484	1 836	1 168	1 242	35.5	24.0
2012 – 2013	1 529	1 899	1 223	1 297	36.3	24.9

Source: (Hahn W.F. et al, 2015)

South African consumers shift to poultry from red meats is similar to the shift among European and U.S consumers more than 40 years ago and there are common drivers of change, including rising consumer awareness of healthy lifestyle living.

Red Meat Prices

The red meat industry market has been deregulated, and price formation is determined by market forces based on demand and supply. If the supply is higher than demand, the producer price decreases and the demand is higher than supply the producer price increases. Prices fluctuate on a daily basis. The following factors also affect the price of livestock:

- Availability and price of maize
- Climate (rain, drought or fodder/feed flows)
- Economy of the country
- Imports of red or other meats

2.1.3. SA Trade

The current production of cattle in South Africa does not meet the domestic demand; as a result the country has been a net importer of meat over the years and has been importing red meat from countries like Argentina and Paraguay. South Africa also imports live cattle from some of the Southern African Customs Union (SACU) member states, specifically Namibia. South Africa has a tariff-free trade agreement with SACU countries for both live cattle and beef imports and exports. Botswana and Namibia have traditionally exported live cattle and beef to South Africa. It is clear that Namibia has been a major exporter until the last few years and that South Africa has been the major importer from Namibia to meet its domestic demand. As South Africa's production has caught up to consumption, imports have declined, and so have Namibia's exports. Botswana has historically exported very few live cattle. The trends for live animals has been changing as countries like Namibia would like to export value added products in the form of carcasses while Botswana would like to increase its supply of weaners to South Africa.

Table 3: Top 5 SA Export Destinations for Meat and edible meat offal by growth in export value, 2014

Importers (export destination)	Exported growth in value between 2010-2011, %	Exported growth in value between 2011-2012, %	Exported growth in value between 2012-2013, %	Exported growth in value between 2013-2014, %	Exported value in 2014, South African Rand thousand
1. Mozambique	6	8	65	76	567 863
2. Lesotho	-7	24	6	20	510 385
3. Namibia	10	-21	-36	19	313 927
4. Swaziland	16	-7	1	24	190 103
5. Kuwait	-18	5	2962	218	174 989

Table 4: Top 5 SA Import Origin for Meat and edible meat offal by growth in import value, 2014

Exporters (Import origin)	Imported growth in value between 2010-2011, %	Imported growth in value between 2011-2012, %	Imported growth in value between 2012-2013, %	Imported growth in value between 2013-2014, %	Imported value in 2014, South African Rand thousand
1. Brazil	12	2	3	-17	1 278 020
2. Netherlands	9701	112	32	9	960 466
3. Namibia	10	-12	-2	-18	631 751
4. United Kingdom	308	83	61	12	626 424
5. Germany	64	76	0	7	608 571
6. Botswana	36	123	-11	-11	334 010

Source: (Trademap, 2015)

2.1.4. Needs and Demands

An analysis of the South African consumer is needed in order to establish the composition of the market and consumer needs so as to make choices about what supply chain strategy to use to match customer value with the customer market. In order to enhance customer satisfaction, it is critical to address customer needs and take a value chain approach. Customer satisfaction is presented as a source of sustainable competitive advantage and the reason for the existence of the beef supply chain. Customer value is defined as the basis for customer satisfaction. Customer value is a combination of key market attributes such as products and services, quality, price and delivery. The six most important worldwide consumer food trends are (Anita Labuschagne, A. et al, 2011[4]):

a) convenience,
b) versatility,
c) environmental and ethical issues,
d) value for money,
e) health consciousness; and
f) simplicity.

[4] Anita Labuschagne, A. et al (2011); A consumer-orientated study of the South African beef value chain; http://repository.up.ac.za/bitstream/handle/2263/19315/Labuschagne_Consumer(2011).pdf?sequence=1;[accessed on 09 December 2015]

One of the trends is a general worldwide increase in customer concern regarding health, diets and food safety. Internationally, this relates to issues such as traceability, animal welfare, diseases and production processes, sustainable agricultural practices, and naturally- and organically-produced beef.

The majority of South African consumers are very price sensitive regarding beef purchases. SA meat demand is influenced by five factors, namely:

a) Disposable income,
b) Own price of beef,
c) Meat price related to other products,
d) Changes in size and structure of the population, and
e) Changes in consumers' taste and preferences.

South African agricultural production is switching away from field crops to meat as diets change. Strong South African economic growth is driving the increase in meat demand. The beef herds in SA are in a building phase and imports contribute to the beef supply. There has been an upward trend in per capita income. The causes for this upward trend and changes in consumption patterns can mostly be attributed to the emerging black middle-class and good economic growth.

Per capita income remains the most important factor that influences the demand for beef in low income countries. However, in high income countries, factors such as diet and health concerns are more important than per capita income. Beef not only competes with other red meats such as pork and lamb, but also with other protein sources, as well as protein replacements such as soya. Worldwide poultry is the most consumed meat, followed by pork.

In SA the growth in demand for chicken far exceeds that of beef. This trend can be attributed to consumers perceiving chicken as being cheaper, healthier and easier to prepare than beef. Generally, beef has a better bone-to-meat percentage than chicken. Beef is in greater demand than pork, lamb and fish. Traditionally, beef is sold fresh to the consumer through various types of retail outlets. The consumer's need for convenience could lead to market share erosion as a result of ready-to eat and heat-and-eat meals (Anita Labuschagne, A. et al, 2011)

According to a study conducted by Puoane et al (2006)[5], found that the societal and cultural trends influencing food consumption were:

General Perceptions about food in:	
Older Women:	Women's perceptions about food are cantered on satisfaction of family needs. Women see themselves as food providers. Even when food is scarce they see it as their responsibility to make sure that all family members have something to eat.
Older Men:	While men depended on women preparing the food they eat, they see themselves as the person responsible for supporting the family. Men loved tasty food and felt that a meal is not complete without meat, especially **red meat**.
Young Women:	Some to the young women seemed to be conscious about body weight and therefore very selective about food.
Young Men:	Young men believe that food made them happy. They enjoyed good food that had been prepared for them. They felt that they could eat anything without restriction, and as long as there was food there, to them it is a party every day.

[5] Puoane et al (2006); Socio-cultural Factors Influencing Food Consumption Patterns in the Black African Population in an Urban Township in South Africa; http://repository.uwc.ac.za/xmlui/bitstream/handle/10566/253/JHE-SI-14-12-089-093-Puoane-T-Text.pdf?sequence=1;[accessed on 10 December 2015]

2.1.5. Market Segments

Market segmentation is the process of dividing the total heterogeneous market for a product into several segments, each of which tends to be homogeneous in all significant aspects. The description of the market segments is on Business-to-Business (B2B). Emerging producers who intend to focus on the business market will have to understand the following market requirements (NDA, 2000)[6]:

- Insistence of the product users on adequate quantities of uniform quality animals. Huge variations in the breeds, age groups and fatness can cause considerable market loss for contractual buyers.
- Adequate quantities are as important as good quality.
- Buyers in the business market are usually quite well informed about what they are buying and the price they are prepared to pay.

Table 5 outlines five possible red meat industry channels for livestock farmers.

Table 5: Livestock B2B Market Segments

Channel 1: Livestock marketing agents	Facilitators that render a service of bringing together a buyer and a seller. Auctions are arranged by marketing agents on a commission basis. Livestock and meat-marketing agents in South Africa are associated with South African Federation of Livestock Auctioneers and Meat Brokers (SAFLA – MB)
Channel 2: Feedlots	Extensive livestock producers have an option of selling their animals directly to feedlots. Feedlots are registered under the South African Feedlot Association (SAFA). Feedlots normally buy weaner calves with live mass of 230kg and add 105Kg carcass through intensive feeding of about 100 days and eventually slaughtering an animal at 215kg carcass weight.
Channel 3: Abattoirs	A significant number of abattoirs are operated as private ventures. Since deregulation of the South African red meat industry in 1993, there has been a rapid growth in number of registered abattoirs. The abattoir sector fulfils an integrated wholesale function by buying animal on the hoof and directly selling carcasses and meat cuts to the retail sector. Buyers and sellers meet through marketing agent. The Red Meat Abattoir Association is currently the mouth piece of all its members.
Channel 4: Butchers	Butchers enhance the marketability of livestock by acting as buyers and as buyers at auctions as well. Farmers can derive good prices, if have strong bargaining power.
Channel 5: Private Sales	The shortest, simplest and most popular option for small-scale farmers. Private sale directly to the ultimate consumers. It is important to farmers as they are in a position to determine prices. Does attract marketing costs. Demand is irregular with high demand during certain times of the year, live festive seasons.

Source: (NDA, 2000)

Table 6: Factors affecting the selection of a marketing channel

Factors affecting the selection of a marketing channel	
The choice of marketing channels depends largely on the following factors: • Availability of the market • Price offered in the market • Distance to the market • Potential size of the market (bulk purchases)	Emerging producers generally prefer to sell their livestock through public auctions, organised by reliable auctioneer agents, reasons: • Public auctions are normally available at the right time • They normally pay reasonable prices which are market related • Stock can be sold in bulk

[6] NDA (2000); Paper no. 7 Livestock Marketing; http://www.nda.agric.za/docs/GenPub/7livestock.pdf;[accessed on 09 December 2015]

	• Social and economic relationships can be build • The farmer, if not satisfied with the price, has an option of returning stock back without any penalty, except transport costs.

Source: (NDA, 2000)

2.1.6. Market Issues

According to Phillips (2013)[7], the concerns about the South Africa's beef industry are that of:

- **Industry Pressures**: Competition for the beef industry will come mainly from the predicted 48% growth in average annual chicken consumption by 2020. Despite experiencing growth in consumption over the same period, eggs, pork and lamb are likely to remain in third, fourth and fifth place nationally. It is important to note that South Africa's annual formal beef production and supply projected as far as 2020 falls short of national demand by about 50 000t per annum. Ideally, this shortfall should be met by locally produced beef.

- **Herd unchanged:** While the national beef herd, including cattle in the informal production sector, has been stable at an estimated 13 million to 14 million head, annual national beef slaughtering figures have varied in recent years as a result of factors such as intermittent drought – which forces beef farmers to reduce herd numbers quickly. While the country's population has grown substantially over the last four decades, meat consumption habits have diversified into other meat types, creating competition for the beef industry. Even with the rise in black middle class, expenditure priorities will take a while to catch up in increased consumption of beef, particularly the more expensive cuts. The black middle-class still seems to favour cheaper products, such as chicken.

- **Prices static, inputs up:** In recent times, beef weaner producers have received the same prices that they were paid in 2007. In addition, live weight weaner prices are currently lower than carcass prices at 56% dressed out. This shows a negative meat margin, which means that any beef farmers slaughtering young cattle are currently losing money. A weaner calf should be about 62% to 62.5% of the price of an A2 carcass. At the moment, however, a calf costs only 55% of the A2 carcass price, an indication that feedlots are getting their weaners at lower prices relative to the price of the meat they sell.

- **Priorities:** Presently, South Africa's beef production model prioritises maximum productivity at the expense of sustainability, product quality, the environment and animal welfare. Consumer pressure is demanding change, and beef producers will need to adapt. If they fail to do so, traditional beef consumers are likely to move towards other more ethically and sustainably produced meat types.

- **Marketing**: Beef farmers who are making an effort to produce beef in a more ethical and sustainable manner must ensure that consumers are aware of this. Change can only be achieved through effective and honest branding and marketing. This appears to be lacking in South Africa – to the detriment of beef farmers. Most beef products have vague generic branding that does not inspire consumers to appreciate the efforts that are going into producing beef more ethically and sustainability. Branding can be breed-specific, as illustrated by the country's Angus breeders, who work hard at differentiating the beef of this breed.

[7] According to Phillips (2013); The SA Beef sector must improve production efficiencies to remain viable; Farmers weekly, 9 August 2013; http://www.farmersweekly.co.za/article.aspx?id=44228&h=South-Africa's-beef-industry:-what-does-the-future-hold ;[accessed on 09 December 2015]

- **Information:** Accurate figures on national herd size, breeding cow numbers, scales of beef production, production costs, health issues, market factors and other factors need to be collected. This information should be gathered and disseminated by the government. South Africa's beef farmers often have to rely on unofficial resources for information that could help them improve production methods. Small-scale rural black beef farmers, with minimal access to formal communications networks, have little to no information that could help them improve productivity. Farmers will not know what to work towards if they do not have the correct facts.

- **Developing beef farmers:** Obviously, if demand for beef is increased, the supply of local beef must be stimulated, particularly from developing farmers. Calving and weaning percentages must be increased through improved infrastructure and training and better herd, grazing and livestock health management. This will greatly improve beef supply and the viability of the beef sector as a whole.

- **Red tape muffles potential:** Currently there are too many unnecessary rules and regulations for the marketing of beef, and these contribute towards stifling the beef sector's potential. Moreover, many of these are not policed.

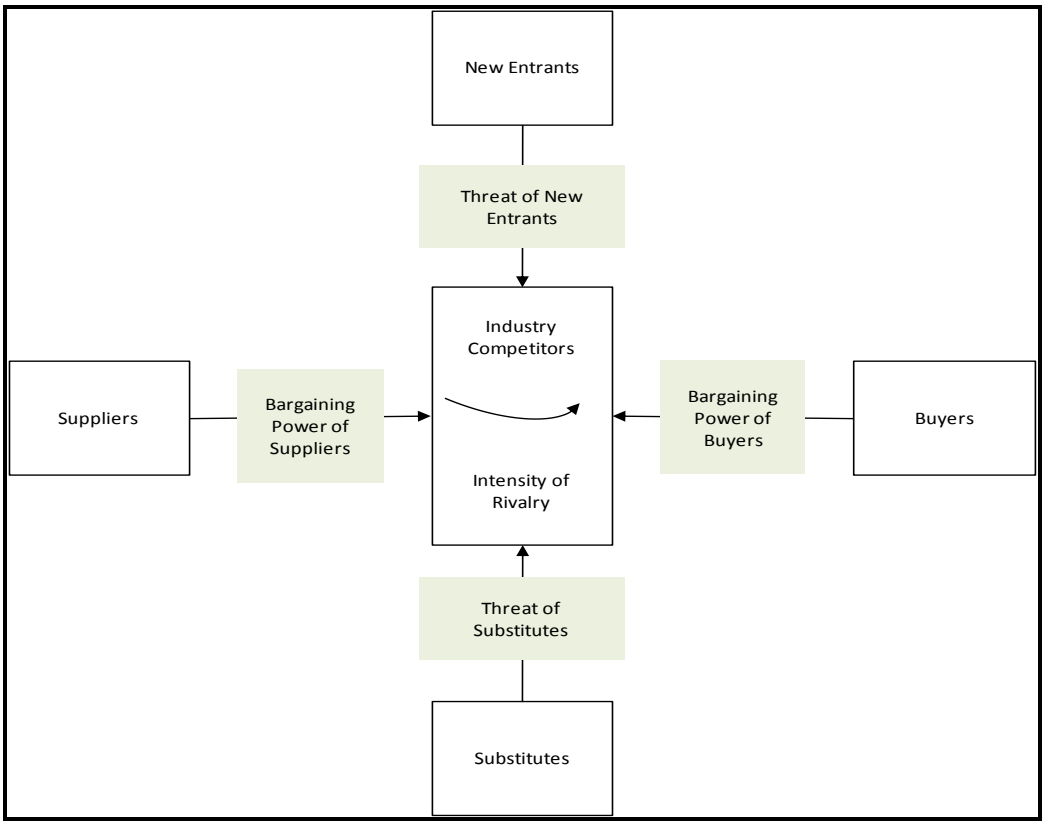
2.1.7. Beef Industry Structure

2.1.7.1. Industry Forces

Porters Five-Forces Model is used as an analysis model for the assessment of the beef industry in South Africa. The five-forces outlined in figure 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 1: Adapted Agri-Park Model: Porter Five-Force Model: Elements to be applied to the Beef Industry in SA



Source: (Oliver G. C., 2004)[8]

New Entrants	**The threat of new entrants is low:** • New entrants into the beef cattle industry are slow and declining and thus the industry attractiveness for potential new investors is low. The poor investor confidence in agriculture is caused by low returns as well as hard economic times and social problems such as spate of farm murders, evictions and illegal land occupations.
Suppliers	**Bargaining power of supplier (beef cattle producers) is low:** • The beef cattle producers are price takers and are not in a position to determine or manipulate any process or the market • Producers in the red meat industry are rational decision makers reacting to market and climate conditions
Buyers	**Buyers have high bargaining power:** • Demand for beef is largely influenced by consumer consumption pattern, customer preferences, social appetite and beliefs • The farmer is largely dependent on the consumer • The consumer buying decision is driven by income level, debt situation and prices willing to pay
Substitutes	**Threat of substitution is high:** • The pressure from substitute products is competitive and threatens the beef cattle industry • Other meats such as lamb, pork and chicken compete for a slice of the same consumer's rand

[8] 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]

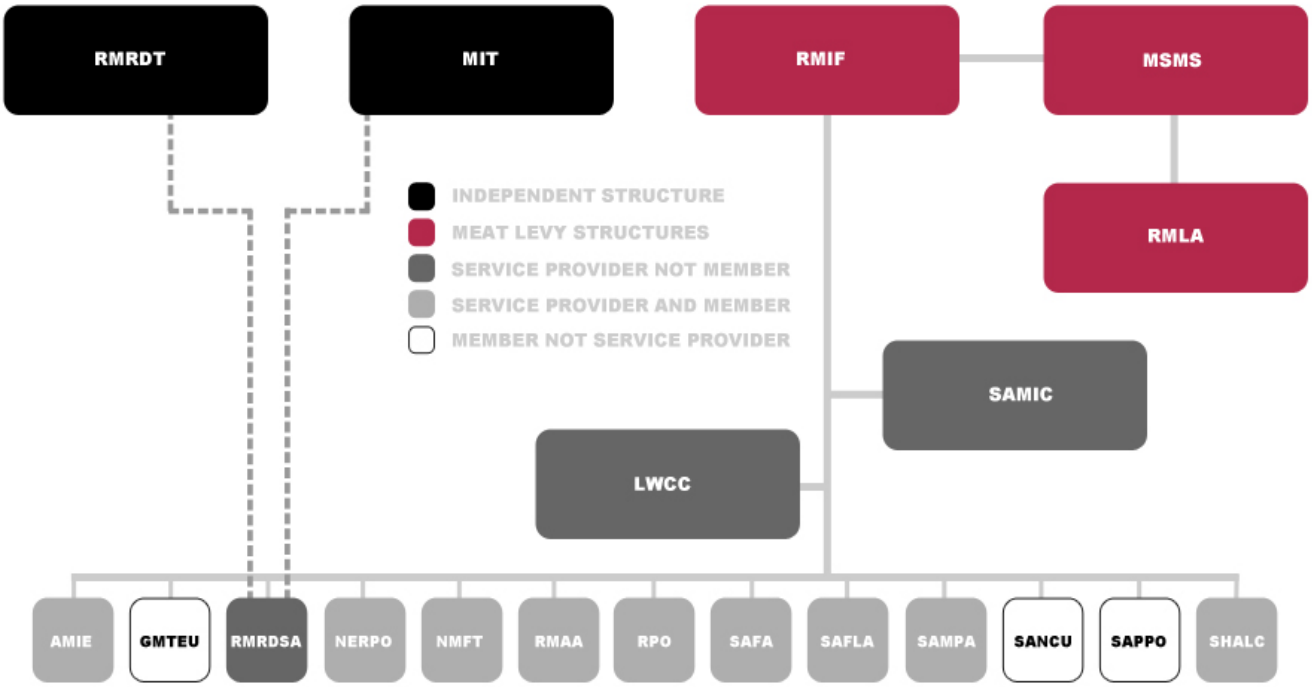
	• Consumers continuously substitute one meat product to for another based on social appetite, financial position and prevailing market prices • Chicken is on the increase and is bigger than the total consumption of red meat.
Intensity of Rivalry / Competition	**Intensity of Rivalry and competition is high:** • The intense rivalry is a result of market forces, low margins and the globalisation of the meat trade, e.g. the issue of AGOA, South Africa has ignored US concerns about blocking US beef, chicken and pork imports for years. The compliance of South Africa to AGOA will result in more competition for the beef producers in South Africa versus the USA beef producers. • The beef supply chain has become more and more vertically integrated • Large feedlots own their own abattoirs have locked down stream distribution contracts as suppliers of beef meat, i.e. from feedlot to retail shelve. The abattoir industry has increased tremendously and in most cases the public can buy carcases directly from abattoir without going the wholesalers. Abattoirs are divided into: o Those linked to the feedlot sector and the wholesale sector (classified as A and B abattoirs) o Those owned by municipalities o Those owned by farmers and SMMEs (classified as C,D and E class abattoirs)
Substitutes	**Threat of substitution is high:** • The pressure from substitute products is competitive and threatens the beef cattle industry • Other meats such as lamb, pork and chicken compete for a slice of the same consumer's rand • Consumers continuously substitute one meat product to for another based on social appetite, financial position and prevailing market prices • Chicken is on the increase and is bigger than the total consumption of red meat.

Source: (Oliver G. C., 2004)

2.1.7.2. SA Red Meat Industry structure

The industry structure shown in figure 3 was gathered from the South African Red Meat Industry Forum (RMIF) website. RMIF was established in 1994 when the Agricultural control boards were disbanded and most of all the sector representative and specific role player organisations within the red meat value chain.

Figure 2: South African Red Meat Industry Structure



Red Meat Research Development Trust (RMRDT)	Meat Industry Trust (MIT)	Red Meat Industry Forum (RMIF)	Meat Statutory Measures Services (MSMS)	Red Meat Levi Administration (RMLA)
Red Meat Research & Development South Africa (RMRDSA)	South African Meat Industry Company (SAMIC)	Livestock Welfare Co-ordinating Committee (LWCC)	Association of Meat Importers and Exporters (AMIE)	National Emergent Red Meat Producers Organisation (NERPO)
National Federation of Meat Traders (NFMT)	Red Meat Abattoirs Association (RMAA)	Red Meat Producers (RPO)	South African Feedlot Association (SAFA)	South African Federation of Livestock Auctioneers/Agents (SAFLA)
South African Meat Processors Association (SAMPA)	Skins, Hides and Leather Council (SHALC)	Gauteng Meat Traders Employees Union (GMTEU)	South African National Consumers Union (SANCU)	South African Pork Producers Organisation (SAPPO)

Source: (Redmeatsa, 2016)[9]

The South African red meat industry has a number of organisations across the beef cattle value chain. These organisations are important players and supporters for success of the Agri-Park and table 7 in the next section shows how these organisations link with the Agri-Park. As part of the implementation of the Agri-Park partnerships will have to be facilitated between the various players in the industry.

[9] http://www.redmeatsa.co.za/structure;[accessed on 11 January 2016]

2.1.7.3. Industry structure link with the Agri-Park

Table 7 demonstrates the links between the Agri-Park Model with red meat industry organisations. This alignment is to inform the various partnerships that could be formed for the support and growth of the Agri-Park

Table 7: Red Meat Industry bodies linked with Agri-Park

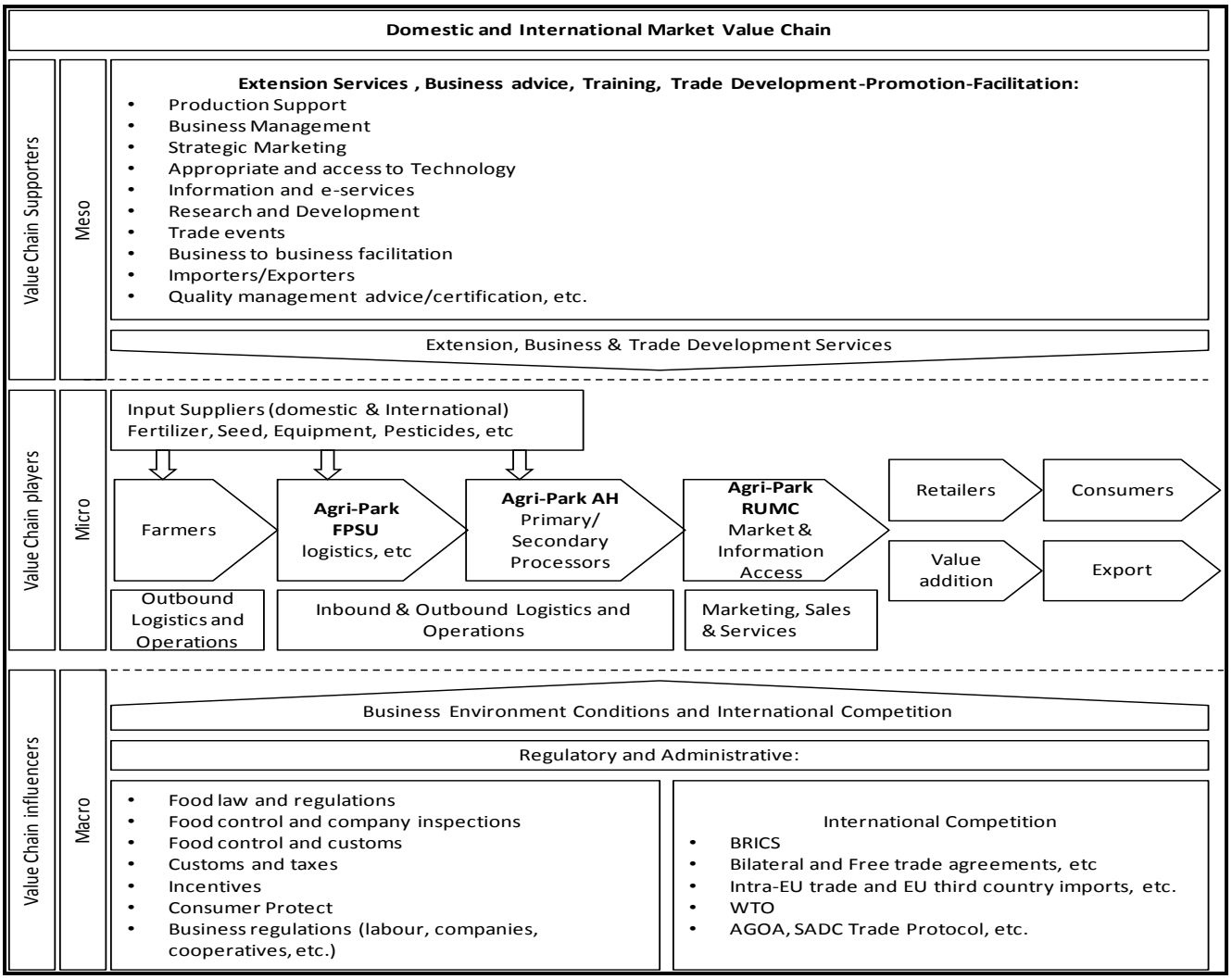
	Agri-Park Model			
	Emerging Farmers	**Farmer Production Support Unit**	**Agri-Hub**	**Rural Urban Centre Market**
Links with Meat Industry Organisations	• NERPO: Commercialise emerging & mainstream black farmers • RPO: Lobby & Information sharing (mouthpiece) • LWCC: Livestock welfare	• RMAA: Training, Information & Networking • SAFA: Technical and Technology support • SAFLA: Advise and Marketing • SAMPA: Meat-processing and related industries • SHALC: Tanneries representative body		• AMIE SA: Information sharing (mouthpiece) • NMFT/NFMT: Retail meat trade (information) • RPO: Lobby & Information sharing (mouthpiece) • SAFLA: Advise and Marketing • NAMC
	• **Industry Representative Body**: Red Meat Industry Forum (RMIF) • **Levy Administrator:** (implementation, administration and enforcement): Meat Statutory Measures Services (MSMS) and Red Meat Levi Administration (RMLA) • **Research**: Red Meat Research Development Trust (RMRDT) and Red Meat Research & Development South Africa (RMRDSA) • **Quality Assurance:** South African Meat Industry Company (SAMIC) • **Training, Research and Administration**: Meat Industry Trust (MIT)			
Links with Public Sector Organisations	• **Information, Research and Training**: Agricultural Research Council (ARC) • **Support, Training, Funding & Information**: Provincial and Local Agriculture department and development agencies (e.g. Northern Cape Development Agency) • **Funding and Support:** DRLR, DAFF, the dti, the National Empowerment Fund (NEF) and Industrial Development Corporation (IDC), Small Enterprise Development Agency (Seda), Small Enterprise Finance Agency (Sefa)			

2.1.8. Beef Industry Value Chain Analysis

2.1.8.1. Value Chain players, Supporter and influencers

The value chain analysis can be described as the activities that an organisation performs and links them to the organisation's competitive position. There are both primary and support activities. Primary activities are directly concerned with the creation or delivery of a product or services (incl. inbound logistics; operations and outbound logistics; marketing and sales). The primary activities are linked to support activities, which enable delivery of primary activities.

Figure 3: Industry Value Chain Players, Supporter and Influencers



Source: (adapted from Spies, 2011)

Figure 4 above has outlined has the Agri-Park can be effective and efficient as modelled around the value chain, including value chain players (such red meat industry organisations described above in figure 3 and table 7). The industry players constitute the industry micro level that covers beef cattle farmers to local consumers and export market. As demonstrated, the Agr-Park model is clearly aligned to the value chain.

The success of the micro level requires an enabling macro level, which is the value chain influencer. This influence mainly includes the business regulatory driven by government. There are various regulations in South Africa that influences red meat industry. International, there are opportunities and regulatory prescripts that enable the trade in red meat industry.

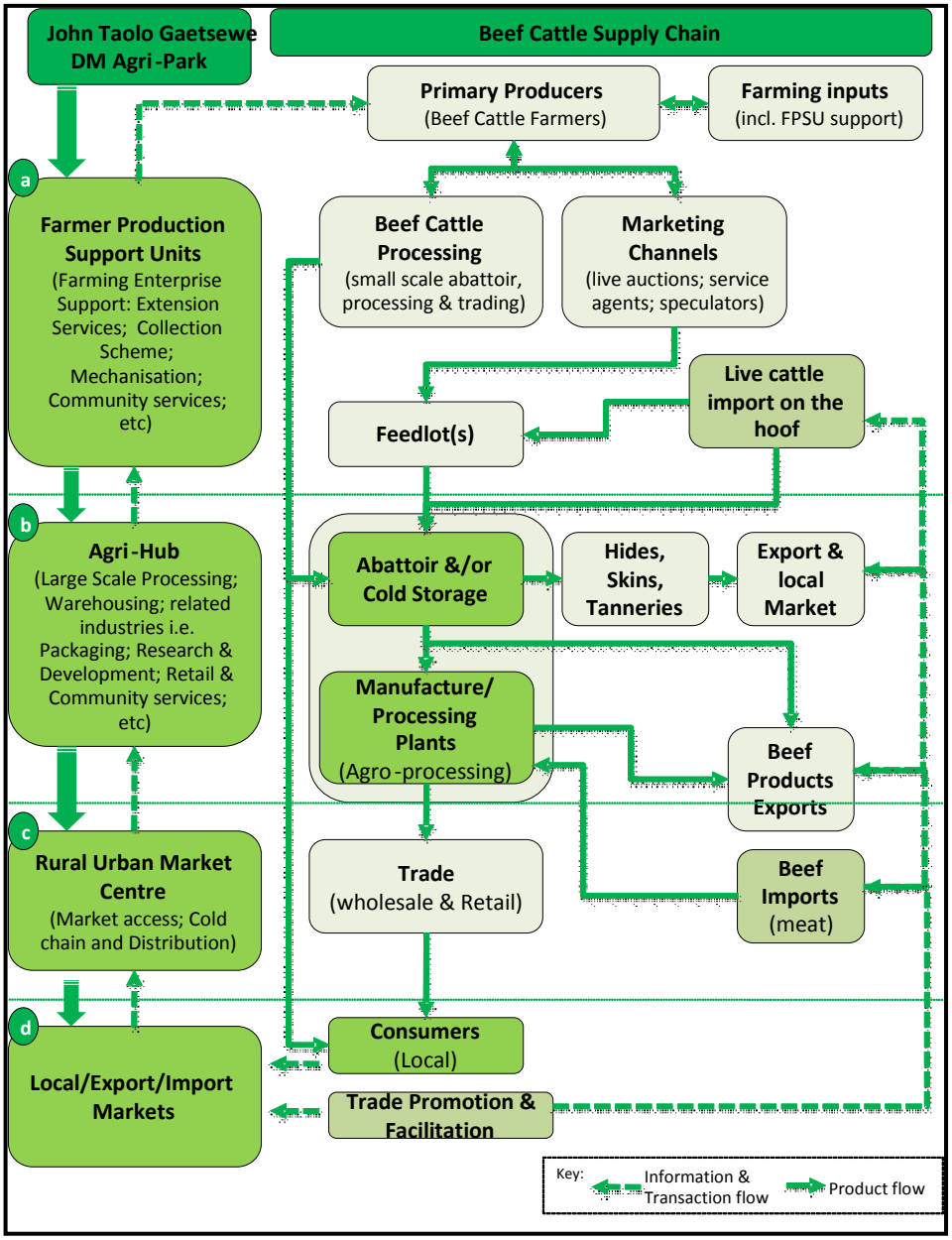
At a meso level, the various support services can be offered for the competitiveness of the Agri-Park production and services. The support services are normally provided by both the private and public sector organisation such as Department of Agriculture, Enterprise and Industry development organisation.

Thus the business environment for the sustainability of the Agri-Park is conducive.

2.1.8.2. Beef Cattle Supply Chain

Further to the industry structure and value chain analysis, the Agri-Park is also modeled against beef cattle supply chain as outlined in figure 5.

Figure 4: Beef Cattle Supply Chain by Agri-Park Model



There is a high correlation between the Agri-Park model and the beef cattle supply chain. This correlation will necessitate the development of the Agri-Park from point A to D for effective and efficient implementation of the Agri-Park policy framework. In conclusion the Agri-Park model can be easily assimilated around the beef industry value chain and supply chain

2.1.9. Agro-Processing Opportunities

According to DAFF (2012)10, 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.

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

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.

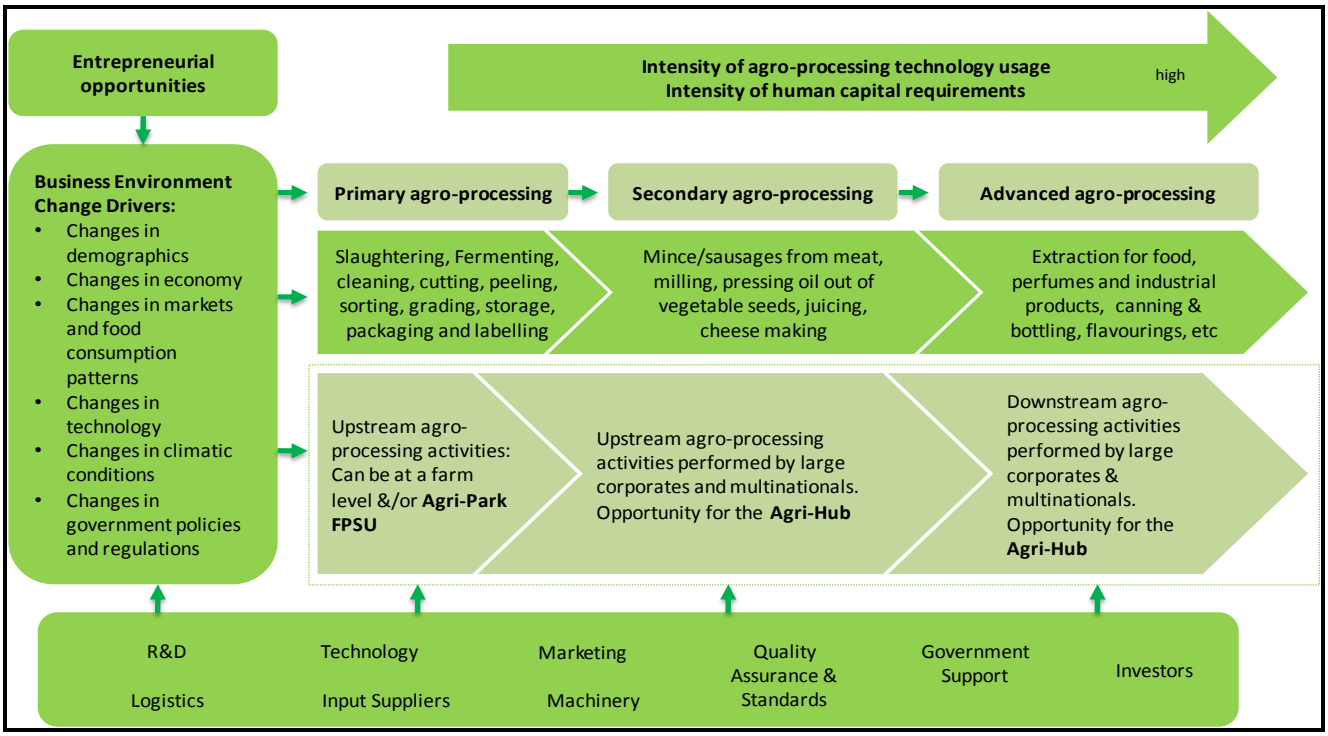
What is agro-processing?

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. 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 5: Phases of Agro-Processing Activities



Source: (adapted from Thindisa, 2014)[11]

[11] 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 [accessed on 08 January 2016]

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).

2.1.9.1. Agro-Processing Opportunities for John Taolo Gaetsewe DM

Due to its proximity to larger markets such as those in Gauteng Province and access to major roads (i.e. N14), JTG DM has agro-processing potential in the food sector and related industries. The proposed beef cattle agro-processing opportunity is in "Gelatin", as the key driver to three agro-processing opportunities.

Table 8: Agri-Hub: Agro-Processing Opportunities

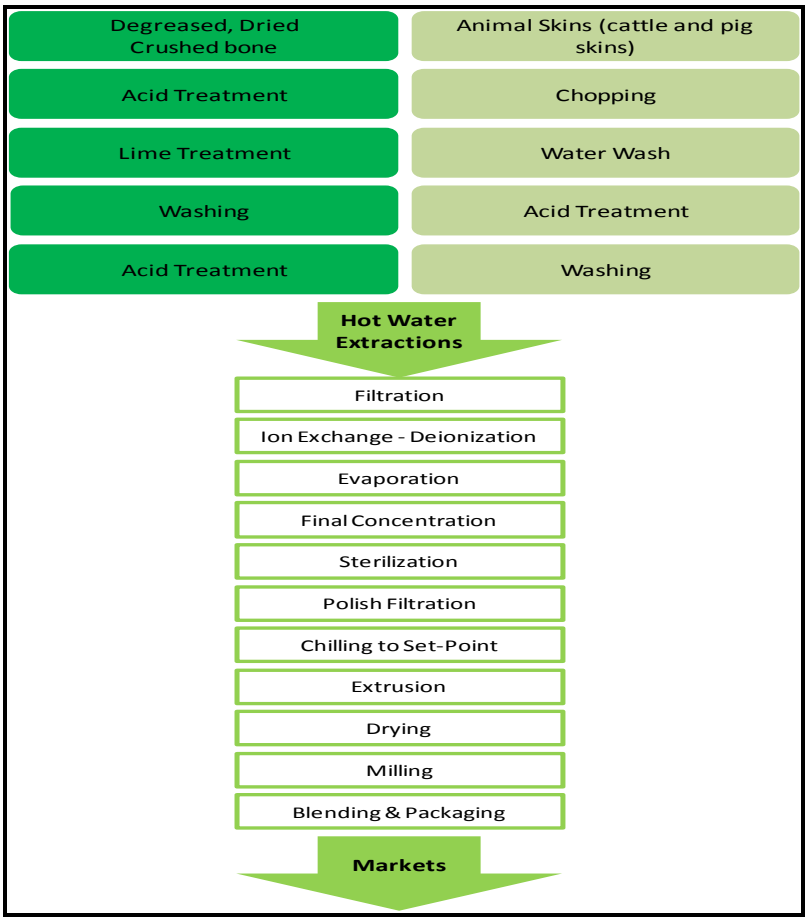
Agro-Processed Product (By-Product)	Gelatin produced from bones, horns, hooves and hides		
Description	Gelatin is a translucent, colourless, brittle, flavourless solid substance, derived from collagen found in animal bones and skin. It is commonly used as a gelling agent in food, pharmaceuticals, photography, and cosmetic manufacturing.		
Group of Products	**Secondary Agro-Processing Opportunity**	**Potential downstream Opportunity**	**Market Potential**
Edible beef by-products	**1. <u>Product One</u>: Input for Food and Beverages industry (food gelling agent)** Food Products in which Gelatin is present include: • Dairy – ice cream, sour cream, yogurt, cottage cheese, cream pies • Meat – ham, aspics, canned hams, meat loaves, pates • Desserts – jellied desserts, puddings, frostings • Confectionery – gum drops, lozenges, wafers, candy cigarettes, marshmallows, fruit snacks, gummi snacks • Other – consommé soups, sauces	**Product 1.1**: Raw-cooked products (e.g. sausages, meat loaf etc)	The South African food and beverages divisions in the agro-processing industry dominates the industry and jointly constitute over 50% of the market share (a high potential to supply the local food and beverages industry with gelatin) Some of the major players in food and beverages industry in South Africa: • Unifoods/Best foods • Nestle • National Brands • Tiger Brands • Premier Foods • Nabisco • AVI Ltd • Tongaat-Hullet Group • Illovo Sugar Ltd • All Joy Foods Ltd Gelatin has a greater Application Scope in various End-use Industries. More than 50% of the total consumption of Gelatin is in Europe Global market for Gelatin is projected to reach 440 thousand metric tons by 2020, driven by increasing use in drugs and supplements in the pharmaceutical

Agro-Processed Product (By-Product)	Gelatin produced from bones, horns, hooves and hides		
Description	Gelatin is a translucent, colourless, brittle, flavourless solid substance, derived from collagen found in animal bones and skin. It is commonly used as a gelling agent in food, pharmaceuticals, photography, and cosmetic manufacturing.		
Group of Products	**Secondary Agro-Processing Opportunity**	**Potential downstream Opportunity**	**Market Potential**
			industry.
Inedible beef by-products	**2. Product Two: Input for adhesive/glue industry (Bones and Hide Glue for industrial application)** Animal adhesives are of various kinds derived from skins and bones of the animals. The most common use for animal glue is as an adhesive solution where its gap filling properties added to its great dry strength are its main advantages. An adhesive is in woodworking/furniture, cardboard case closing, match head bonding to the stick and the bonding of abrasives to paper for use as sandpaper.	**Product 2.1:** Glue/Adhesive manufacturing	SA wood and paper industry, and furniture industry Supply to other Agri-Parks (e.g. Dr RSM leather furniture and shoe making industries)
Inedible beef by-products	**3. Bone meal (or Bone manure/Fertilizer) for livestock industry, plant and crop industry** **Bone meal** (or **Bone manure**) is a mixture of finely and coarsely ground animal bones and slaughter-house waste products. It is used as an organic fertilizer for plants and as a nutritional supplement for animals. As a slow-release fertilizer, bone meal is primarily used as a source of phosphorus and protein.	**Product 3.1:** Fertilizer manufacturing **Product 3.2:** Animal feed manufacturing	Supply to Agri-Parks across the country for primary production

The **principal raw materials** used in gelatin production in **cattle bones, cattle hides, and pork skins**. Several alternative sources include poultry and fish. Extraneous substances, such as minerals (in the case of bone), fats and albuminoids (found in skin), are removed by chemical and physical treatment to give purified

collagen. These pretreated materials are then hydrolyzed to gelatin which is soluble in hot water. Figure 7 illustrates gelatine production process.

Figure 6: Gelatin Production Process



John Taolo Gaetsewe DM FPSU Agro-Processing Opportunities

Other Agro-Processing Opportunities for JTGDM

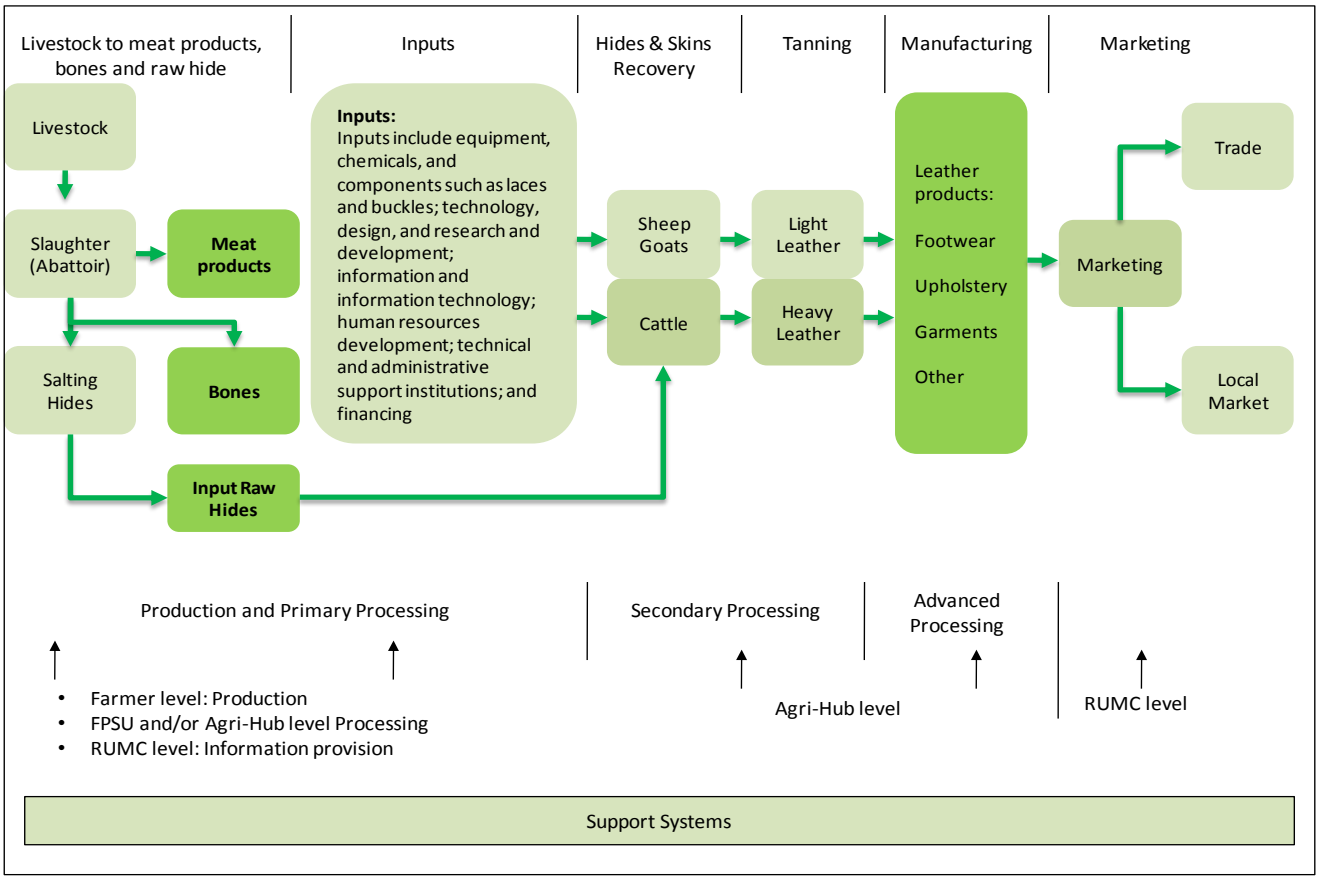
Northern Cape Trade, Tourism and Investment Agency seeks to attract agro-processing relating investment through the establishment of the Agri-Park in Kuruman, including industrial and commercial facilities dedicated to production and business services. The integrated infrastructure in one location and providing localized environmental controls that is specific to the needs of the industrial area to:

- Support the beneficiation of cattle through a world class economy of scale abattoir, meat processing and packaging plant and cold storage facilities
- Support the beneficiation of cattle hides through an economy of tannery, leather furniture manufacturing plant, leather footwear manufacturing plant

Beef hide is used to produce (Inedible beef by-products):

- Leather
- Footballs
- Base for ointments, binders for plaster and asphalt
- Base for insulation material (for house cooling & heating)
- Artists brushes (from fine hair in beef cattle ears)

Figure 7: Leather and Leather Products Supply Chain



The leather supply chain, presented graphically in figure 7, begins with livestock production, the source of its raw materials. It then has four stages - three processing stages and the final stage of marketing:

- **Stage 1**: The recovery of hides and skins from slaughtered animals on farms and in slaughterhouses.
- **Stage2**: The conversion of hides and skins into leather in tanneries, normally requiring substantial investment in equipment.
- **Stage 3**: The manufacture of leather products often carried out in labour-intensive small workshops with less need for substantial investment in equipment, or in larger capital-intensive factories.
- **Stage 4**: The marketing, both domestic and export, of intermediate and end products at different stages of the supply chain. This is the key to success in the modern leather products business. At the global level it is tightly controlled by international marketing agents who have the market knowledge and the wide network of sales channels that allow them to manage the complex supply chain mechanism, contracting production, providing finance and serving the customer on time.

Market Potential: The fashionable leather shoes, handbags and garments on sale in high street shops around the world are the outcome of a long and varied process that begins with the rearing of cattle, sheep and goats on small farms and large agribusinesses, on the hills and plains and in the valleys, of many very different countries: animals are reared and eventually slaughtered; their skins and hides are recovered, are tanned and become leather; the leather is further processed into leather products; these products are packaged and transported, and marketed and sold around the world[12].

12 UNIDO, (2002); A Blueprint for the African Leather Industry A development, investment and trade guide for the leather industry in Africa; http://www.unido.org/fileadmin/import/21182_LeatherBlueprint101003.pdf; [accessed 04 March 2016]

Across all FPSUs, at a small scale, the proposed agro-processing opportunities are in fresh processed meat products, raw-fermented and dried meat (biltong) for local markets, and bones and skins processing for the Agri-hub. Table 9 outlines the primary agro-processing opportunities that can be performed at the FPSU level.

Table 9: FPSU: Primary Agro-Processing Opportunities

Fresh processed meat products	Dried meat	Raw (dry) – fermented sausages
Beef: •Vacuumed Portions •Patties •Minced meat •Sausages •Kebab •Wors	Meat floss Biltong	Beef Salami

2.2. SWOT Analysis for the Beef Industry

The industry analysis can be summarised by means of a SWOT (strengths, weaknesses, opportunities, threats) analysis, which is a descriptive as well as an analytical tool. Strengths and weaknesses relate to conditions internal to a business or industry, whereas threats and opportunities refer to external conditions facing the organisation or industry.

	Beef Industry SWOT
Strengths	SA consumers traditionally love beef that is tender and tasty. This preference is the biggest strength and asset of the beef industry. Other strengths include: • SA traditions and customs (biltong, braaivleis, rugby) • Food safety • Quality assurance • A good animal disease status • A lean meat product • A well-established commercial sector [incl. The advent and growth of red meat restaurant (colloquially called “chesa nyama”)]
Weaknesses	South African agricultural businesses battle to be competitive, due to the playing field not being level. Factors that negatively influence competitiveness are: • Other countries subsidise their farmers; • There are unfavourable farming conditions compared to those of countries such as Brazil • The extent of SA legislation does not encourage fair competition • Problem animals causing damage need to be controlled efficiently to lessen the loss to the producer • SA lacks the capacity to commercialise developing producers • Basic good management practices are lacking in some of the industry sectors • Training and skills development are implemented too slowly • The implementation and control of good existing regulations are not uniform across national, provincial and municipal levels • Consistency in terms of the classification system is an issue with regard to the differences in animal quality between the formal and informal sectors.
Opportunities	There are several issues that can be used to build the beef industry: • Population growth (incl. growing middle class with higher disposable income) • The nutritional value of beef • The monitoring of beef by an independent organisation (SAMIC) increases perceptions of beef safety • The majority of the SA population has the time to cook and enjoys doing so • The changing needs of consumers, lifestyle changes and expectations • Consumer confidence • Product value-adding and natural and organic production • Emerging commercial farmers

	Beef Industry SWOT

Threats	Threats include:
	• Deteriorating economic condition (drop in consumer disposable income)
	• The affordability of beef
	• The perception that beef is unhealthy and may be unsafe to eat
	• The changing needs of the consumer provide opportunities, however, if these consumer needs are not adequately addressed, they may become threats
	• Security
	• Supply crisis
	• Natural resources:
	  ○ Good agricultural land for grazing and animal production is limited
	  ○ Soil erosion and pollution
	  ○ Disasters such as drought, and losses due to the cold
	  ○ The availability of water
	• Animal health and wellbeing
	• Increases in food prices
	• Import tariffs
	• HIV and AIDS

In conclusion, further market studies and feasibilities have to be conducted to validate and confirm these agro-processing opportunities related to **John Taolo Gaetsewe DM together with Bojanala Platinum DM being a Gelatin Producing Centre of South Africa**. It is going to be important for the two districts to explore this agro-processing opportunity together.

These opportunities are a guiding principle for describing the Agri-Park Infrastructure plan outlined in chapter 4 in response to chapter 3 that formulates a strategy for John Taolo Gaetsewe DM Agri-Park Master Business Plan.

Chapter Three: John Taolo Gaetsewe District Municipality Agri-Park Strategy

The Agri-Park strategy is aimed at providing direction and scope for **John Taolo Gaetsewe 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 **John Taolo Gaetsewe 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 John Taolo Gaetsewe DM Agri-Park Strategic Intent

The formulation of John Taolo Gaetsewe DM Agri-Park outcome, vision, mission, goal and objectives are described below:

3.1.1. 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

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.

Proposed Vision Statement for John Taolo Gaetsewe DM Agri-Park –

- The John Taolo Gaetsewe 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.

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's 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 John Taolo Gaetsewe DM Spatial Development Framework Development Principles/Objectives.

Proposed Mission Statement for John Taolo Gaetsewe 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 achieve:
    - 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 the prevention of overgrazing and vegetation degradation 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 Kuruman, Sishen and Kathu; and to promote small-scale manufacturing/ light industrial activities, including agro-processing, at Rural Service Centres and FPSUs.

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 John Taolo Gaetsewe DM Agri-Park –

- By 2025 John Taolo Gaetsewe 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 John Taolo Gaetsewe DM Agri-Park:

3.1.4.1. Objective 1: Transformation and Modernization

Proposed Objective One for John Taolo Gaetsewe DM Agri-Park –

- To transform and modernise rural areas and small towns in John Taolo Gaetsewe 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:

<u>Equitable Growth and Competitiveness</u>

- Promoting import substitution and export expansion through concerted value chain/commodity strategies;
- Reducing dependence on industrial and imported inputs;
- Increasing productive use of fallow land; and
- Strengthening R&D outcomes.

3.1.4.2. Objective 2: Agri-Park Infrastructure Development

Proposed Objective Two for John Taolo Gaetsewe DM Agri-Park –

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

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

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

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

3.1.4.3. Objective 3: Agri-Park Governance and Management

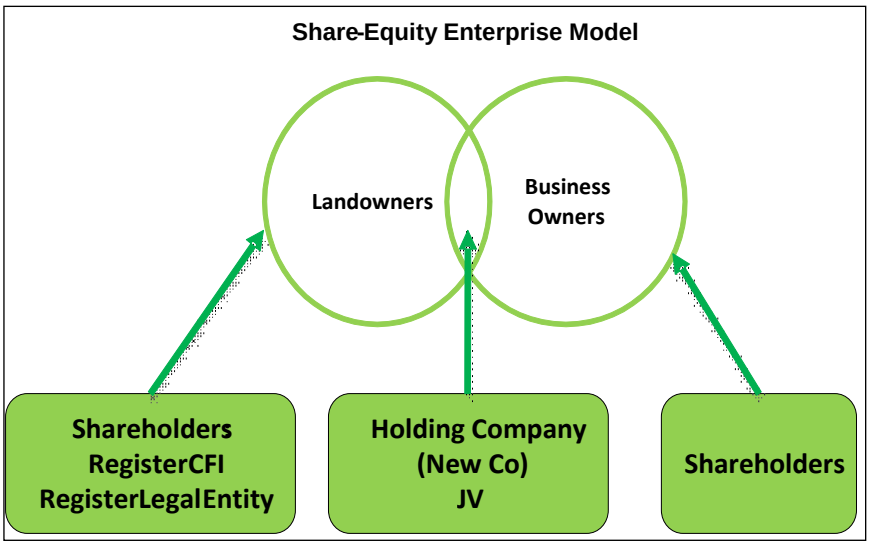
Proposed Objective Three for John Taolo Gaetsewe DM Agri-Park –

- 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 8 below); and,
- Allowing smallholder producers to take full control of Agri-Parks by steadily decreasing state support over a period of ten years.

Figure 8: Share-Equity Model



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

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

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

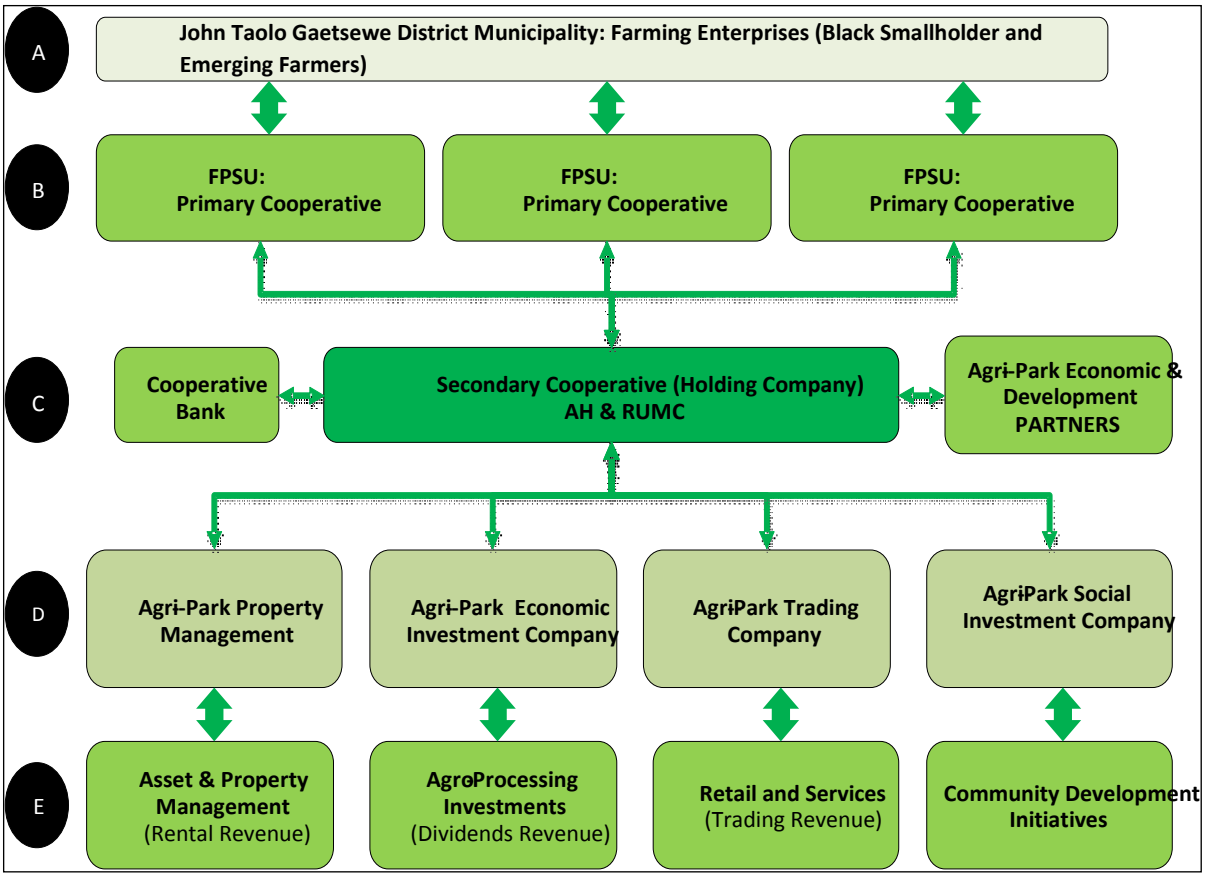
The table 10 and figure 9 below outlines a proposed Agri-Park ownership, governance and management model

Table 10: **Proposed Agri-Park Ownership, Governance and Management Model**

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

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

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



3.1.4.4. Objective 4: Agri-Park Funding

Proposed Objective Four for John Taolo Gaetsewe 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.

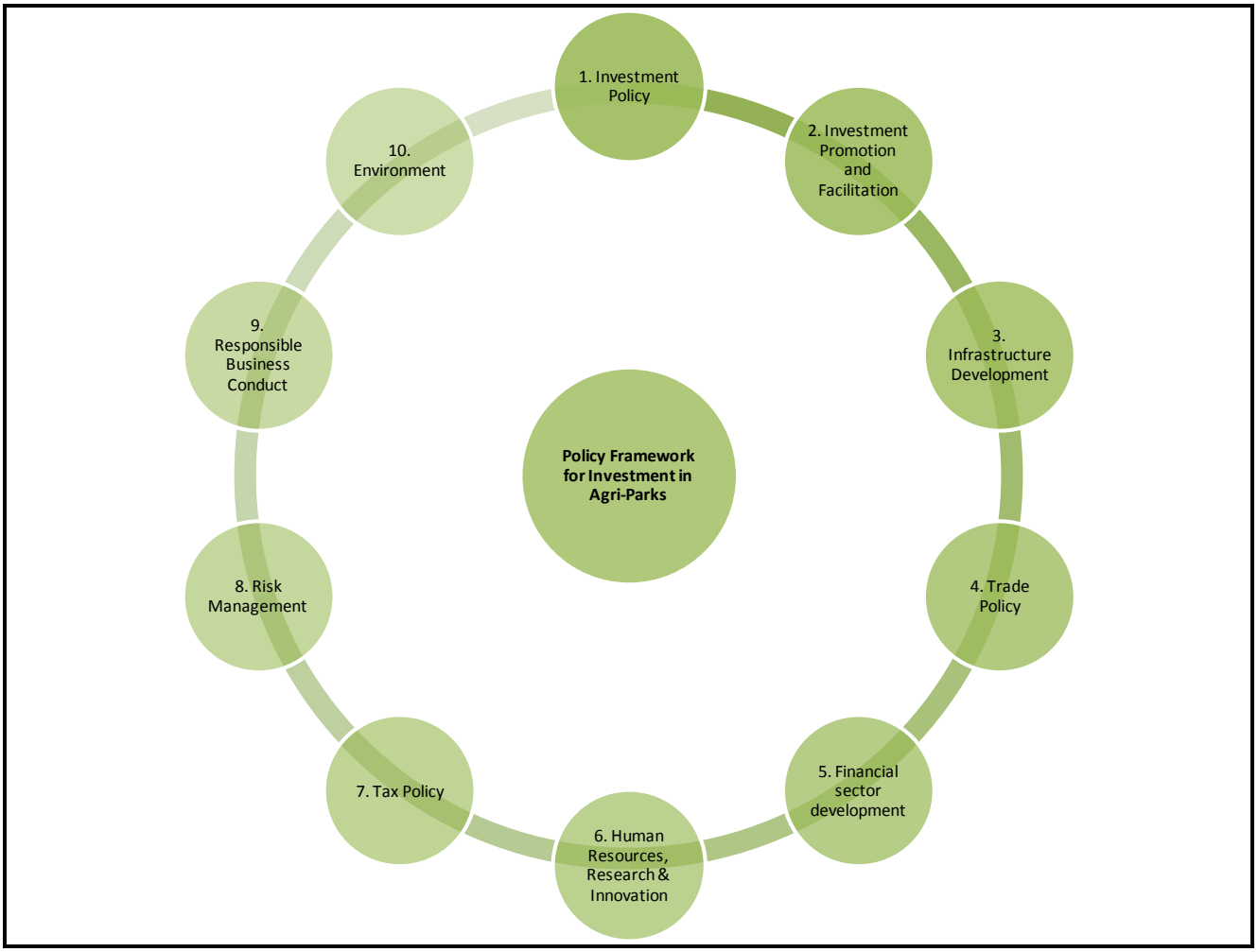
The renewed emphasis on and need for rural development in South Africa exposes the limited capacity of the Development Finance System(DFS) and other development agencies to transform the rural economy and reach marginalised enterprises in rural areas, notably the former Bantustans, where many of these 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 10: Proposed Policy Investment Framework for Investing in Agri-Park



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.

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 Community Development

Proposed Objective Five for John Taolo Gaetsewe 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 John Taolo Gaetsewe DM Agri-Park –

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

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

Chapter Four: JTG District Agri-Park Infrastructure Plan

4.1 Introduction

This chapter is 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 John Taolo Gaetsewe DM agricultural sector challenges. It proposes an Agri-Park infrastructure development framework for the John Taolo Gaetsewe 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 DAFF (2011)[13], 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 consolidat**ion 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.

[13] DAFF (2011) . South African Agricultural Production Strategy 2011 – 2025, http://www.daff.gov.za/doaDev/doc/IGDP/AGRIC_PRODUCTION_STRATEGY_FRAMWK.pdf; [accessed on 26 November 2015]

The John Taolo District Municipality is situated in the Northern Cape Province and is bordered by (1) Z.F. Mgcawu and Frances Baard to the south and west; (2) The North West Province (Dr. Ruth Segomotsi District Municipality to the east and northeast; and (3) Botswana to the north west. The JTGDM comprise of three local municipalities:

a) Ga Segonyana Local Municipality

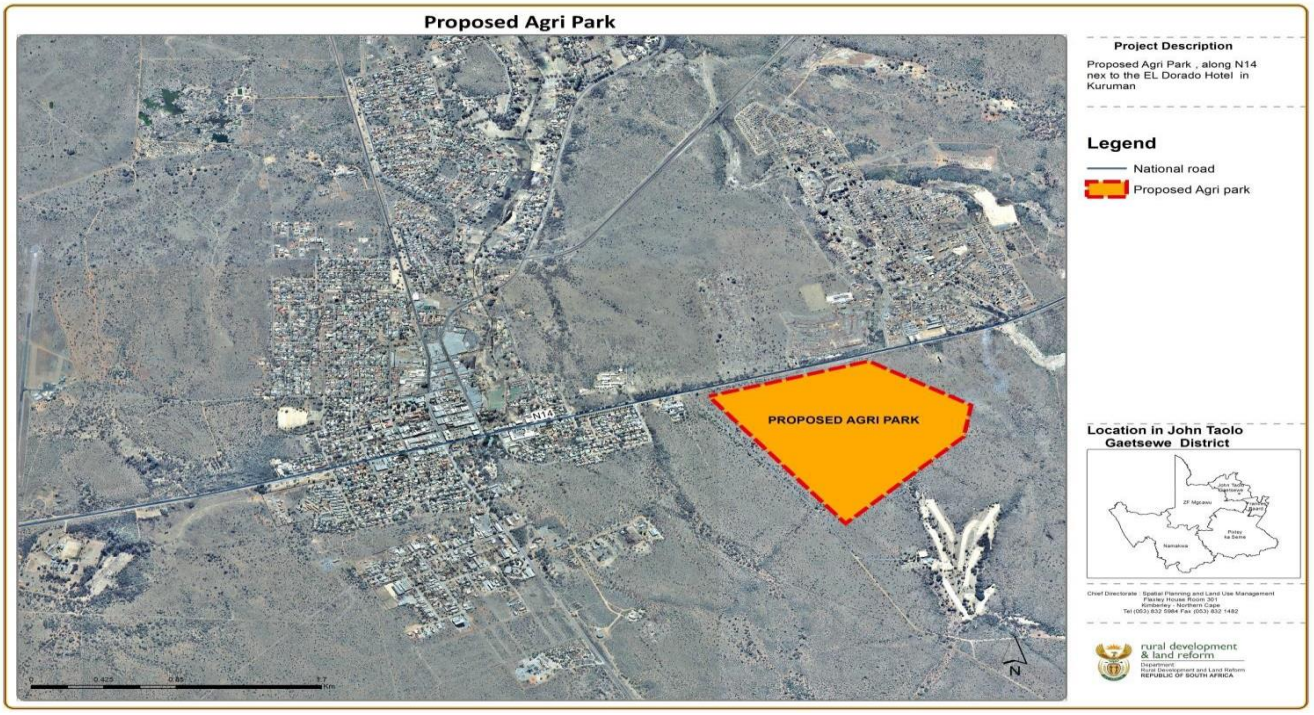
b) Joe Morolong Local municipality; and

c) Gamagara Local Municipality

Amongst others, the following opportunities and challenges were identified from the district Spatial Development Framework (2012) and the JTGDM's Rural Development Plan (2015):

Opportunities	**Challenges**
• Contribution of agriculture to the GVA could increase. • Strategic locality as a gateway to the SADC countries. • Dry and arid climate, vegetation as well as wide open spaces ideal for cattle, goat and game farming. • Kgalagadi Agricultural Hub. • Ephemeral water system. • Mining and quarry • District gateway • Agri-industries and Transformation of agricultural sector. • Exports of agricultural and other products. • Infrastructural investment as key driver for economic growth and Reconstruction of distorted patterns. • Availability of state owned land. • Availability of underground water • Large pool of labour (semi-skilled and unskilled)	• Droughts and high rate of evaporation. • Lack of tarred roads in some of the Local Municipalities (especially en route to FPSUs). • Encroachment of mining activities onto agricultural land. • Erosion. • Overdependence of the District economy on the Mining sector and community/social service sector. • Water contamination of ground water resources as a result of mining. • Lack of strong revenue base. • Overgrazed land in the tribal authorities. • Low levels of literacy amongst the members of the communities and low household income in the District. • High rate of unemployment in the District • No training institution for agriculture and agribusiness

4.2 Introduction to John Taolo Gaetsewe DM Agri-Hub and Farmer Support Units



Map1: John Taolo Gaetsewe Agri-Hub Locality, Kuruman (Source: DRDLR 2015)

Kuruman 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 (6ha) location is situated within the Ga Segonyana Local Municipality next to the Kuruman abattoir. The municipality's economy is mainly based on the surrounding mining and agricultural activities.

Kuruman is situated on the Namaquari route, forming part of the main route between Gauteng and Namibia and Cape Town via Upington. The site was proposed for the following reasons:

- Kuruman is the Economic Development Department's district gateway
- The agricultural enterprise commodities include: Beef, cattle, and sheep
- Agricultural infrastructure exists in Kuruman (Silo, 2 red meat abattoirs)
- The district is at least 30% tribal area
- Connected to good road transport network
- Presence of state land and Kuruman spring produces 20 million litres of water per day
- There is a cooperative to the north west and a grain silo to the south east of Kuruman town
- There are many restitution claims to the south and west of Kuruman town
- There are many potential vacant state land farm portions to the north of Kuruman town
- There is a CASP project to the south of Kuruman town
- There are a few land care projects to the south and south west of Kuruman town
- Good road connectivity (N14)
- There are AVMP farms to the south east of Kuruman town
- There are SPAR and Pick n Pay stores in Kuruman town
- The nearest railway link is in Kathu which is 45km from Kuruman

The proposed Agri-Hub for is located within the industrial development site on land (Greenfields) owned by the Ga-Segonyana LM. The Ga Segonyana LM Council has taken a resolution and issued a letter of intent that it would allocate 6ha of municipal land for the establishment of the JTG Agri-Park Hub. An environmental impact assessment study has been conducted and bulk infrastructure exists on the site according to the GSLM. The GSLM has recently also allocated 10ha at the Yale Farm for agro-processing linked to the AH. An EIA has already been conducted. Privately owned livestock auction pens and the Kuruman abattoir is situated next to the AH. The DRDLR is currently strongly considering buying the abattoir from the deceased owner's estate. The abattoir has an output of about 54 per day.

The AH will be supported the feeder FPSUs:

Table 11: **Farmer Production Support Units**

Local Municipality	Confirm FPSU Location & Commodities	Distance to the AH
Ga Segonyana	**Yale Farm** Beef Cattle Sheep Catchment areas will be surrounding villages & towns	15km (10km tarred & 5km gravel)
Joe Morolong	**Heuningvlei** Beef Cattle Goats Catchment areas will be surrounding villages & towns	140km (40km tarred & 100km gravel)
	Vanzylsrust Beef Cattle Sheep Catchment areas will be surrounding villages & towns	144km (40km gravel)
	Tom Brown Farm Beef Cattle Sheep & goats Catchment areas will be surrounding villages & towns	70km (35km gravel)
	Pender Farms Beef Cattle Sheep Catchment areas will be surrounding villages & towns	40km (20km gravel)

Therefore in terms of beef cattle as an input resource to agro-processing the area has growth potential, the proximity to large markets in Gauteng is a positive and the other issue highlighted can be addressed through intensive government support and market development initiatives.

It is proposed that the Agri-Hub should include the following facilities and support services:

Table 12: **Proposed Agri-Park Hub facilities and support services**

Components	Built Up Infrastructure
• Production	**Production Zone**: ○ Livestock Facilities (holding area, etc)
• Processing	**Primary Processing Zone (Phase one)** ○ Abattoir ○ Bones and skins processing ○ Fresh Processed Meat Products
	Secondary Processing Zone (Phase two) ○ Gelatin production (food and adhesive/glue industries)
	Advanced Processing Zone (Phase three) ○ Glue/Adhesive Manufacturing (gelatine is the input) ○ Fertilizer manufacturing (from bone meal) ○ Animal Feed manufacturing (from bone meal)
• Research and Development (R&D)	○ Research and Development Centre ○ Farming enterprises development centre ○ Training centre
• Trade	○ Standard Design Factories: i.e. for Packaging, cold stores, warehousing, etc. ○ Commercial: office and retail space
• Social	○ Housing zone, ○ Leisure and health services zone ○ Utility services
• Other	Zones for: ○ Waste management and disposal ○ Water management treatment plant ○ Power supply plant (renewable energy) ○ ICT (broadband and broadcast) ○ Security services

The Agri-Hub will come with a bundle of common infrastructure conforming to South Africa's property development standards, including internal roads, rain water harvesting facilities supported by quality and consistent water supply, uninterrupted power supply, common operation, maintenance and management of security, logistics, ICT and etc. Figure 11 demonstrates how these components will interconnect including the FPSUs.

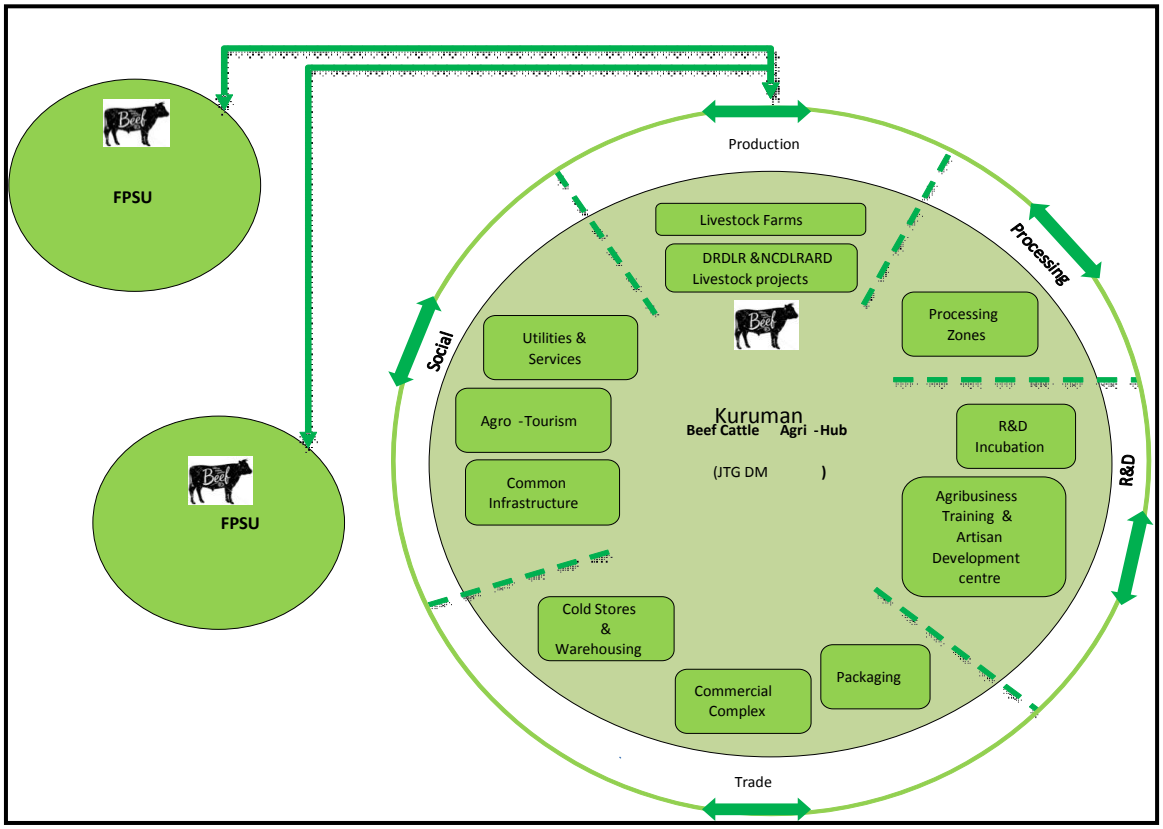


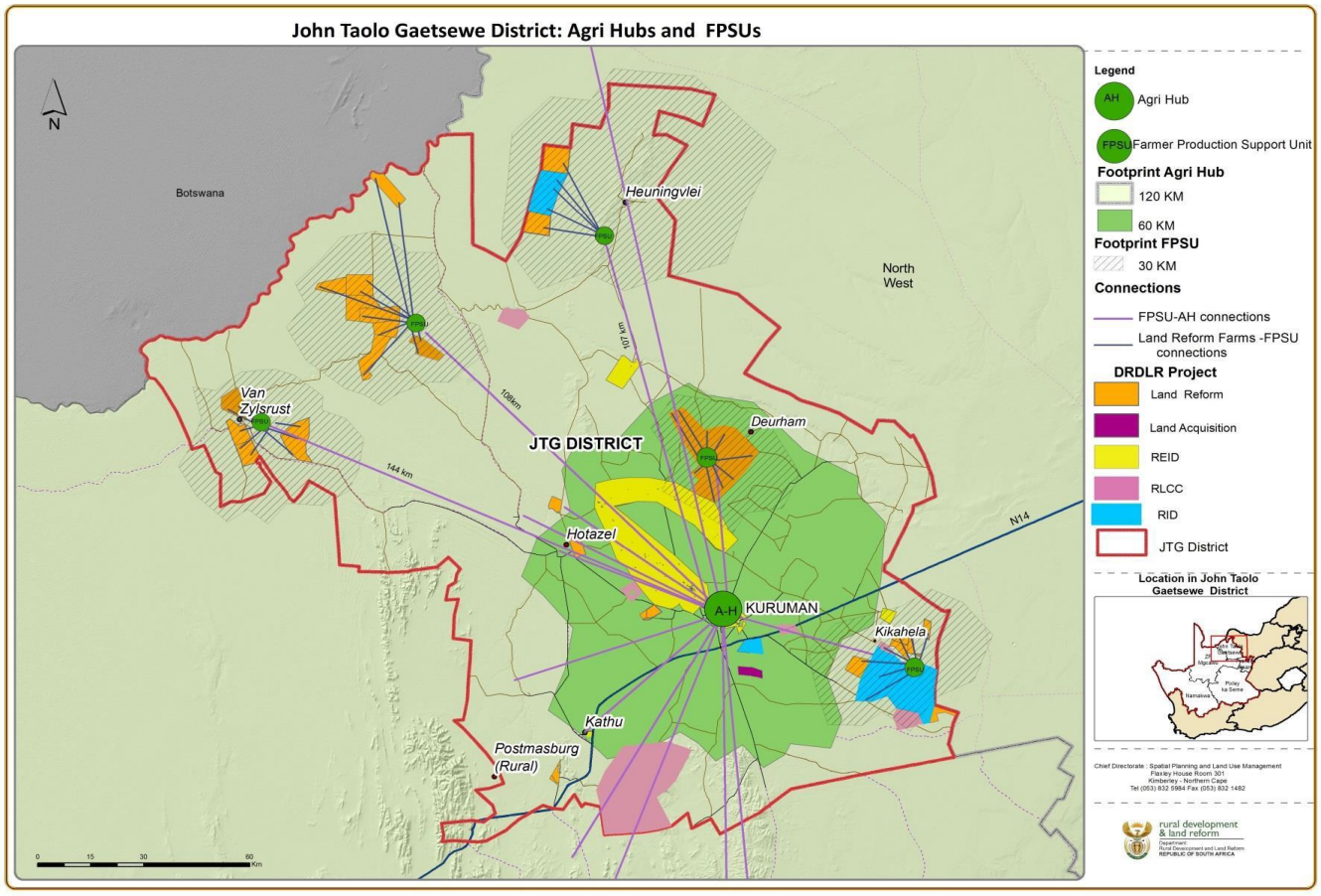
Figure 11: Common infrastructure components

4.2.1.3. Agri-Hub Conceptual Infrastructure Master Plan

The Agri-Hub at a minimum will adequate development zones (plots) as per proposed Agri-Hub components. Agri-Hub conceptual built up will be developed in relation to the soil, vegetation, size and shape of the land earmarked for the Agri-Hub infrastructure development.

Further studies including the Environmental Impact Assessments (EIA) will need to be conducted to inform the envisaged zones development, and this will result to Architectural Design Plan, i.e. master site plans.

According to CSIR (2016)[14], the Agri-Hub is a production, equipment hire, processing, packaging, logistics and training (demonstration) unit.



Map2: John Taolo Gaetsewe Agri-Hub and FPSUs (Source: DRDLR 2015)

Farmer Production Support Units feeding into the John Taolo Gaetsewe DM Agri-Hub

The FPSUs are to be spatially spread across the five district local municipalities. The FPSU are to be developed over the 10-year period. DRDLR has indicated that in the short-term, i.e. in the first three years, at least two FPSUs could be developed in phase one (first three years) and the other FPSUs are to be developed in phase two. The envisaged FPSUs are to primarily focus in cattle beef production and operate as feeders to the Agri-Hub.

The most suitable location for the establishment of FPSUs in John Taolo Gaetsewe DM is:

Yale Farm

Yale Farm is 15km (5km of gravel) from the AH and located in the Ga Segonyana LM. Smallholder and emerging farmers farm with beef cattle, goats and sheep.

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

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

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas
- Small-scale agro-processing facility (abattoir)
- Packing and cooling facility for handling and packing of meat.
- Mechanization, servicing and repair centre
- Extension support and training using universities, agricultural graduates and NARYSEC
- Logistics support
- Auction facilities
- ICT facilities on commodity prices
- Small business development centre
- Local market facility to sell produce locally (farmers market)
- FPSU production input supply facility (a local branch of the main production input supply facility).
- Small meeting and internet facility

Heuningvlei

Heuningvlei is situated 140 km (40km tarred and 100km gravel) from the the AH and located in the Joe Morolong LM. Smallholder and emerging farmers farm with beef cattle and goats.

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

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas
- Small-scale agro-processing facility (abattoir)
- Packing and cooling facility for handling and packing of meat.
- Mechanization, servicing and repair centre
- Extension support and training using universities, agricultural graduates and NARYSEC
- Logistics support
- Auction facilities
- ICT facilities on commodity prices
- Small business development centre
- Local market facility to sell produce locally (farmers market)
- FPSU production input supply facility (a local branch of the main production input supply facility).
- Small meeting and internet facility

Vanzylsrust

Vanzylsrust is situated 144km (104km tarred and 40km gravel) from the AH and is located in the Joe Morolong LM. The proposed FPSU would be allocated on communal land.

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

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas
- Small-scale agro-processing facility (abattoir)
- Packing and cooling facility for handling and packing of meat.
- Mechanization, servicing and repair centre
- Extension support and training using universities, agricultural graduates and NARYSEC
- Logistics support
- Auction facilities
- ICT facilities on commodity prices
- Small business development centre

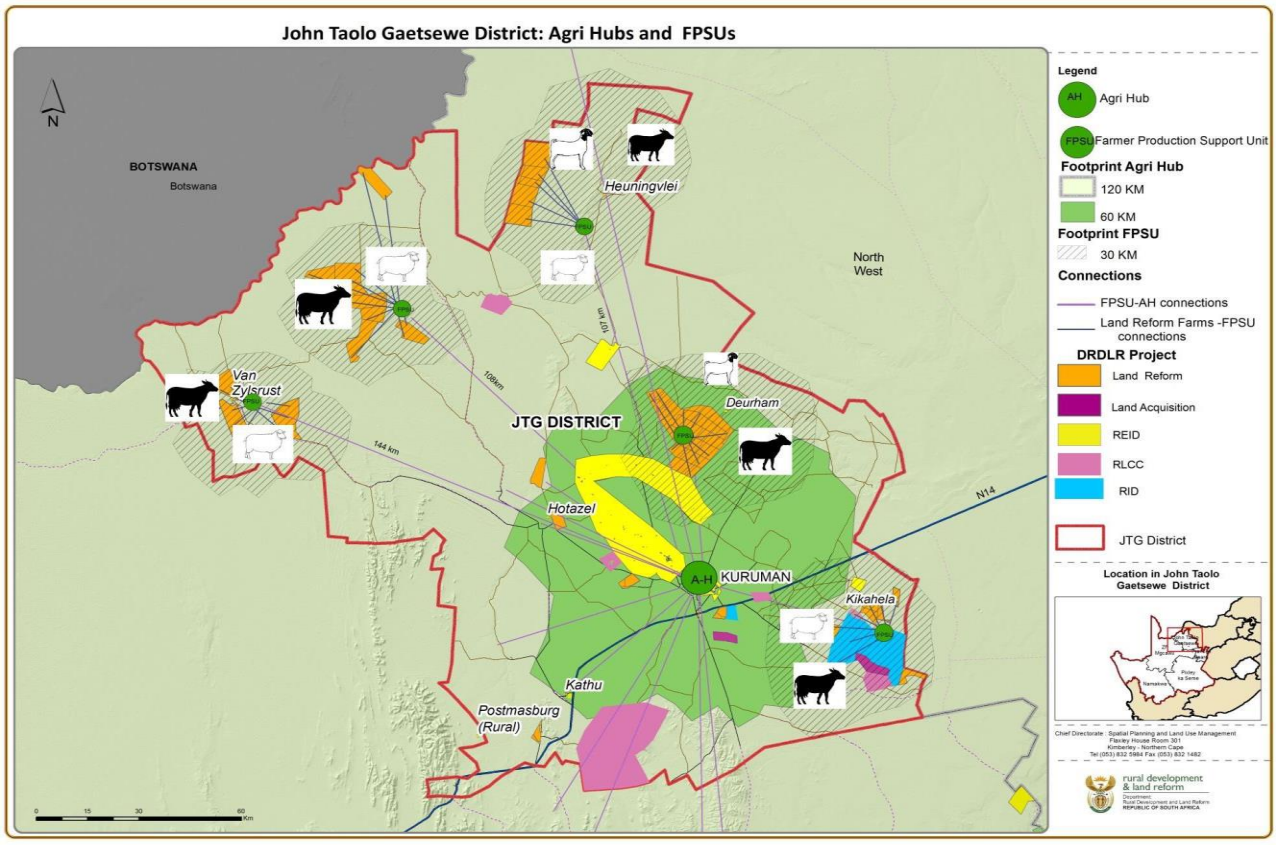
- Local market facility to sell produce locally (farmers market)
- FPSU production input supply facility (a local branch of the main production input supply facility).
- Small meeting and internet facility

Tom Brown Farm

Tom Brown Farm is situated 70km (35km tarred and 35km gravel) from the AH and located in the Joe Morolong LM. Smallholder and emerging farmers primary production are beef cattle, sheep and goats.

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

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas
- Small-scale agro-processing facility (abattoir)
- Packing and cooling facility for handling and packing of meat.
- Mechanization, servicing and repair centre
- Extension support and training using universities, agricultural graduates and NARYSEC
- Logistics support
- Auction facilities
- ICT facilities on commodity prices
- Small business development centre
- Local market facility to sell produce locally (farmers market)
- FPSU production input supply facility (a local branch of the main production input supply facility)
- Small meeting and internet facility



Map3: John Taolo Gaetsewe Agri-Hub and FPSUs Commodities (Source: DRDLR 2015)

PESTEL Assessment

Table 13: PESTEL assessment

Political	National focus on agrarian reform, rural development and sustainable rural communities IPAP & APAP focus on agro-processing and bio-fuels Backlogs in land restitution and lack of support to new land owners Focus on agriculture and rural development in Provincial and District Municipality Growth and Development Strategies Focus on food security, nutrition and food sovereignty Political administration interface Agri-BBBEE Limited of support to smallholder farmers Unemployment; poverty and inequality Trust relations between government, private sector, civil society, labour, traditional leaders Historical land issues Intergovernmental relations Public service capacity, capability and competence Corruption, nepotism and cronyism Policy consistency, certainty, continuity and implementation
Economic	Agricultural inputs costs (feed and equipment, etc) Alternative markets (government, local and informal markets) IPAP & APAP financial support to high priority agricultural products and agro-processing Lack of smallholder and emerging farmers access to markets, credit, transport, finance, extension services, etc Domination of markets by large commercial farmers Volatility and speculation in commodity market Exchange rates Potential for inclusive growth Potential for increased job creation Increase cost of electricity and inconsistent supply to rural areas Drought Increased food demand Currency volatility and stability Micro-economic policy Retailers Competitiveness Public Private Partnerships Policy consistency Imports Economic structural issues
Social	Crime Social capital and social cohesion HIV/AIDS Unresolved CPA disputes Migration out of rural areas reducing agricultural workforce Perception that agriculture is an unattractive sector amongst the youth Availability of social basic services such as health, education, etc Low levels of skills development in agricultural sector NARYSEC Potential to create viable smallholder businesses

	Uneven development in rural areas
Technological	Indigenous and modern technology Technology for family farmers and smallholder farmers New innovative technology ICT innovative digital platforms (prices, markets, weather, etc) R&D Renewable energy sources Productivity Logistics Small scale processing technology
Environmental	Limited water supply 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 SPLUMA 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

JTGDM Agri-Park SWOT Analysis

A review of the significant trends, issues and changes in the external environment in which **JTG 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 smallholder and 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.
- Over grazing

4.5.3. Opportunities

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

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

4.5.4. Threats

- Stifling bureaucracy
- Poor intergovernmental relations between the three spheres of government
- Alignment between various Agri-Parks committees (DAMC) and DLRCs-too many committees
- Technical capacity at district and local municipal levels
- Scarcity and degradation of land, water and soil
- 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
- 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
- Commercialisation of communal herd owning 40% of national herd.
- 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 JTG DM, development of detailed infrastructure master plans and feasibilities are the next key actions for the Agri-Park establishment in the district.

Chapter Five: JTG 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 a coordinated manner as possible and therefore the pending appointment of a District Agri-Park Manager will assist in this regard and provide a key focal point for all stakeholders to interact with.

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

a) Agri-Park Success Factors based on international experience;
b) Agri-Park Implementation monitoring plan to guide the monitoring of the Agri-Park (it will be critical for stakeholders to agree on key indicators to be monitored and for regular progress reports on these indicators to be presented and discuss at the Agri-Park stakeholder meetings such as the DAPOTT and DAMC)
c) Agri-Park Risk Management Plan: it will be critical for key risk managers to be identified and who are responsible to implementing actions to mitigate the key risks facing the successful implementation and operation of the Agri-Park.
d) Agri-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 seven generic success factors can be identified for Agri-Parks. These include:

Table 14: **Agri-Park critical success factors**

• Production Systems and Innovation:	Engage expertise support for Agri-Park to implement systems and innovate. A culture of Research and Development to be inculcated in the enterprise Develop a plan that integrates the necessary R&D with the overall Agri-Park strategic plan Identify and prioritise R&D projects based on the contribution of the likely research outcomes to overall industry performance Encourage a long-range program approach rather than commission a series of independent projects Ensure that R&D is commercially focused on the product outcome Build long-term relationships with competent and experienced research providers.
• Enterprise and Industrial Development Support and enablers:	The development and support of the enterprise needs to be on both the enterprise and industry development levels. With a view to drawing on these interventions benefits to critical mass or scale. Recognise the importance of being a certain size before successful commercialisation can be possible Focus on growth at both enterprise and industry levels with a view to

	drawing on these benefits once critical mass has been achieved once critical mass has been achieved Recognise the contributions to growth possible through partnering throughout the supply chain, and through mentoring of new industry players Encourage collective marketing and branding programs. The enterprise development, amongst others will cover leadership development and retention; business planning; businesses formalisation e.g. coops registration and business resourcing. Facilitate access to enablers such as finance, appropriate technology, business development services, electricity, appropriate roads and bridges, etc.
• Quality Product Development:	The Agri-Park to develop skills in food product development. Compliance with industry codes of good practice in terms of product description and quality assurance Standardisation of terminology and the way products are graded, labelled and traded
• Brand Building and Marketing:	All world-class low-tech enterprises are exceptionally good at building their brands, and protect their trademarks and logos. Linked to enterprise development support, the Agri-Park needs to develop a branding look and feel (also incorporating its wide word web presence) The Agri-Park to develop a precise marketing plan and allocate resources for the promotion of the enterprise products.
• Business linkages and supply chains:	Empower local distributors to get product to the market Establish vertical and horizontal business linkages Identify the market (or market segment) to be targeted Identify sustainable supply chain partners most appropriate to the chosen market segment Establish effective, ongoing, structured lines of communication between the supply chain partners Project a realistic view of the industry's position and outlook Build relationships based upon mutual benefit along the supply chain
• Governance and management	Competent Agri-Park management and governance Business management systems and structures need to be in place Business principles of profit, people and planet Good corporate governance practices should be adhered to at all times Comply with corporate governance legislative, policy and regulatory frameworks (public and private sector).
• Supply contracts in place for key inputs:	The prices of agricultural inputs are incredibly volatile due to factors such as adverse weather conditions and insect infestations. To negate this, long-term fixed-price supply contracts with local farmers, suppliers (e.g. packaging company) and distributors is crucial.
• Sustainable development	Principles of sustainable development Integrated energy, water and waste management design and processes Applications of the principles of industrial ecological, i.e. mutual use of

	waste and by-products

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

Location:	The basic objective is to choose the location which minimises the average production cost, including transport and handling. It is an advantage, all other things being equal, to locate a processing unit near the fresh raw material supply. An adequate supply of good water, availability of labour pool, proximity to rail or road transport facilities and adequate markets are other important requirements.
Processing planning:	A well planned commodity processing centre must be designed to operate for as many months of the year as possible. This means the facilities, the buildings, the material handling and the equipment itself must be inter-linked and coordinated properly to allow as many products as possible to be handled at the same time, and yet the equipment must be versatile enough to be able to handle many products without major alterations. A typical processing centre or factory should process four or five types of commodities at different times of the year.
Processing systems (Scalability):	**Small-Scale Processing**. 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. **Intermediate-Scale Processing**. In this scale of processing, a group of small-scale processors pool their resources. This can also be done by individuals. Processing is based on the technology used by small-scale processors with differences in the type and capacity of equipment used. The raw materials are usually grown by the processors themselves or are purchased on contract from other farmers. These operations are usually located on the production site in order to assure raw materials availability and reduce cost of transport. This system of processing can provide quantities of processed products to supply nearby urban areas. **Large-Scale Processing**. Processing in this system is highly mechanised and requires a substantial supply of raw materials for economical operation. This system requires a large capital investment and high technical and managerial skills. For example, because of the high demand for foods in recent years many large-scale factories were established in developing countries. Some succeeded, but the majority failed, especially in West Africa. Most of the failures were related to high labour inputs and relatively high cost, lack of managerial skills, high cost and supply instability of raw materials and changing governmental policies. Perhaps the most important reason for failure was lack of

	adequate quantity and regularity of raw material supply to factories. Despite the failure of these commercial operations, they should be able to succeed with better planning and management, along with the undertaking of more in-depth feasibility studies.
Choice of processing technologies	The basis for choosing a processing technology ought to combine labour, material resources and capital so that not only the type and quantity of goods and services produced are taken into account, but also the distribution of their benefits and the prospects of overall growth. These should include: • increasing farmer/artisan income by the full utilisation of available indigenous raw material and local manufacturing of part or all processing equipment; • cutting production costs by better utilisation of local natural resources (solar energy) and reducing transport costs; • generating and distributing income by decentralising processing activities and involving different beneficiaries in processing activities (investors, newly employed, farmers and small-scale industry); • maximising national output by reducing capital expenditure and royalty payments, more effectively developing balance-of-payments deficits through minimising imports (equipment, packing material, additives), and maximising export-oriented production; • maximising availability of consumer goods by maximisation of high-quality, standard processed produce for internal and export markets, and increasing the volume and quality of agricultural output

5.2. Agri-Park Strategy Implementation (outcomes, outputs, targets and activities)

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

Table 15: **Proposed Agri-Park Strategy Implementation (outcomes, outputs, targets and activities)**

STRATEGIC OBJECTIVE 1:	**Transform Rural South Africa through a modernised agricultural sector**		
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
JTG District Agricultural Sector transformed and modernised	Vibrant JTG District community and Food Security	% increase in households standard of living (socio impact)	Implement and manage Agri Park
	Percentage contribution of Agricultural to JTG District economy	% increase in contribution of Agricultural sector to the JTG District economy (econ impact)	Implement and manage Agri Park

STRATEGIC OBJECTIVE 1: Transform Rural South Africa through a modernised agricultural sector			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
	Increased agricultural beneficiation (agro-processing activities)	% increase in agricultural beneficiation activities	Implement and manage Agri Park
	Number Black Industrialists Developed	# of black industrialists in agro-processing developed	Implement and manage Agri Park

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

STRATEGIC OBJECTIVE 3: Establish and implement a sustainable Agri-Park governance and management model			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**

STRATEGIC OBJECTIVE 3: Establish and implement a sustainable Agri-Park governance and management model			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
JTG 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	• Articles of association • Management contract	• Develop Articles of Association for Agri-Park • Develop management contract for Agri-Park hubs and FPSU's
	District Statutory body responsible for oversight established	• Memorandum of Understanding • Municipal resolution	• Develop Memorandum of understanding • Establish district oversight body through resolution

STRATEGIC OBJECTIVE 4: Generate funds and secure investment			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
Direct Investment generated for JTG District Agri-Park	Investment generated	•	• Create investment material • Develop bankable business plans • Present investment opportunities to potential investors
	Partnerships established	•	• Actively promote partnerships to potential investors • Meet potential partners • Present bankable business plans to potential partners
	Investment promotion	•	• Generate partnership agreements • Institute development of investment

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

STRATEGIC OBJECTIVE 6: Improve Agri-Park Programme Implementation			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
JTG 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	Quarterly Performance Monitoring reports submitted to decision-making structures which inform Agri Park decision-making

5.3. Agri-Park Implementation Assumptions

Table 16: **Proposed Agri-Park Implementation Assumptions**

Agri-Park Outcomes	**Agri-Park Measure (Outputs)**	**Assumptions Description** (External Factors beyond Agri-Park control, e.g. drought etc.)	**Will the assumption hold true?**		**Possible to redesign outcomes and outputs to influence external factors** (Yes/No)
			Possibly (tick)	**Very unlikely** (tick)	
JTG District Agricultural Sector transformed and modernised	Vibrant JTG District community and Food Security	Emerging farmers will be able to produce cattle at high rate	√		Yes
	Percentage contribution of Agricultural to JTG District economy	Reduction in cattle production due to draught and stock theft	√		No
	Increased agricultural beneficiation (agro-	Resources will be invested in the value chain			

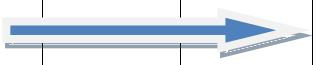
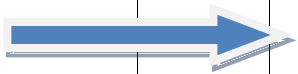
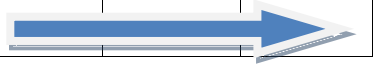
Agri-Park Outcomes	Agri-Park Measure (Outputs)	Assumptions Description (External Factors beyond Agri-Park control, e.g. drought etc.)	Will the assumption hold true?		Possible to redesign outcomes and outputs to influence external factors (Yes/No)
			Possibly (tick)	Very unlikely (tick)	
	processing activities)		√		Yes
	Number Black Industrialists Developed	Black entrepreneurs willing to participate in the agricultural sector	√		Yes
JTG 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
JTG District Agri-Park Sustainably managed and operated	A farmer led companies established through a companies Act and/or Cooperatives Act	Farmers willing to work as cooperative		√	Yes
	Management company responsible for both development and administration established	Right partners identified to participate in the agri-parks		√	Yes
	District Statutory body responsible for oversight established	People with right calibre appointed to serve on the body		√	Yes
Direct Investment generated for JTG District Agri-Park	Investment generated	Private individuals willing to invest in the agri-parks	√		Yes
	Partnerships established	Private individuals willing to partake in the agri-parks		√	Yes

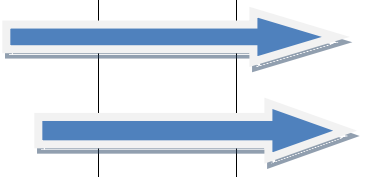
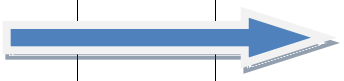
Agri-Park Outcomes	Agri-Park Measure (Outputs)	Assumptions Description (External Factors beyond Agri-Park control, e.g. drought etc.)	Will the assumption hold true?		Possible to redesign outcomes and outputs to influence external factors (Yes/No)
			Possibly (tick)	Very unlikely (tick)	
JTG District 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 beef and red meat production increased	Selection of the correct cattle breed	√		Yes
	Beneficiary farmers technical capacity and skills enhanced	The beneficiaries will be interested in this type of training	√		Yes
JTG 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 17: Proposed Agri-Park 10 Year Implementation Plan

JTG 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	JTG District Agricultural Sector transformed and modernised	Vibrant JTG District community and Food Security			
		Percentage contribution of Agricultural to JTG District economy			
		Increased agricultural beneficiation (agro-processing activities)			
		Number Black Industrialists Developed	3	3	3
SO: 2	JTG District Agri-Park Operational	Number of Agri Hubs (AH) developed			
		Number of Farmer Production Support Units (FPSU) developed	2	2	
		Number of Rural Urban Market Centres (RUMC) established	1		
SO: 3	JTG 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 JTG District Agri-Park	Investment generated			
		Partnerships established			
		Investment promotion			
SO: 5	JTG District Farmers producing competitive produce	Farmers businesses profitable and sustainable			
		Quality vegetable production increased			
		Farmers technical capacity and skills enhanced			
SO: 6	JTG District Municipality	Agri-Park generating income for the municipalities (rates and taxes)			

JTG Agri-Park 10-Year Implementation Plan			Phase One	Phase Two	Phase Three
Strategic Objective	**Outcome(s)**	**Measure (Outputs)**	**2016 - 2018**	**2019 - 2021**	**2022 - 2025**
	effectively and efficiently coordinating and facilitating the implementation of the Agri-Park	Agri-Park provided with reliable and consistent municipal services Capacitated coordinating structure operational			
		Agri-Park contribution Monitoring and Evaluation			

5.5. Agri-Park Risk Assumptions

Table 18: Agri-Park Risk 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	
JTG District Agricultural Sector transformed and modernised	Vibrant JTG District community and Food Security	Farmers unable to produce quality cattle			√			Introduction of correct cattle breed
	Percentage contribution of Agricultural to JTG District economy	Farmers not supplying enough cattle to the market for sales			√			Creating incentives for farmers to supply their weaners through feedlots and eventually abattoirs
	Increased agricultural beneficiation (agro-processing activities)	Required resources not being made available		√				Proper budgeting by all spheres of government participating in the

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	
								agriparks
	Number Black Industrialists Developed	Required resources not being made available			√			Proper budgeting by all spheres of government participating in the agriparks
JTG District Agri-Park Operational	Number of Agri Hubs (AH) developed	Unavailability of funds to fund the infrastructure				√		Proper budgeting by all spheres of government participating in the agri-parks and the government prioritizing agri-parks as project to drive rural development
	Number of Farmer Production Support Units (FPSU) developed	Unavailability of funds to fund the infrastructure				√		Proper budgeting by all spheres of government participating in the agri-parks and the government prioritizing agri-parks as project to drive rural development
	Number of Rural Urban Market Centres (RUMC) established	Unavailability of funds to fund the infrastructu				√		Proper budgeting by all spheres of government

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	
		re						participating in the agri-parks and the government prioritizing agriparks as project to drive rural development
JTG District Agri-Park Sustainably managed and operated	A farmer led companies established through a Companies Act and/or Cooperatives Act	Farmers not cooperating for the success of the cooperatives		√				Training of farmers about the benefits of participating in cooperatives
	Management company responsible for both development and administration established	Individuals appointed not advancing the interest of the farmers				√		Transparent appointment of management company with proper screening.
	District Statutory body responsible for oversight established	Unqualified people being appointed on the body				√		Appointment of key personnel with right skills and qualifications
Direct Investment generated for JTG District Agri-Park	Investment generated	Investors viewing agri-parks as unprofitable			√			Proper marketing of agri-parks
	Partnerships	Private sector not						Proper marketing of

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	
	established	willing to participate in the agriparks				√		agri-parks
JTG District Farmers producing competitive produce and/or livestock	Beneficiary farmers businesses profitable and sustainable	Farmers not applying proper business management processes in their businesses				√		Conduction of training needs assessment of the farmers and training on business management
	Quality beef production increased	The farmers not farming with quality cattle breed			√			Selection of well known breeding stock adaptable to the region
	Beneficiary farmers technical capacity and skills enhanced	Farmers offered training programmes that doesn't address their needs			√			Conducting of training needs assessment of the farmers and providing relevant training programmes
JTG District Municipality effectively and efficiently coordinating and facilitating the	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	Unqualified people being				√		Appointment of key personnel

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	
implementation of the Agri-Park	structure operational	appointed on the structure of agriparks						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 10 Year Implementation Plan

Table 19: Agri-Park Implementation Partnerships

Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private/NGO Sector Organisations	International Organisations
SO: 1	Vibrant JTG District community and Food Security	• DRDLR • NCDLRARD • NCDA • NDWSA • DEDEAT • DEA • SEDA • DCoGTA • Universities • DHET • DBE • SETAs • DTI • DAFF • DBSA • ARC • NEF • NDA • IDC • JTGDM • GLM • JMLM • GSLM	Agri-BEE entrepreneurs Commercial enterprises Commercial farmers Commercial Retailers Mining & Quarry Companies Cooperatives NPOs & CBOs SMMEs DAMC	Foreign donor partners (USAID, GTZ, WB, etc) UNFAO UNDP UNIDO UN Food Programme
	Percentage contribution of Agriculture to JTG District economy	• DRDLR • NCDLRARD • NCDA • Land Bank • DEDEAT • SEDA • DTI • DAFF	Agri-BEE entrepreneurs Commercial enterprises Commercial farmers Commercial Retailers Mining & Quarry Companies Cooperatives NPOs & CBOs	Foreign donor partners (USAID, GTZ, WB, etc) UNFAO UNDP UNIDO

Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private/NGO Sector Organisations	International Organisations
		• NEF • NDA • IDC • JTGDM	SMMEs DAMC	
	Increased agricultural beneficiation (agro-processing activities)	• DRDLR • NCDLRARD • DEDEAT • SEDA • Land Bank • DTI • DAFF • NEF • NDA • IDC • NCTI&T • JTGDM	• Good Food Solutions • Unifoods • National Brands • Premier Foods • Tiger Brands • SAMPA • NERPO • RPO • NFMT • SAMIC • SHALC • NCRMPA • DAMC	Foreign donor partners (USAID, GTZ, WB, etc) UNIDO
	Number Black Industrialists Developed	• DRDLR • NCDLRARD • NCDA • DEDEAT • PIC • SEDA • DTI • DAFF • AgriBEE • NEF • IDC • NCTI&T • JTGDM	Agri-BEE entrepreneurs Commercial enterprises Commercial farmers Commercial Retailers Cooperatives SMMEs BBBEE Venture Capitalists Commercial Banks Investment Houses	
SO: 2	Number of Agri Hubs (AH) developed	• DRDLR • NCDLRARD • NCDA • DEA • DTI • DAFF • NEF • IDC • JTGDM	• DAMC	Foreign donor partners (USAID, GTZ, WB, etc)
	Number of Farmer Production Support Units (FPSU) developed	• DRDLR • NCDLRARD • NCDA • DEA • DTI • DAFF • NEF • IDC • JTGDM • GLM • GSLM • JMLM	• DAMC	Foreign donor partners (USAID, GTZ, WB, etc)
	Number of Rural Urban Market Centres (RUMC) established	• DRDLR • NCDLRARD • DTI • DAFF • JTGDM • NAMC	• DAMC	Foreign donor partners (USAID, GTZ, WB, etc)
SO: 3	A farmer led company established through a	• DRDLR • NCDLRARD • DTI	• DAMC	

Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private/NGO Sector Organisations	International Organisations
	companies act	• NT (Coop Bank) • JTGDM		
	Management company responsible for both development and administration established	• DRDLR • NCDLRARD • JTGDM	• DAMC	
	District Statutory body responsible for oversight established	• DRDLR • NCDLRARD • REID • JTGDM	• DAMC	
SO: 4	Investment generated	• DRDLR • NCDLRARD • NCDA • DEDEAT • DTI • NEF • PIC • IDC • NCTI&T • JTGDM	Agri-BEE entrepreneurs Commercial enterprises Commercial farmers Commercial Retailers Cooperatives SMMEs BBBEE Venture Capitalists Commercial Banks Investment Houses NAAC DAMC	
	Partnerships established	• DRDLR • NCDLRARD • NCDA • DEDEAT • DTI • DAFF • IDC • NCTI&T • JTGDM	Agri-BEE entrepreneurs Commercial enterprises Commercial farmers Commercial Retailers Cooperatives SMMEs BBBEE Venture Capitalists Commercial Banks Investment Houses NAAC DAMC	
	Investment promotion	• DRDLR • NCDLRARD • NCDA • DEDEAT • DTI • DAFF • IDC • NCTI&T • JTGDM	Agri-BEE entrepreneurs Commercial enterprises Commercial farmers Commercial Retailers Cooperatives SMMEs BBBEE Venture Capitalists Commercial Banks Investment Houses NAAC DAMC	BRICS International DFIs (World Bank, KWF, ADB, AFDB, etc).
SO: 5	Smallholder and Emerging Farmers businesses profitable and sustainable	• DRDLR • NCDLRARD • NCDA • DEDEAT • DTI • DAFF • IDC • NCTI&T	Agri-BEE entrepreneurs Commercial enterprises Commercial farmers Commercial Retailers Cooperatives SMMEs (formal & informal)	One Acre Fund Skoll Foundation FBS Kickstart Root Capital Phatisa Technoserve

Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private/NGO Sector Organisations	International Organisations
		• JTGDM		UNIDO UNDP World Bank International DFIs UN International Fund for Agricultural Development Alliance for a Green Revolution in Africa Bill & Malinda Gates Foundation (RSA chapter) Global Environment Facility Digital Green
	Quality beef production increased	• DRDLR • NCDLRARD • DAFF • JTGDM • ARC • DST	• SAMPA • NERPO • RPO • NFMT • SAMIC • SHALC • NCRMPA • Kaap Agri • KLK • GWK • OVK • SenWes	
	Smallholder and Emerging Farmers technical capacity and skills enhanced	• DRDLR • NCDLRARD • DAFF • JTGDM • ARC • DST	Commercial farmers Commercial Retailers Agri-Businesses KLK Kaap Agri Kuruman Landboubenodighede Agri NC Agri SA	
SO: 6	Agri-Park generating income for the municipalities (rates and taxes)	• DRDLR • NCDLRARD • JTGDM • GSLM • GLM • JMLM		
	Agri-Park provided with reliable and consistent municipal services	• JTGDM • GSLM • GLM • JMLM		
	Capacitated coordinating structure operational	• DRDLR • NCDLRARD • JTGDM		
	Agri-Park contribution Monitoring and Evaluation	• DRDLR • NCDLRARD • JTGDM • GSLM • GLM • JMLM		

Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private/NGO Sector Organisations	International Organisations

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. Kuruman Abattoir Acquisition from Meadow Meats Feasibility and Identification of a Strategic Partner:

Meadow meats the owners of the Kuruman abattoir have shown an interest in selling it to the DRDLR. A due diligence process and a valuation needs to be conducted. There is also a need to conduct a feasibility study which should entail identifying any possible infrastructure (plant, property and equipment) upgrade needs. The results of this study should be used to inform the refined institutional arrangements including clarity on the participation of smallholder and emerging farmers. A private strategic partner needs to be identified to Once this has been completed a business plan needs to be developed.

2. Gelatin Agro-processing feasibility:

Further market studies and feasibilities have to be conducted to validate and confirm these agro-processing opportunities related to **John Taolo Gaetsewe DM together with Bojanala Platinum DM and DR Ruth Segomotsi Mompati DM being a Gelatin Producing Centre of South Africa**. It is going to be important for the three districts to explore this agro-processing opportunity together to ensure economies of scale.

3. Beneficiation of Beef Hides and Fresh Meat Processing Feasibility:

A feasibility study is required into the above including the identification and involvement of a strategic partner and whether this can be linked to local production of footwear, leather furniture, and fresh meat, raw fermented and dried meat products.

4. The District and Local Municipalities will need to identify specific sites for the Farmer Production Support Units. District and Local Municipalities to engage smallholder and emerging farmers to refine facility and service requirements at FPSUs.
5. DRDLR to facilitate a meeting with the three districts, John Taolo Gaetsewe, Bojanala Platinum and DR Ruth Segomotsi Mompati to discuss and explore public partnership in terms of the Gelatin Agro-processing opportunity.
6. Local municipalities to complete SPLUM application forms in terms of the SPLUMA.
7. Conduct a pre-feasibility study in setting up an agricultural college on the Yale Farm for NARYSEC and other youth interested in agricultural and rural development educational, training and development. Alternatively other possibilities for the utilization of the land in relation to the JTG Agri-Park should be explored.
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 SAMPA). 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 beef cattle stock 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, the Provincial Department of Land Reform, Agriculture and Rural Development, and private sector role-players such as the RMRDSA, RMRDT, 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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