rural development & land reform

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA

Master Plan Version 2

AGRI-PARK MASTER BUSINESS PLAN

Pixley ka Seme District Municipality

Northern Cape Province

MANAGING FOR EXCELLENCE

amissa

Agri-Park Details	
Province:	Northern Cape
District:	Pixley ka Seme
Agri-Hub Site:	Petrusville, Renosterberg Local Municipality

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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
AGRI-SA	Agriculture South Africa
AH	Agri-Hub
AP	Agri-Park
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 Organization
FET	Further Education and Training
FPSU	Farmer Production Support Units
GDP	Gross Domestic Product
GVA	Gross Value Added
GWK	Griekwaland Wes Kooperatiewe

Abbreviation	Description
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
LED	Local Economic Development
LM	Local Municipality
LRAD	Land Redistribution for Agricultural Development
LUMS	Land Use Management Strategy
Km	Kilometer
MDG	Millennium Development Goals
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MSDF	Municipal Spatial Development Framework
MTSF	Medium Term Strategic Framework
M&E	Monitoring and Evaluation
NAAC	National Agri-Parks Advisory Council
NARYSEC	National Rural Youth Corps Strategy
NAWO	National Agricultural Women Organization
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
NGP	National Growth Path
NIRES	
PAPOTT	Provincial Agri-Parks Task Team
PESTEL	
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 Organization
NGP	New Growth Path
NPO	Non-Profit Organization
NSSD	National Strategy for Sustainable Development
OECD	Organization for Economic Co-operation and Development
PIC	Public Investment Corporation
PLAS	Proactive Land Acquisition Strategy

Abbreviation	Description
PKS DM	Pixley ka Seme District Municipality
PKSDSDF	Pixley ka Seme District Spacial Development Framework
PPP	Public Private Partnership
RDA	
RBC	
RDP	Rural Development Plan
REID	Rural Enterprise and Industrial Development
RID	Rural Infrastructure and Development
RSA	Republic of South Africa
RUMC	Rural Urban Management Centre
R&D	Research and Development
SAFFVA	
SADC	Southern Africa Development Community
SALGA	South African Local Government Association
SANRAL	South African National Road Agency Limited
SANSOR	South African National Seed Organization
SAACTA	Southern African Auditor & Training Certification Authority
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Enterprise
SEFA	Small Enterprise Finance Agency
SETA	Sector Education and Training Authority
SLP	Social And Labour Plans
SLAG	Settlement for Land Acquisition Grant
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 Organization
WHO	World Health Organization
WTO	World Trade Organization

Executive Summary

Report Purpose:

This Agri-Park Master Business Plan has been commissioned by the Department of Rural Development and Land Reform to inform the way forward with the Pixley ka Seme District Agri-Park initiative. It provides a broad framework to guide the way forward. However, this Agri-Park Master Business Plan must continue to evolve and be viewed as a work in progress (a living document) as additional information comes to light and as the stakeholder engagement process deepens moving forward.

The purpose of the Agri-Park Master Business Plan is to inform the Pixley ka Seme District Agri-Park Master Plan proposals regarding priority agri-park agriculture commodities and agri-processing initiatives, required facilities and services, institutional options, and way forward issues regarding planning processes and detailed feasibility analysis.

Pixley ka Seme Targeted Commodities:

Agriculture is the key economic factor in the district. Despite the largely semi-arid and arid environment in the district, the fertile land that lies alongside the Orange, Vaal and Riet Rivers supports the production of some of the country's finest quality agricultural products. The district is well known for the quality of its meat – the term Karoo lamb comes to mind – as well as the production of wool, mohair, wine, maize and wheat.

Livestock production is spread throughout the district municipality, with sheep and goats being the main livestock commodities.

Commodities in the PKSDM were designated in two categories, namely:

- Main commodities – those commodities that make up a sizable portion of the District and Provincial GDP.
- Support commodities – those commodities produced by small and emerging farmers.

The commodities were selected using the following criteria:

- Input from the District and Local Municipalities;
- Input from the DAMC;
- The impact and possible future impact of the commodity(ies) on the local economy by way of contribution to the GDP and job creation. Commodities with high potential growth and high potential of job creation.
- Commodities produced by small and emerging farmers which could help them achieve economic independence and be sustainable, contribute to GDP growth for the district and where they require support in order for this to happen.

Using the criteria as set out above, the main commodity selected for inclusion into the Pixley ka Seme Agri-park is the following:

- Sheep

Small and emerging farmers go about their business without the support normally available to commercial farmers, i.e. access to finance, production inputs, packing / processing facilities and marketing channels. This keeps them anchored in the cycle of dependence and poverty without the means to break out. The Agri-Park of the Pixley ka Seme District can change all that for the positive by way of much needed support where most needed through the Agri-Hubs and Farmer Production Support Units.

In order for this to be achieved the commodities produced by the small and emerging farmers, even though they might not be main commodities, must be included in the Agri-Park of the Pixley ka Seme DM with support services to achieve the aims of rural development and the Agri-Parks.

These support commodities for inclusion into the Pixley ka Seme Agri-Park are indicated below:

- Cattle
- Goats
- Vegetables

Aquaculture at the Van der Kloof Dam shows huge potential and can be investigated despite the challenges of long time delays due to EIAs and other studies.

Three Agri-Processing Opportunities

The following three agri-processing opportunities present exciting opportunities for the Pixley ka Seme Agri-Park:

- Abattoir and small meat processing facility at one of the FPSUs.
- Conversion of existing abattoir at the Petrusville Agri-hub to a tannery which can process a minimum of 13 200 hides per annum
- Manufacturing of leather products as spin-off from the tannery.

Pixley ka Seme Agri-Park Strategy

The Agri-Park strategy is aimed at providing direction and scope for Pixley ka Seme 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 Pixley ka Seme 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 Pixley ka Seme 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

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

- Goal

By 2025 Pixley ka Seme 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 Pixley ka Seme DM Agri-Park:

Objective 1: Transformation and Modernization - To transform and modernise rural area and small towns in Pixley ka Seme 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

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

A networked innovation system of agro-production, processing, logistics, marketing, training and extension services located in District Municipalities. As a network it enables the growth of market-driven commodity value chains and contributes to the achievement of rural economic transformation (RETM). An AP contains three service collections:

a. Farmer Production Support Unit (FPSU) with a focus on primary production towards *food security*;

b. Agri-Hub (AH); and

c. The Rural Urban Market Centre (RUMC) which may service multiple districts.

The proposed Agri-Hub and its Farmer Production Support Units for the Pixley ka Seme DM are discussed and indicated on the maps below.

The sites were proposed for the following reasons:

- The proximity of small and emerging farmers to the hub and FPSUs;
- The proximity to production of main and support commodities;
- Rural development needs;
- Support for the sites by the DAPOTT, DAMC and local municipalities;
- Approval of sites by the local municipalities.

Petrusville has been suggested as the Agri-hub for the district - bulk infrastructure (water and electricity) is available on this privately owned land which was previously used as an abattoir.

The following sites have been suggested as locations for the Farmer Production Support Units:

- Van der Kloof
- Van Wyksvlei
- Griekwastad
- Douglas
- Vosburg
- Colesberg

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

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

The site for Pixley ka Seme RUMC has not been confirmed. It is however proposed that it should be located in Kimberley, sharing with the Frances Baard DM.

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:

Chapter One: Introduction and Background

1.1. 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 **Pixley ka Seme District Municipality (PKSDM) in the Northern Cape Province** of **South Africa**.

1.1.1. Project Scope and objectives

Camissa and Managing for Excellence was expected to:

a) Develop a **Pixley ka Seme 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.

1.1.2. 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

1.1.3. The Agri-Park Master Business Plan

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

The AH, FPSUs and RUMC are also selected/chosen to facilitate the movement of agricultural outputs to consumers and fits a specific typology to match its objective, leading to the clustering and location of smallholder and emerging farmers with the focus on enhancing their access to physical, economic and social

capital, production inputs, agricultural outputs, finance, markets, extension services, education and training and organisation opportunities.

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

1.1.4. 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.

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

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

1.2.1. 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 suppliers primary and/or processed farmers produce to the local community market, Agro-processers (at the Agri-Hub) and RUMC.

3) Agri-Hub

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

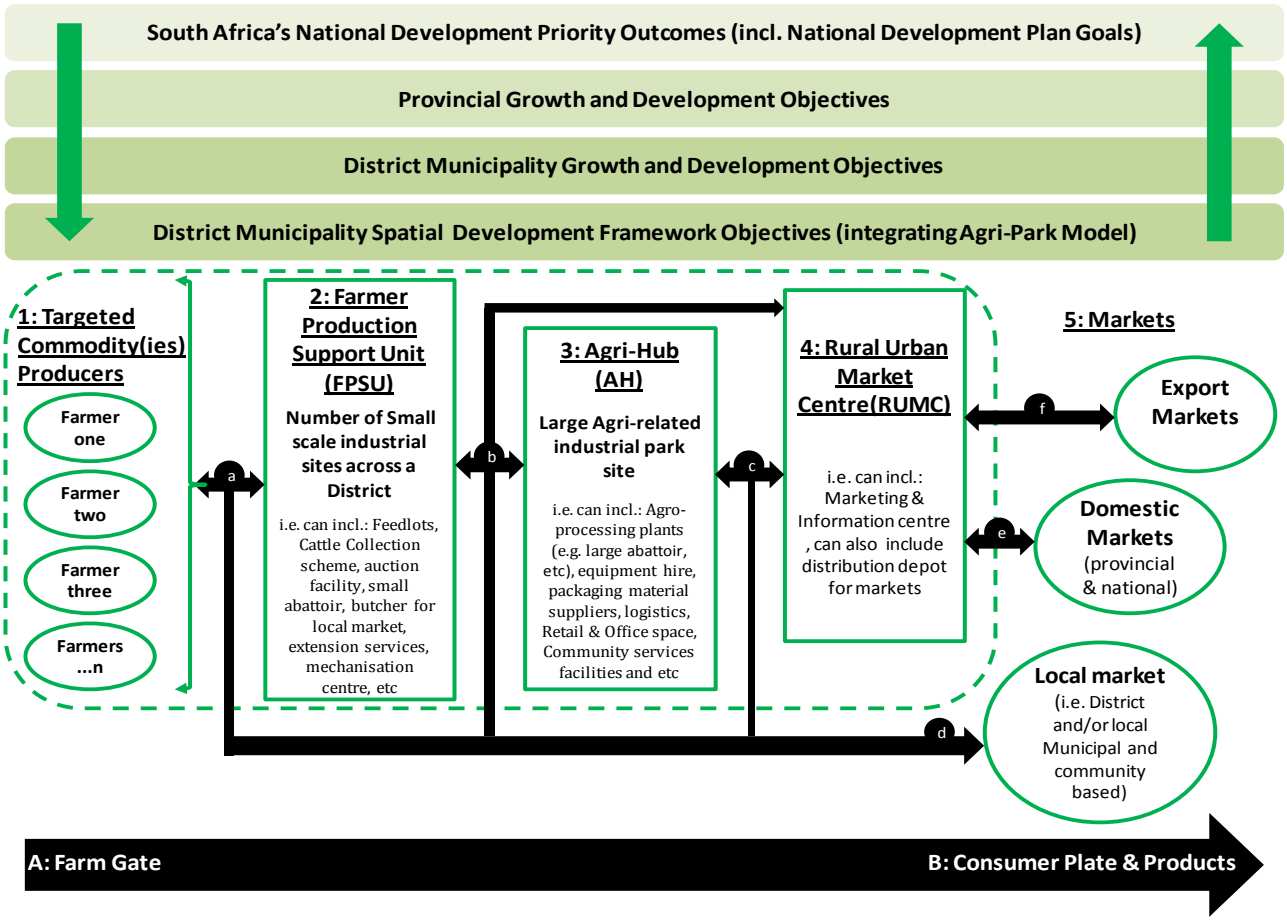
c. **Market**: The Agri-Hub mainly suppliers agro-processed products through the RUMC and local market.

4) RUMC

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

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

Figure 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.

1.2.2. 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), organize 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	DAMC	The DAMC will act primarily as the voice of key stakeholders in the relevant districts and will leverage support for the Agri-Park	DLRC	The overall aim of the DLRCs is to facilitate the protection, promotion, provision and fulfillment of the rights, and

		Oversight of the implementation of the district plan Coordinate relevant stakeholders as per plan Manage expenditure against business plan Identify district projects that contribute to the Agri-Parks business plan and to compile a district project register Report to provincial operations task team		developments. It will therefore not consist of government representatives but will interface with various structures at provincial and district level to provide advice and support. It will also act as an independent watchdog in relation to the development of the Agri-Park.		responsibilities, in the management of district land ownership and use that is consistent with South Africa's Constitution.

Chapter Two: Pixley ka Seme Agri-Park Commodity

Refer to the Pixley ka Seme DM Situation Analysis annexed hereto as Annexure A.

Agriculture is the key economic factor in the district. Despite the largely semi-arid and arid environment in the district, the fertile land that lies alongside the Orange, Vaal and Riet Rivers supports the production of some of the country's finest quality agricultural products. The district is well known for the quality of its meat – the term Karoo lamb comes to mind – as well as the production of wool, mohair, wine, maize and wheat.

Livestock production is spread throughout the district municipality, with sheep and goats being the main livestock commodities.

Commodities in the PKSDM were designated in two categories, namely:

- Main commodities – those commodities that make up a sizable portion of the District and Provincial GDP.
- Support commodities – those commodities produced by small and emerging farmers.

The commodities were selected using the following criteria:

- Input from the District and Local Municipalities;
- Input from the DAMC;
- The impact and possible future impact of the commodity(ies) on the local economy by way of contribution to the GDP and job creation. Commodities with high potential growth and high potential of job creation.
- Commodities produced by small and emerging farmers which could help them achieve economic independence and be sustainable, contribute to GDP growth for the district and where they require support in order for this to happen.

Using the criteria as set out above, the main commodity selected for inclusion into the Pixley ka Seme Agri-park is the following:

- Sheep

Small and emerging farmers go about their business without the support normally available to commercial farmers, i.e. access to finance, production inputs, packing / processing facilities and marketing channels. This keeps them anchored in the cycle of dependence and poverty without the means to break out. The Agri-Park of the Pixley ka Seme District can change all that for the positive by way of much needed support where most needed through the Agri-Hubs and Farmer Production Support Units.

In order for this to be achieved the commodities produced by the small and emerging farmers, even though they might not be main commodities, must be included in the Agri-Park of the Pixley ka Seme DM with support services to achieve the aims of rural development and the Agri-Parks.

These support commodities for inclusion into the Pixley ka Seme Agri-Park are indicated below:

- Cattle
- Goats
- Vegetables

Aquaculture at the Van der Kloof Dam shows huge potential and can be investigated despite the challenges of long time delays due to EIAs and other studies.

2.1. Main Commodity

Using the criteria as set out above, the main commodity selected for inclusion into the Z.F. Mgcawu Agri-park is the following:

- Sheep (meat, wool)

This commodity has excellent investment, growth, export, wealth creation and job creation potential.

Approximately 80 per cent of South Africa's land is used for agriculture and subsistence farming, but only 12 per cent thereof being arable. Grazing therefore dominates agricultural land usage. This is especially true of the Northern Cape, as only 2 per cent of land in the Northern Cape is used for crop farming, mainly under the Orange River Valley and Vaalharts Irrigation scheme. The remaining 98 per cent is used for stock farming, including beef cattle, sheep, goats, and increasingly, game farming.

Despite having a comparative advantage in red meat production, with 70% of its land being suitable for livestock production, South Africa remains a net importer. The PKS DM's red meat industry is made up mostly of sheep as only 4% of South Africa's cattle are found in the Northern Cape. The Northern Cape however has the second largest number of sheep at 25% of the national total. Sheep are kept mostly for wool and meat production, and is a focal point of agricultural production in the PKS DM. To a lesser degree is wool processed in the PKS DM, but rather exported to the Eastern Cape where majority of processing in the country takes place.

Goat meat is not very popular among the broader South African population. While it is a delicacy to some, to others it is used for traditional purposes. Furthermore, there are negative perceptions and prejudices around the consumption of goat's meat. South Africa is therefore a net exporter of goat meat and by-products, mainly to Angola. A current drive to market the product is underway as well as to explore agro-processing possibilities.

Wool is produced extensively throughout South Africa as well as Namibia and Lesotho. The Merino clip dominates wool production, and mainly apparel wool is produced locally. The Northern Cape contributed 12 % of the national produce in 2010/2011.

Skins, hides and leather are produced in South Africa as a by-product of the following animals, except for ostriches, which are bred for its skin.

Consumption

The top four international trends consumers currently focus on when making food choices, include health, convenience, pleasure and environmental sustainability. Locally produced lamb and mutton have a unique advantage, as recent studies have shown that these products have the ability to be positively positioned within each of the four trend categories. Lamb and Mutton SA have been actively involved in implementing a consumer education programme to improve consumer awareness and understanding of consumer perception of lamb and mutton to pro-actively and re-actively convey the message that mutton can be part of a healthy diet (Botes, 2013). According to Lamb and Mutton SA, even doctors and dieticians are not well informed about the true value of lamb and mutton.

The growing demand for livestock products in developing countries has been driven by economic growth, rising per capita incomes and urbanization. The relationship between per capita income and meat consumption shows a strongly positive effect of increased incomes on livestock consumption at lower income levels but a less positive, or even negative, effect at high levels of GDP per capita.

Meat consumption is expected to increase both per capita and overall in South Africa as per-capita incomes continues to increase and as urbanization continues- with one forecast for Sub-Saharan Africa forecasting a doubling of per capita consumption between 2000 and 2050 from 11 to 22kgs/ person/ year.

Production and Inputs

Globally, the application of advanced breeding and feeding technology has spurred significant productivity growth. Technological advances, and thus productivity growth, have been less pronounced for beef and meat from small ruminants. The use of hybridization and artificial insemination has accelerated the process of genetic improvement. The speed and precision with which breeding goals can be achieved has increased considerably over recent decades.

Not traditionally considered as a mutton producing country, South Africa represents 0.01% of world exports for lamb, ranking at number 31. South Africa is not competitive regarding the exportation of mutton, with the importation of cheap, frozen red meat portions supplementing the local demand. The biggest mutton export markets for South Africa have been primarily SADC countries (Mozambique, DRC and the Congo). The mutton production industry is known to have a high multiplier effect.

The national sheep herd has been steadily declining since the early 1990s. The main contributing factors responsible for this decline in animal numbers, amongst others, includes the conversion from sheep to beef production and the conversion from sheep to game farming in major sheep production areas. These

conversions were mainly brought about by the increase in stock theft, predation and, to a lesser extent, climatic changes resulting in drought conditions within some major sheep producing regions (Spies, 2011).

The main segments of the mutton marketing channels consist of the following:

- The farmer who produces sheep and lamb for mutton and/or wool
- After approximately 5/6 years of shearing, sheep are sold directly to feedlots, abattoirs or on auction
- Sheep are slaughtered, and meat from the abattoir is distributed through wholesalers, retailers and butcheries
- Certain portions of the production is exported (primarily by abattoirs), while the rest is processed
- Imports of mutton is done by retailers, wholesalers and processors
- The final channel of the mutton value chain ends with consumer purchase.

Value chains for livestock products, especially meat, are very complex (Frohberg, 2009). This complexity begins at the production level, which depends on a feed supply chain that must ensure a timely supply of safe inputs. It continues through processing and retailing; these involve many steps and food items of animal origin are often more perishable than crop-based foods. The resulting interdependence among the companies in the food supply chain for animal products exerts substantial pressure for coordination beyond that provided by cash market transactions. Companies in a food supply chain may put in place vertical coordinating mechanisms such as contracts, licenses and strategic alliances to manage relationships with suppliers and customers. Firms operating at the same stage within the value chain may establish horizontal relationships in the form of cooperative groups for dealing with down- and upstream business partners and for ensuring product quality. Contracts are the most common mechanism for vertical coordination. For primary producers, contracts allow the establishment of more secure relationships with business partners, both to guarantee a price prior to selling or buying, thereby reducing market risks regarding price, and to specify quantity and quality. From the point of view of the contractor/buyer, contracts provide for much closer linkages with farmers and may offer them greater control over production decisions of the farmers. Selling contracts may be entered into with down-stream processors such as packing companies, while up-stream agreements may be in place between, for instance, the feed industry and animal producers.

Vertical integration entails a closer degree of coordination and occurs when two or more successive stages of the food supply chain are controlled and carried out by a single firm. In the extreme, the entire chain can be integrated. Examples of such vertical integration include companies that link farms and buying entities. Meat packers often own pig farms and cattle feedlots and dairy farmers may produce their own feed instead of buying it. In the case of vertically integrated firms, product transfers are determined by internal decisions rather than through market prices. Horizontal coordination may also be necessary for a well-functioning supply chain. Processors can reduce transaction costs by dealing with one farm organization, such as a cooperative, instead of many small-scale farms. Cooperative organization can bring three main types of benefits to farmers: arranging for the selling of farmers' produce to down-stream business; exchange of

information with partners in the food supply chain and its dissemination among the farmers; and providing advice to farmers on how to achieve the required levels of quality of the raw product. In many of the least developed countries, cooperatives are crucial for small-scale farms to remain in business and, perhaps, to keep farmers out of poverty.

Industry Analysis

In order to assess holistically whether increased investment in a commodity would be viable, Porter's model will be employed. Porter's five forces is a heuristic tool to assess the balance of power in a business/industry situation. In assisting to illuminate where industry strengths lie, the model allows the identification and improvement of weaknesses, new prospects and products.

Following the identification of various power dynamics in the date industry, a SWOT analysis will be done.

Table 2 Porters Five Force Analysis For Sheep

Porter's Five Force Analysis	
Suppliers	**Bargaining power of supplier (sheep producers) is low:** • The sheep 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 sheep 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 the price he/she is willing to pay
Substitutes	**Threat of substitution is high:** • The pressure from substitute products is competitive and threatens the sheep industry • Other meats such as beef, 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.

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 sheep producers in South Africa versus the USA producers. • The sheep supply chain has become more and more vertically integrated • 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)

Source: (Oliver G. C., 2004)

As it pertains to pursuing increased investment in the sheep industry in the PkS DM, the following strengths, weaknesses, opportunities and threats can be identified

Strengths

- Sheep farming represents a high labour multiplier industry
- Mutton serves as an important and healthy source of protein

Weaknesses

- Data regarding quantities and values of lamb and sheep imports is limited
- Inability to compete with red meat producing countries like the US and Australia. Additionally, cheap meat imports flood South African markets, having a destabilising effect on commercial and small scale farmers
- Smaller abattoirs do not comply with the Meat, Health and Safety Acts
- Phytosanitary issues
- Lack of infrastructure, particularly for the use of emerging farmers in rural and peri-urban areas
- Veterinary services in South Africa are uncoordinated and insufficient

Opportunities

- The industry has tremendous growth potential in the expanding informal sector of the Western Cape in general. This sector could assist in addressing the shortage of mutton and meet local demand.

Threats

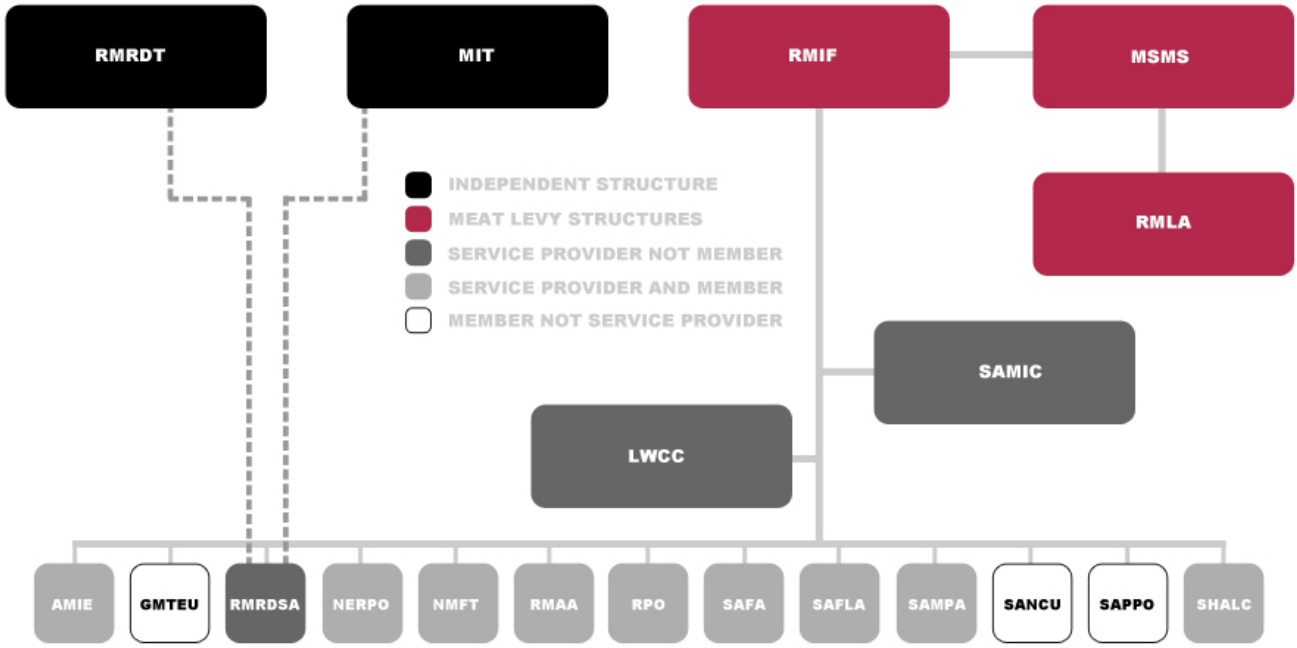
- Stock theft and predation
- Impact of climate change

  The prediction of devastating drought in various areas of the Western Cape may well mean that farmers will have to decrease their flock sizes in order to prevent losses due to a lack of grazing capacity.

Industry Structure

The industry structure shown below 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) (NMFT)	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)

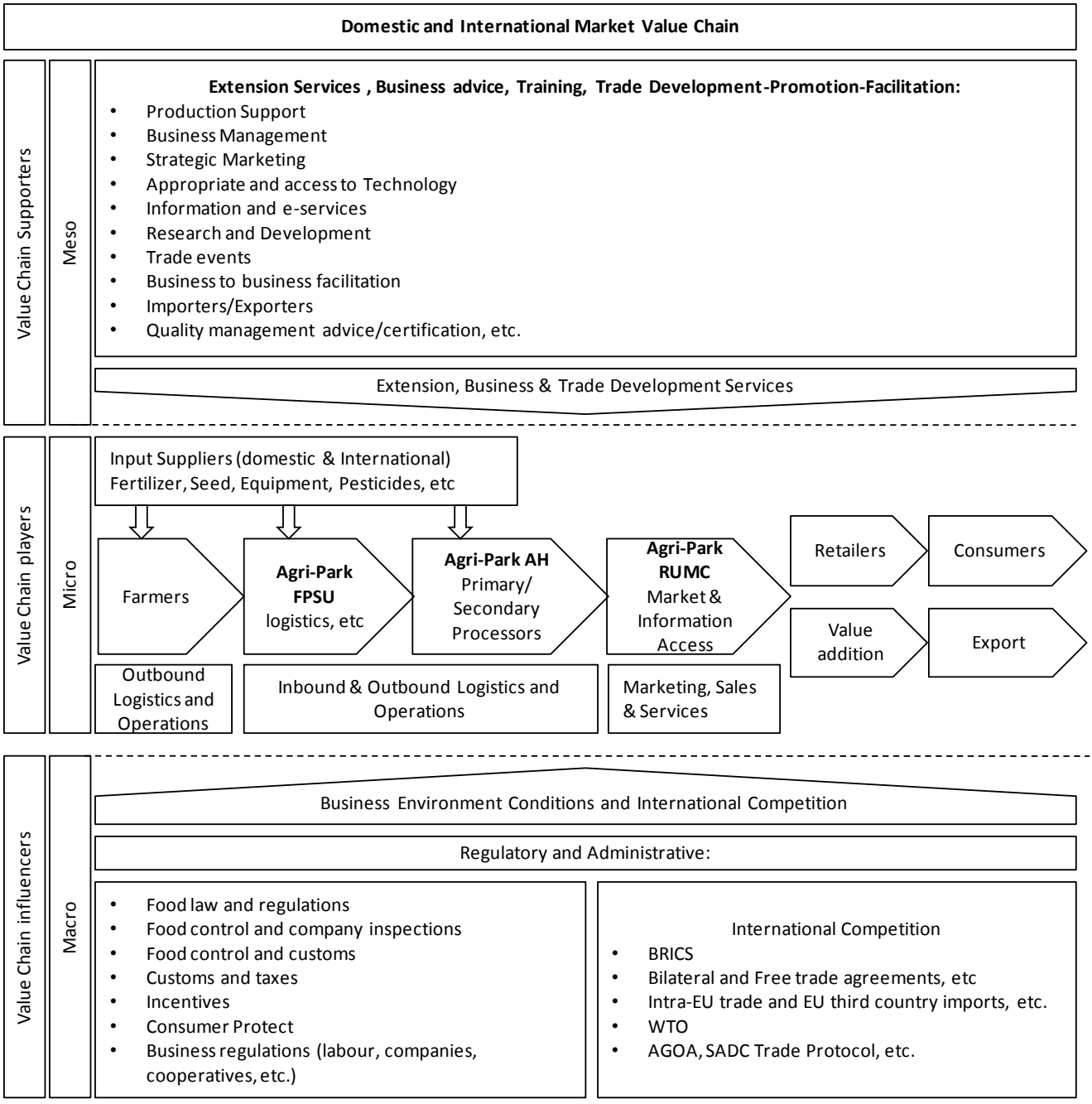
Source: (Redmeatsa, 2016)

The industry structure link with Agri-Park shown in the table 3 below

Table 3 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
	• **Industry Representative Body**: Red Meat Industry Forum (RMIF) & Red Meat Producers Organisation of the Northern Cape • **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**: National, Provincial and Local Agriculture department and development agencies (e.g. North Cape Development, Trade and Investment promotion Agency) • **Funding and Support:** DRLR, DAFF, The dti, the National Empowerment Fund (NEF) and Industrial Development Corporation (IDC), Small Enterprise Development Agency (Seda), Small Enterprise Finance Agency (Sefa)			

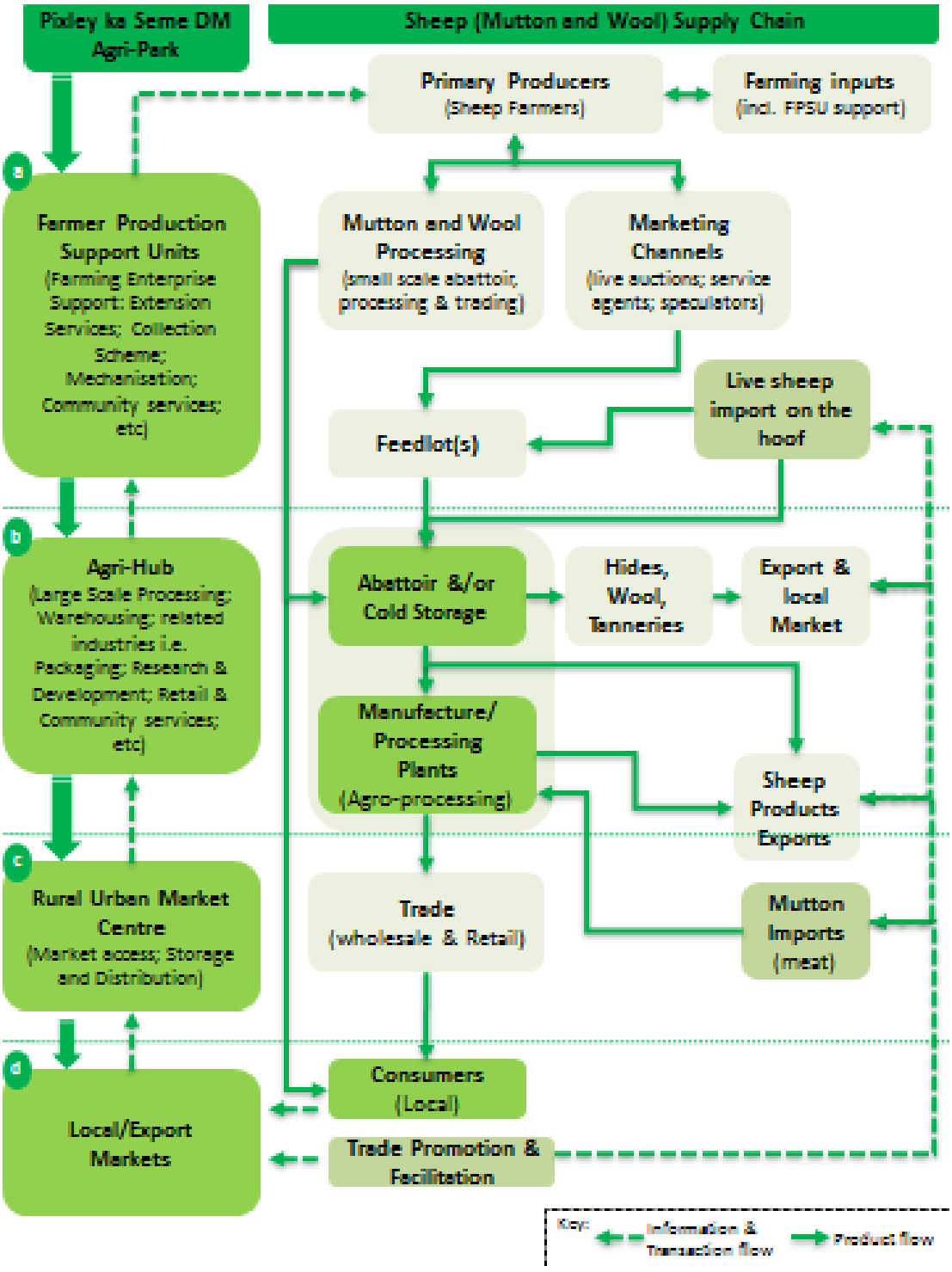
Figure 3 Sheep Industry Value Chain players, Supporter and influencers



Source: (adapted from Spies, 2011)

The Agri-Park sheep Value Chain is indicated below:

Figure 4: Agri-Park Sheep Value Chain



2.2 Support Commodities

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

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

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

The call to support smallholder producers emanates from Outcome 7, which is one of the 12 outcomes that constitute government's Programme of Action. Outcome 7 pronounces that government should ensure vibrant, equitable and sustainable rural communities and food security for all. The output thereof is sustainable agrarian reform with the sub-output that the number of smallholder producers should be increased from a baseline of 200 000 to 250 000 within a period of five years. As set out in the New Growth Path, the longer-term target is to grow the smallholder sector by 300 000 by the year 2020, as well as create 145 000 new jobs in agro-processing and upgrade conditions for 660 000 farm workers.

Support to smallholder producers is necessary to ensure food security, full utilization of resources, land being one of the critical ones, job creation and the overall achievement of the Presidential Outcomes, in particular Outcome 7. Smallholder producers are defined as those producers who "produce food for home consumption, as well as sell surplus produce to the market", meaning that earning an income is a conscious objective, as distinct from ''subsistence/resource-poor producers'' who produce mainly or entirely for own consumption, as well as from ''commercial producers'' who are defined as large scale. Most smallholder producers have diverse sources of livelihoods, including off-farm income, therefore being a smallholder producer does not necessarily imply a full-time activity nor the only or even main sources of household income. In cases of a severely poor resource base, this category of producers can regress to the subsistence level. On the other hand, if adequate support is provided and under the right conditions, these producers may graduate to becoming large-scale commercial producers.

The reason for introducing an initiative to support smallholders is that there is evidence to suggest that this is an area in which there remains much untapped potential to create economic opportunities, especially in rural areas where poverty is concentrated. One piece of evidence relates to the area of underutilized arable land in the ex-Bantustans; another is the fact that to date, the land acquired through land redistribution has seldom been subdivided to create opportunities for smallholders, whereas in principle this could be done.

Small and emerging farmers produce a myriad of commodities in the district, as indicated earlier, without much support normally available to commercial farmers such as access to finance, production inputs, packing / processing facilities and marketing channels. This keeps them anchored in the cycle of dependence and poverty without the means to break out. The Agri-Park of the Cape Winelands District can change all that for the positive by way of much needed support where most needed through the Agri-Hubs and Farmer Production Support Units.

In order for this to be achieved the commodities produced by the small and emerging farmers, even though they might not be main commodities, must be included in the Agri-Park of the Cape Winelands DM with support services to achieve the aims of rural development and the Agri-Parks.

These support commodities for inclusion into the Pixley ka Seme Agri-Park are indicated below:

- Cattle
- Goats
- Vegetables (various)

2.3. Agri-Processing Business Opportunities

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

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

What is agro-processing?

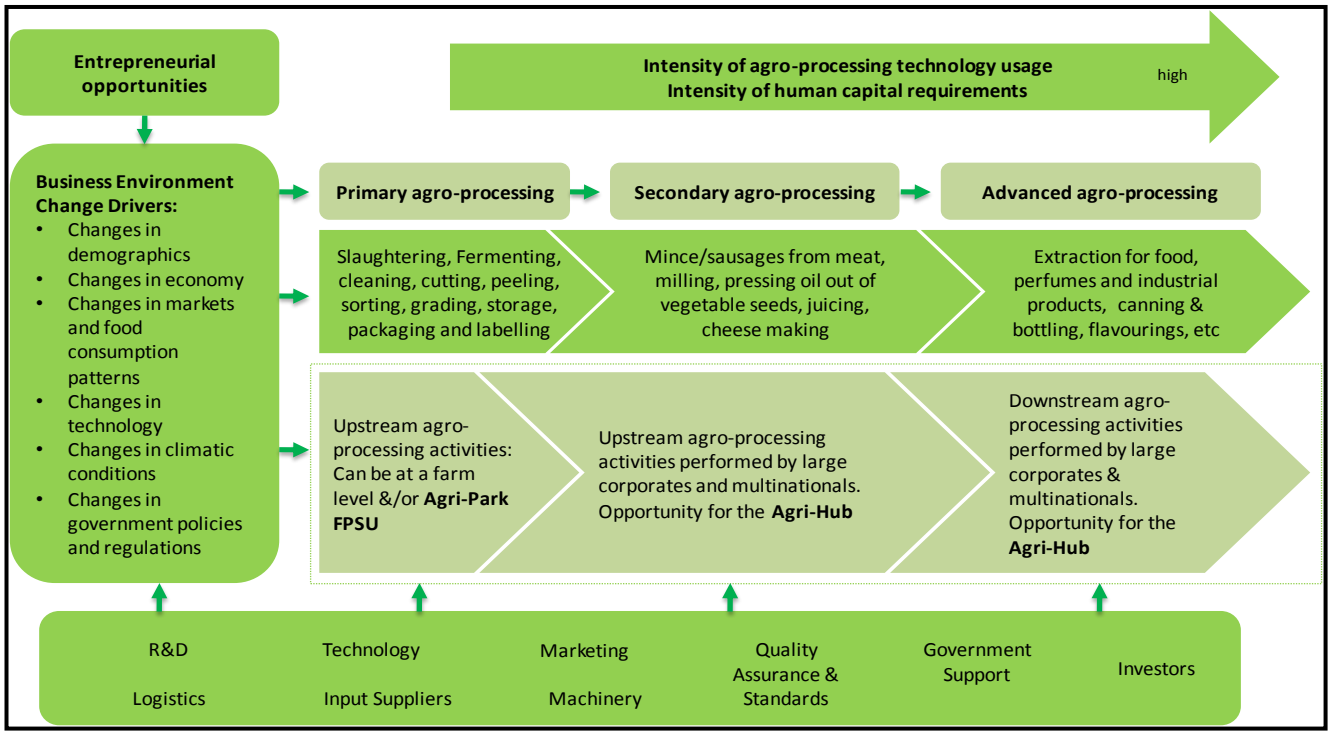
Agro-processing refers to a set of technological and economic activities undertaken on a basic agricultural product with the aim of transforming it into usable items such as food, fibre, fuel and industrial raw material.

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.

Figure 4: Phases of Agro-Processing Activities



Source: (adapted from Thindisa, 2014)

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).

Three Agri-Processing Opportunities

The following three agri-processing opportunities present exciting opportunities for the Pixley ka Seme Agri-Park:

- Abattoir and small meat processing facility at one of the FPSUs.
- Conversion of existing abattoir at the Petrusville Agri-hub to a tannery which can process a minimum of 13 200 hides per annum
- Manufacturing of leather products as spin-off from the tannery.

In the PKS-area livestock (mostly sheep and goat) farming dominates the agricultural landscape. The agro-processing opportunities in this industry warrant a closer inspection, especially as it pertains to the tanning industry.

The hide, skin and leather industry:

Hides, skins and leather are by-products of farming stock and wild animals bred primarily for meat consumption. Thus, hides and skins are mainly recovered from slaughterhouses and farms. Because the leather industry depends on the recovery of hides and skins of the farming stock and wild animals, availability of raw material directly depends on the size of the animal population, the take-off ratio and the weight/size of the hide/skin recovered.

The quality of South African hides has been positively influenced by the rise in the number of feedlots operating in the meat industry, with animals thus spending less time in the open veldt. These hides are rated to be superior to other sub-Saharan African and most Asian hides, but inferior to most hides from Australia, Argentina, the US and Europe. Their relatively small size compared with the last two origins (3.5 to 4m²) and the use of non-hump breeds that produce large panels renders them just marginally suited for upholstery and automotive leather. Over 60% of South African hides are regarded as suitable for automotive leather.

Sheep skin:

It is produced with or without wool mainly for the export market.

Pig skin:

South Africa does not have significant supply of pig skin as this tends to be part of the meat.

Goat and kid skin leather:

The supply of goat and kid skins is low as the majority of goats are slaughtered outside the abattoirs.

Ostrich skins:

Unlike bovine, ostrich is bred primarily for its skin; and ostrich meat becomes a by-product. Ostrich leather is unique with its feather quill pattern. This gives it extra strength and durability which is seven times stronger than bovine (cattle) hide. Ostrich leather is used to produce handbags, wallets, shoes, clothing etc.

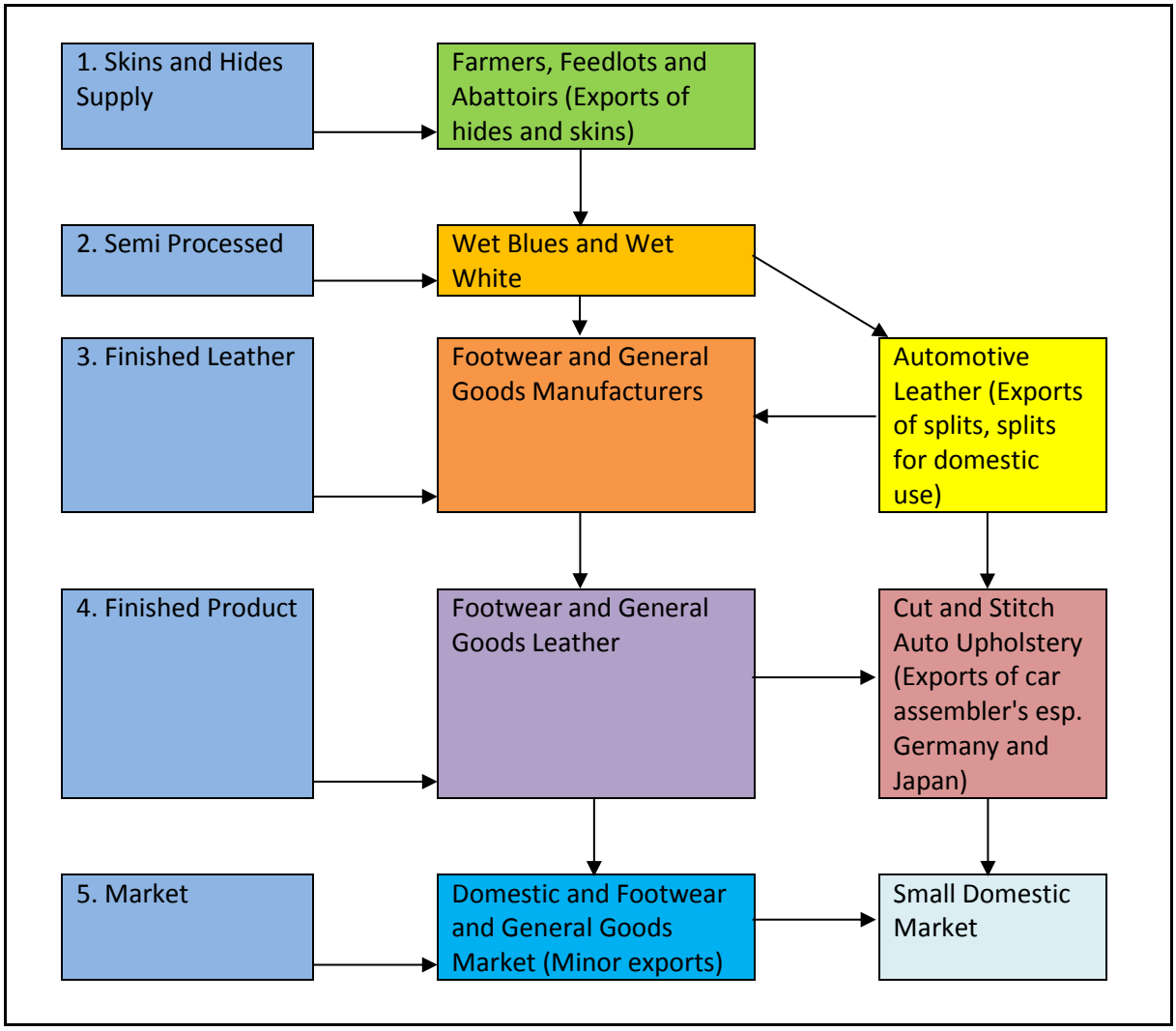
Skins of wild animals:

Many wild animals including elephants and buffalo are main sources of leather.

Skin of reptiles:

Crocodiles and snakes are bred for their skins.

Figure 5: Skins, Hides and Leather Value Chain



Source: Richard Ballard (UKZN)

The above figure shows that **the skin, hide and leather value chain is divided into five stages**:

- skin & hide supply
- semi – processed leather
- finished leather
- finished products; and
- the market

The various operations are linked by a series of arrows showing imports, exports and transfers down the value chain in South Africa.

Stage 1 in the diagram is skins and hides supply. This stage involves the recovery of hides and skins from farming stock bred primarily for meat consumption. Thus, hides and skins are mainly recovered from slaughterhouses and farms. Because the leather industry depends on the recovery of hides and skins of the farming stock, availability of raw material directly depends on the size of the animal population, the take- off ratio and the weight/size of the hide/skin recovered. The bulk of the skins and hides go onto the next stage of processing and a small percentage is exported. Many of the feedlots / abattoirs have structural links with hide traders and primary tanneries. Exports consist of hand–flayed dry salted and sun dried produced in rural areas outside of official abattoirs. Exporters argue that the reason to be exported is that they are low grade hides and have little use locally. Some abattoirs export good quality hides rather than channelling it into domestic processing.

Stage 2 is the production of semi–processed skins and hides. The majority of skins and hides are locally sourced and the minority is imported. At this stage the skins and hides undergo the first stage of tanning which preserves the skins and hides as a semi– processed leather. This stage is also called the '***wet blue'*** because of the wet and a pale blue colour which comes from the chromium salt used to tan the skin or hide. Some tanneries use tannins from sources such as wattle trees to preserve the leather. This process is named vegetable tanning and the stage labelled '***wet white'***. It is interesting to note that several '***wet blue***, and '***wet white'*** processors are owned by local feedlots/abattoirs. From this stage the skin or hide can travel in one of the three directions: footwear and general goods tanning automotive tanning and exports. The better quality wet-blues are sold to automotive-tanners and the lower quality ones to tanneries that manufacture other leather products.

Stage 3 is the finished leather. At this stage of the leather chain the collected raw hides are converted into what consumers recognise as leather. The semi – processed leather that stay in the country either travel to automotive re-tanning or footwear / general goods re-tanning. Automotive re-tanners get access to the bulk of skins / hides (mainly high quality); automotive upholstery only uses part of the skin/hide. The part that they use is the outer layer of the skin / hide (called grain). The inner layer of the skin / hide (called the flesh or second split) is made available to footwear re-tanners or get exported.

Stage 4 is the finished product. In this stage there are factories involved in cut and stitching operations that manufacture leather seat covers for the automotive industry; and footwear and general leather products including fashion items like belts, leather clothing, wallets, handbags, filo-faxes, luggage, furniture gun accessories, sport goods, footwear and industrial protective clothing.

Stage 5 is the market. The automotive industry is export focused mainly to luxury car manufacturing assemblers in Germany and Japan. This is due to Motor Industry Development Programme (MIDP) of the Department of Trade and Industry. The MIDP contains an import-export complementation scheme that gives credits to car component manufacturers for any exported goods. These credits are used to offset duty on car components that are imported. Export of stitched leather seat covers responded positively to this incentive and increased the demand for local hides and skins.

Market access

Exports of skins, hides and leather from South Africa receive preferential treatment because of the free trade agreements between South Africa and EU. Skins, hides and leather get free entry into many lucrative markets in Europe, US, Hong Kong and Singapore, except in China, India and Japan. China and India have high tariffs to protect domestic production.

Skins, hides and leather from South Africa enjoy duty free access to the EU's market under African, Caribbean and Pacific Countries Trade Agreement (ACP); to the US market under the African Growth and Opportunity Act (AGOA) and receive preferential access in Turkey under Generalised System of Preferences (GSP).

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.

Hair-on tannery at Petrusville:

The Renosterberg Local Municipality was identified as a poverty node in the Northern Cape. Given the fact that livestock farming is one of the main agricultural activities practiced in the region, the Department of Agriculture Land Reform and Rural Development has proposed that a tannery be established at Petrusville as a means to stimulate economic activity. The existing old abattoir will be remodelled into a tannery for hair-on skins.

Through the establishment of the tannery the department hopes to create economic development opportunities in terms of adding value to locally produced products, but also creating further opportunities for entrepreneurs and small business. From the original tannery could flow small businesses which further add value by producing leather goods such as shoes, handbags, etc.

The feasibility study for a hair-on/wool-on tannery facility in the Renosterberg area indicates that the project is feasible: There is an immediate market demand for >40 000 good quality hair-on skins per annum identified (although currently met by other market operators). It is envisaged that its range of products could include, but not be limited to the following:

- Pickled Dorper Sheepskins
- Wet Blue Dorper Sheepskins
- Wet Blue Bovine Hides
- Wet Salted Bovine Hides

There are few hair-on tanneries in SA, and none in the Northern Cape, which provides a niche market opportunity. The identified site is deemed appropriate and good value based on draft layout design. The estimated investment to establish the small scale hair-on tannery for 15 direct permanent job opportunities is encouraging. Break-even analysis indicates that a throughput of 1 100 skins per month, or utilisation of 55%, is required for financial feasibility.

The project's long term success hinges on three main key success factors which are also regarded as the main risks for the project:

- raw material acquisition (quality and obtaining skins and hides)
- technical and managerial expertise to meet customer tanning standards
- marketing and being able to sell all skins tanned.

Given the highly competitive and concentrated nature of the South African hides, skins and leather industry, failure to adequately address any of the aforementioned key success factors would dramatically reduce the enterprise's feasibility.

The district and local municipalities are involved through active participation in the stakeholders committee.

2.4. Summary and Conclusion

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

The challenge now facing small-scale and subsistence red meat producers in the NC is to transform the informal livestock production which prevails on both communal and private own land to a vibrant commercial livestock production system. The industry needs to stop thinking of small-scale farmers as subsistence (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 red meat organisational framework, to ensure improved market linkages, to develop the relevant animal production and business skills among developing red meat farmers, and to ensure that the appropriate infrastructure is in place to subsequently create a vibrant commercial livestock production system. Small-scale farmers are fully capable of becoming profitable businesses. The development of a sheep production system and plan becomes imperative for Government and the private sector to provide small-scale farmers with the technical support and assistance to thrive.

Chapter Three: Pixley ka Seme District Municipality Agri-Park Strategy

The emphasis of the Pixley ka Seme District Municipality is for the Municipality, in conjunction with the local municipalities, to ensure an economy that will enhance and generate sustainable jobs, reduce poverty and improve the standard of living of the communities.

DISTRICT SPATIAL DEVELOPMENT FRAMEWORK

The twelve Development Objectives are listed below and the composite Spatial Development Framework for the Pixley ka Seme District Municipality is depicted below:

Table 4 Pixley ka Seme District Municipality Development Objectives

Pixley ka Seme District Municipality Spatial Development Framework Development Objectives		PKS Agri-Park Alignment
District Wide Spatial Development Objectives		
Objective 1	**DEVELOPMENTAL OBJECTIVES** To promote economic development and the creation of sustainable job opportunities	Yes
Objective 2	Poverty reduction through a holistic and integrated approach to pro-poor programming	Yes
Objective 3	To strengthen social development and improve service delivery	Yes
Objective 4	To ensure the provision of adequate infrastructure for economic and social development	Yes
Objective 5	To promote good governance	Yes
Objective 6	To strive for the attainment of regional integration	Yes
Objective 7	To develop human and social capital	Yes

3.1. Pixley ka Seme DM Agri-Park Strategic Intent

The formulation of Pixley ka Seme 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 Pixley ka Seme DM Agri-Park –

- The Pixley ka Seme 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 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 Pixley ka Seme DM Spatial Development Framework Development Principles/Objectives.

Proposed Mission Statement for Pixley ka Seme 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 irrigated and cultivated farming activities on suitable land within the District; and to support small scale and/ or family farmers farming throughout the remainder of the area.

3.1.4. Goals 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 Pixley ka Seme DM Agri-Park –

- By 2025 Pixley ka Seme 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 PKS DM Agri-Park:

Objective 1: Transformation and Modernization

Proposed Objective One for Pixley ka Seme DM Agri-Park –

- To transform and modernise rural areas and small towns in Pixley ka Seme 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 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.

<u>Objective 2</u>: Agri-Park Infrastructure Development

Proposed Objective Two for Pixley ka Seme 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.

Objective 3: Agri-Park Governance and Management

Proposed Objective Three for Pixley ka Seme DM Agri-Park –

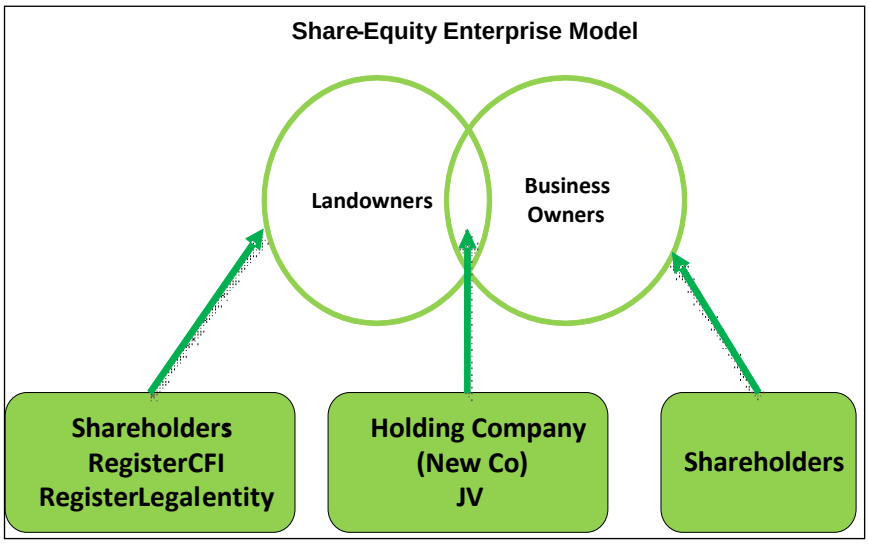
- To facilitate the establishment and implementation of a sustainable **Agri-Park governance and management** model over the next 3 years.

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

- Enabling producer ownership of 70% of the equity in Agri-Parks, with the state and commercial interests holding the remaining 30% minority shares (see Figure 6 below); and,

- Allowing smallholder producers to take full control of Agri-Parks by steadily decreasing state support over a period of ten years.

Figure 5: Share-Equity Model



Proposed Governance and Management Model for Pixley ka Seme 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 Pixley ka Seme DM Agri-Park, namely:

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

  In practice, this suggest that profits generated by the Agri-Park Holding Company (Secondary Cooperative) must be ploughed back into expanding the Agri-Park infrastructure (industrial Park) or into necessary community socio-economic development projects and, in that way, slowly but surely building a stronger rural economy and community.
- ***Guiding Principle 2***: As the Lead Sponsor, the DRDLR must appoint a suitably qualified and experienced Agri-Park Manager who will facilitate the formal establishment of the Agri-Park and its constituent institutional arrangements to ensure that the Agri-Park (at FPSUs and Agri-Hub levels) provides a comprehensive range of Farmer Support Services for farming excellence.

  Practically, the organization and management of the Agri-Park, through its constituent Hub, FPSUs and RUMC, would be best optimized through the five abovementioned business units to provide services to Farmers and their communities, namely;
  - Sourcing and supplying Farmers will all necessary farming inputs i.e. Farmers' shops or wholesaling.
  - Providing access and linkages to farming technical services like processing facilities, farming technologies and laboratory services ensuring that Farmers yield high quality and quantity of maize.
  - Promoting and ensuring investment within the Agri-Park sites/units in agri-processing and manufacturing activities linked to the main commodity that belies the Agri-Park
  - Providing easier access to a comprehensive range of farming business and financial support services.
  - Providing Farmers with market intelligence and market access support for farm produce, including manufactured agri-products, to gain maximum local and export market access. This function will be best located under the Rural Urban Market Centre (RUMC) which is an invariable component of each envisaged Agri-Park in South Africa.
- ***Guiding Principle 3:*** The Agri-Park will be subject to influence and support of the government especially through DAMC, DAPOTT, DLRC, PAPOTT, NAPOTT for purposes of initiating implementing and sustaining Agri-Park operations.

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

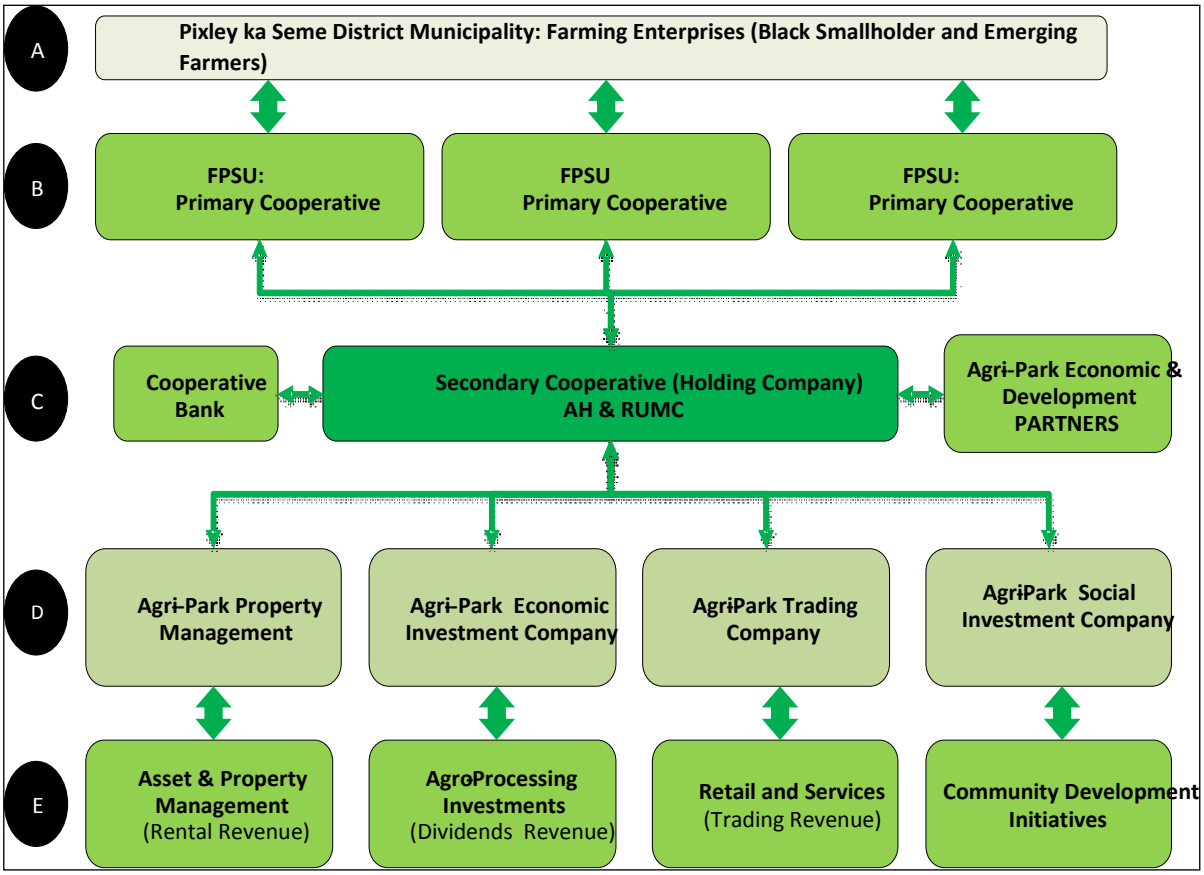
The table 5 and figure 6 below outlines a proposed Agri-Park ownership, governance and management model.

Table 5 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 6: Proposed Agri-Park Ownership, Governance and Management Model



<u>Objective 4</u>: Agri-Park Funding

Proposed Objective Four for Pixley ka Seme 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 7 Policy Framework for investment in Agri-Parks

Source: Adapted from OECD, 2013

Proposed Policy Investment Framework for Investing in Agri-Parks

1. **Investment policy:**

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

2. **Investment promotion and facilitation**

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

3. **Infrastructure development**

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

4. **Trade policy**

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

5. **Financial sector development**

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

6. **Human resources, research and innovation**

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

7. **Tax policy**

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

8. **Risk management**

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

9. **Responsible business conduct**

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

10. **Environment**

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

Objective 5: Agri-Park Farmers and Communities Development

Proposed Objective Five for Pixley ka Seme 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.

<u>Objective 6</u>: Agri-Park Implementation Capacity

Proposed Objective Six for Pixley ka Seme DM Agri-Park –

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

- Creating and institutionalizing technical and operational tasks teams to manage all phases of Agri-Park development and implementation;
- Establishing the proposed National Agri-Park Project Support Facility, which will coordinate and support district-based operational teams;
- Coordinating Agri-Park development with other DRDLR programmes targeted at increasing the pace of land acquisition and redistribution;

- Organization and mobilization of stakeholders and communities residing in identified site localities through participatory consultation on Agri-Parks model, site selection and identification of production areas to receive support;
- Conducting a Socio-economic analysis for each of these areas, in which district connectors (gateways), areas of economic growth/ decline, economic functional zones are all identified; and income, employment statistics and access to utility services data (to water, sanitation, energy etc.) is collated;
- Conducting a National spatial, commodity, value chain and market analysis to determine target sites through identification of high value commodities, growing production areas and available infrastructure;
- Generating site specific maps containing district specific narratives and selection criteria for initial identification of sites;
- Further development of evaluation criteria for assessing Agri-Parks proposals;
- Weighing each Agri-Park proposal against this evaluation criteria and other important findings from previous analyses to make final determinations on Agri-Park sites; and,
- Signing resolutions for the establishment of Agri-Parks with each District Municipality identified.

Chapter Four: Pixley ka Seme District Agri-Park Infrastructure Plan

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

A **networked innovation system** of agro-production, processing, logistics, marketing, training and extension **services** located in District Municipalities. As a network it **enables** the **growth** of market-driven **commodity value chains** and contributes to the achievement of **rural economic transformation (RETM)**. An **AP** contains three **service collections**:

d. Farmer Production Support Unit (**FPSU**) with a focus on primary production towards ***food security***;

e. Agri-Hub (**AH**); and

f. The Rural Urban Market Centre (**RUMC**) which may service multiple districts.

4.1. The Pixley ka Seme Agri-Hub and FPSUs

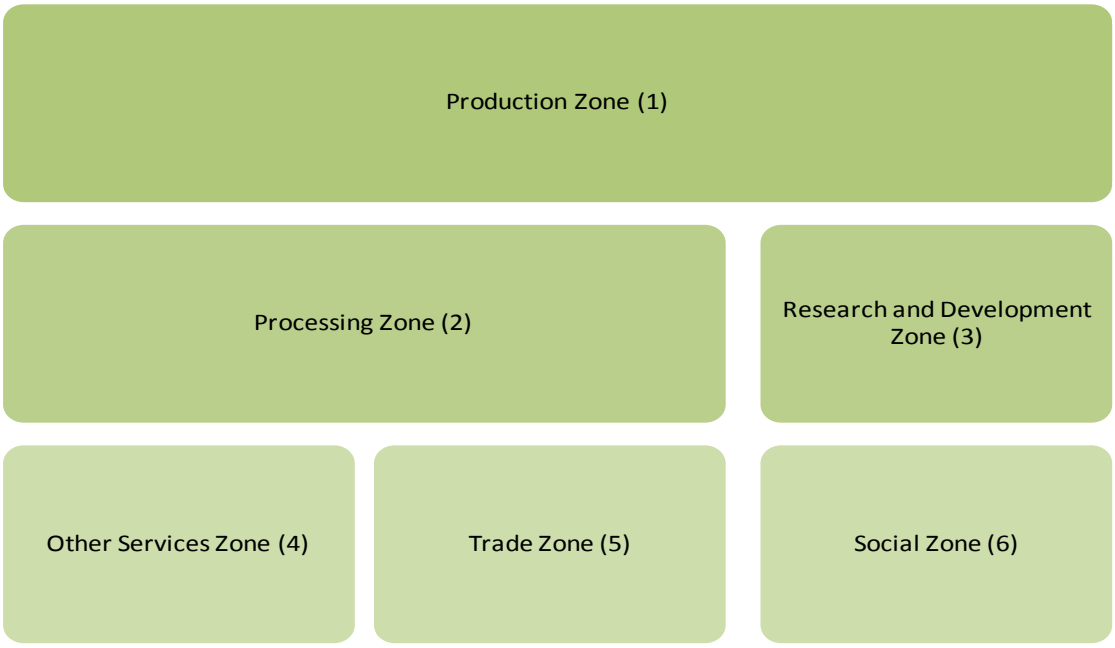
The proposed Agri-Hub and its Farmer Production Support Units are discussed and indicated on the maps below.

The sites were proposed for the following reasons:

- The close proximity of small and emerging farmers in close proximity to the hubs and FPSU's;
- The proximity to production of main and support commodities;
- Rural development needs;
- Location of CRDP sites;
- Support for the sites by the DAPOTT, DAMC and local municipalities;
- Approval of sites by the local municipalities.

The Agri-Hub at a minimum will have 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.

Figure 8: Agri-Hub Conceptual Infrastructure Master Plan



Further studies including the Environmental Impact Assessments (EIA) will 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), the Agri-Hub is a production, equipment hire, processing, packaging, logistics and training (demonstration) unit as indicated in the figure below:

Figure 9: Agri-Hub Conceptual Layout Plan

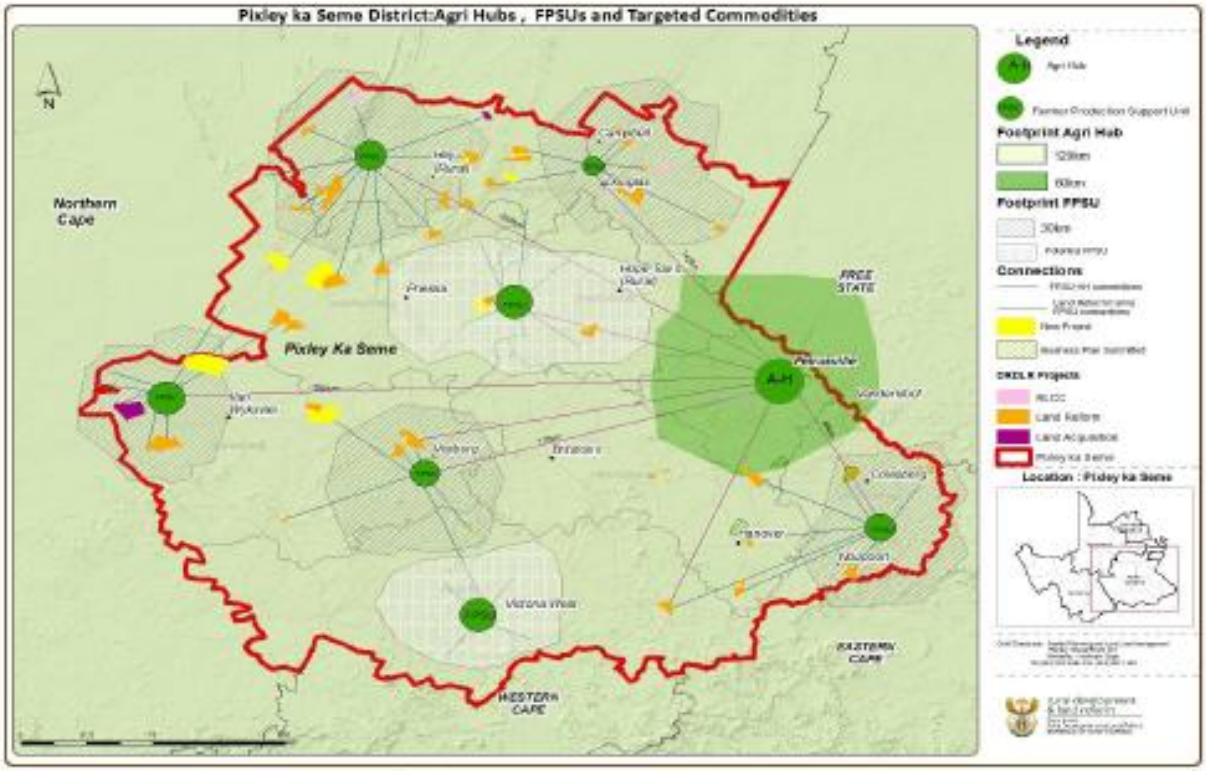
Description of the Agri-hub

Petrusville has been identified as a hub and corridor with the potential for increased agricultural production as well as agro-processing. The Van Der Kloof Dam and major transport routes crossing the district, makes Petrusville the ideal location for the Agri-hub. Farmer.

Production Support Units will include Vanderkloof, Van Wyksvlei, Griekwastad, Douglas, Vosburg and Colesberg.

The proposed Hub and its feeder Farmer Production Support Units are indicated on the map below:

Figure 10: Petrusville Agri-Hub and Feeder FPSUs



Map 35: Pixley ka Seme Agri Park footprint including AH and FPSUs

Figure 11: Agri-Hub Site Plan: Petrusville

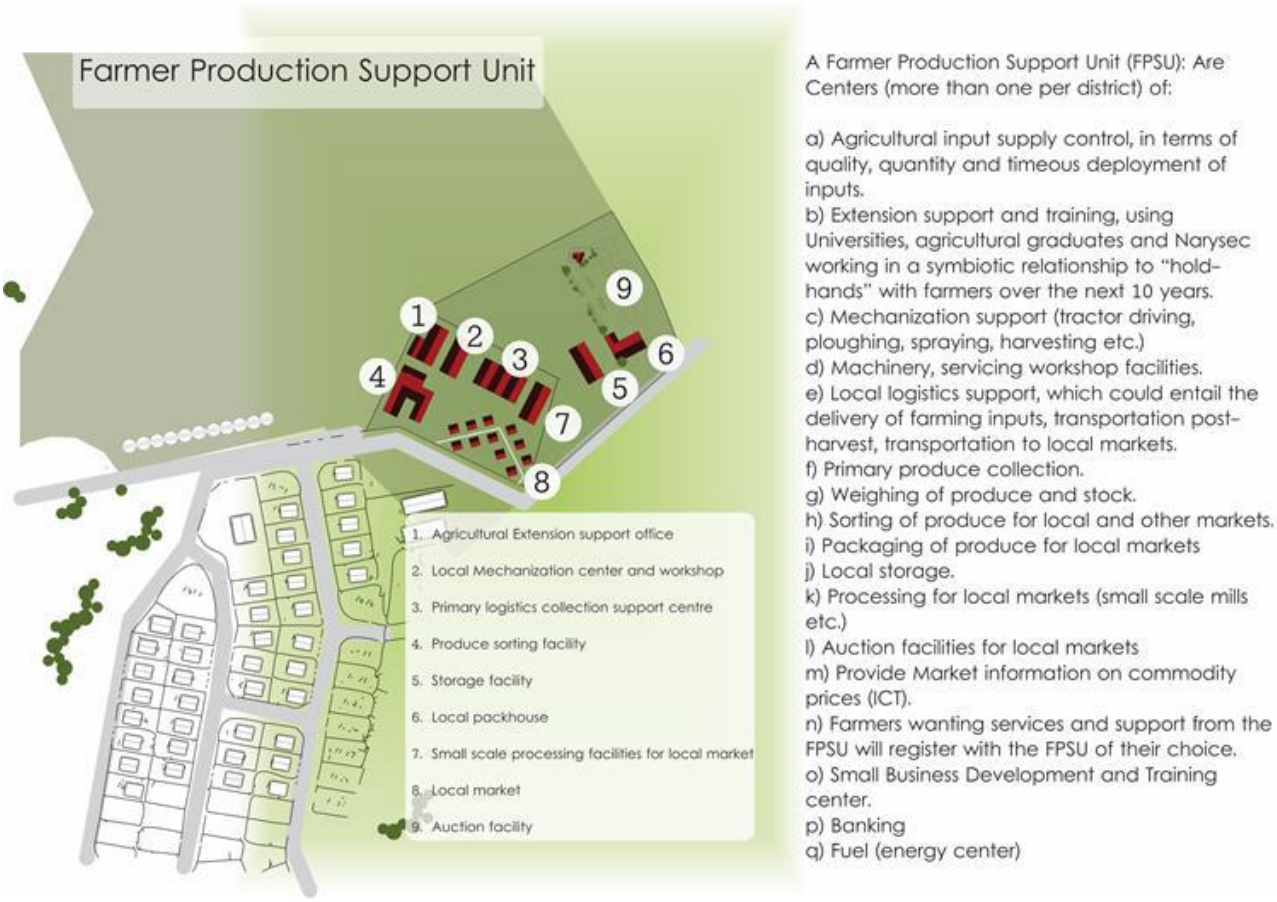
The **Agri-Hub** will include the following facilities and support services:

- A feedlot of approximately 1000m² to round off animals for the premium meat market and to have enough stock available to use the abattoir optimally.
- Tannery with the capacity to process at least 13 200 hides per annum. This will include evaporation dams and drying pans, as well as tanning equipment. A portion of the existing abattoir at Petrusville will be maintained, while the rest will be converted into a hair-on tannery.
- Workshop for the production of leather goods – 80m²
- Meat processing facility – kitchen of approximately 50m², equipped for smoking and drying of products
- Training facilities including lecture halls and lodging for trainees
- Collection point for livestock
- Office space, boardroom facilities and secretarial services for local emerging farmers
- Main mechanization centre and equipment servicing and repair centre to effect major repairs to the fleet of trucks, tractors and vehicles that service the hub and its feeder FPSUs – 500m²
- Collection services linked to the mechanization centre.
- Veterinary services through the local animal protection association
- Extension services
- Main production input supply facility (most probably a cooperative) of about 2000 m^2 (shop to purchase production inputs like fertilizer, chemicals, seed irrigation equipment, small tools, etc.) to be operated with a strategic partner along the following lines:
    - A small farmer / emerging farmer (client) will approach the cooperative for production inputs for a specific crop and quantity.;
    - The cooperative and client will enter into a supply / purchase contract stipulating, crop or farming enterprise, quantity and timing, eg. the number of sheep or area to be planted with crop and when planting will take place. From this it will be clear as to what is needed, when and how much;
    - The cooperative will inspect the clients operations on a regular basis to ensure that the client adheres to the contract;
    - The contract will also stipulate that the client must deliver the produce to the cooperative which will grade and pay the client market price minus the costs of the inputs supplied. The cooperative will then on-sell the produce delivered to one of the other facilities in the Agri-Hub for further processing of packaging;
    - Cooperative staff will, as part of their service, supply extension services to the client;

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

According to CSIR (2016), the FPSU is a rural outreach unit connected with the Agri-hub. The FPSU does primary collection, some storage, some processing for the local market, and extension services including mechanisation as per layout plan in Figure 12.

Figure 12: FPSU Conceptual Layout Plan



The following sites have been suggested as locations for the Farmer Production Support Units:

- Van der Kloof
- Griekwastad
- Douglas
- Colesberg
- Vosburg
- Van Wyksvlei

These FPSU will have the following facilities:

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas, animals, vegetables and fruit – 200m².
- Mechanization and repair centre – 200m².

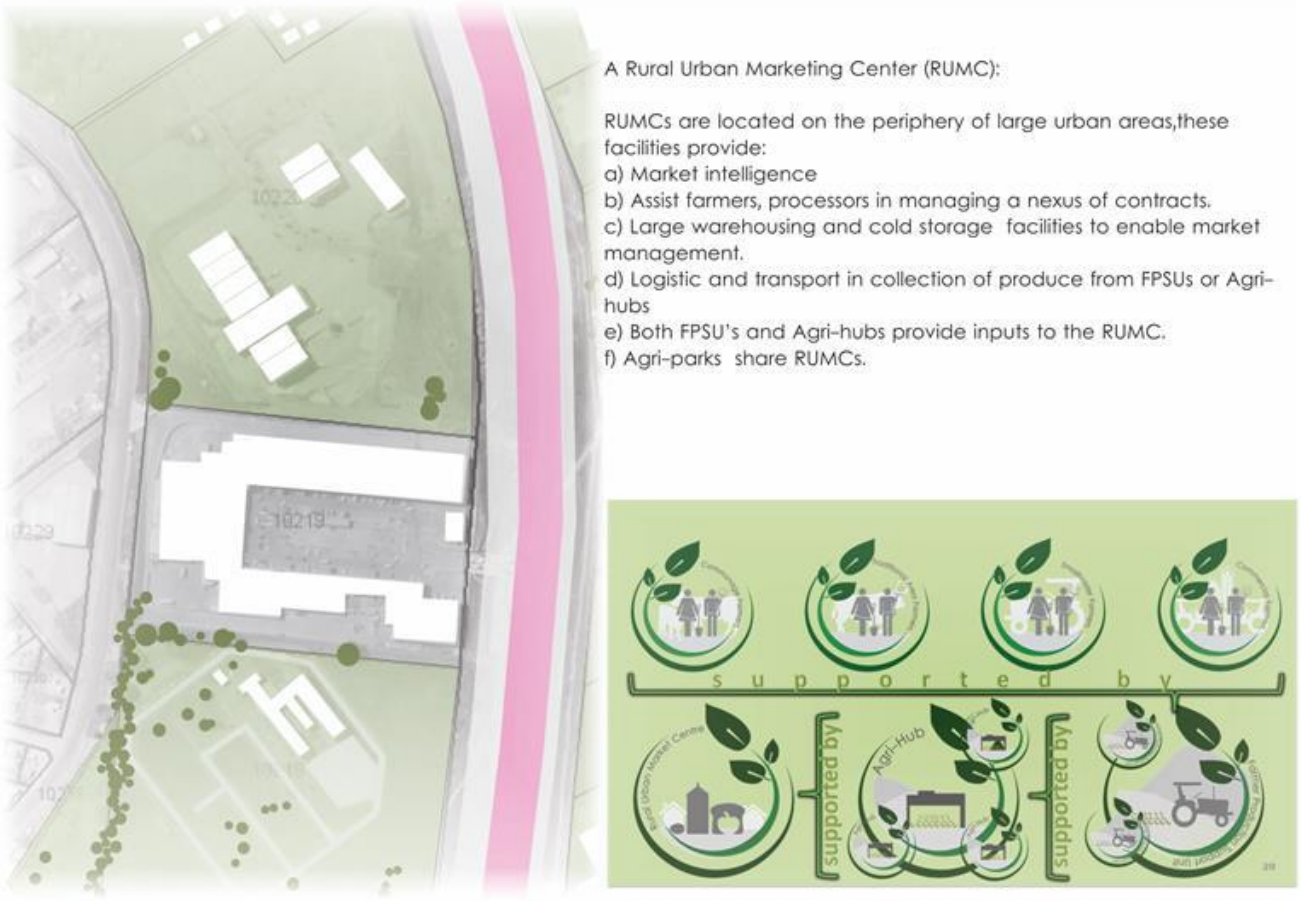
- Collection services linked to the mechanization centre.
- Local market facility to sell produce locally – 200m².
- FPSU production input supply facility (a local branch of the main production input supply facility).
- Small meeting and internet facility.

4.2. Proposed Rural Urban Market Centre

The RUMC has three main purposes:

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

Figure 13: Rural Urban Market Centre Conceptual Layout Plan



The site for the Pixley ka Seme RUMC has not been confirmed. It is however proposed that it should be located in Kimberley and that it also serves the Frances Baard district.

4.3. PESTEL Assessment of the Agri-Park

A PESTEL analysis is a framework or tool used to analyze and monitor the macro-environmental (external operating environment) factors that have an impact on an organization. PESTEL denotes the following:

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

The PESTEL analysis for the Pixley ka Seme Agri-Park is indicated in the Table below:

Table 6 PESTEL Analyses for the Pixley ka Seme DM Agri-Park

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 Lack of support to smallholder farmers Unemployment; poverty and inequality Trust relations between government, private sector, civil society, labour, traditional leaders Historical land issues Intergovernmental relations Public service capacity, capability and competence Corruption, nepotism and cronyism Policy consistency, certainty, continuity and implementation
Economic	Agricultural inputs costs (seeds, pesticides, fertilisers, equipment, etc) Alternative markets (government, local and informal markets) IPAP & APAP financial support to high priority agricultural products and agro-processing Lack of smallholder and emerging farmers access to markets, credit, transport, finance, extension services, etc Domination of markets by large commercial farmers Volatility and speculation in commodity market Exchange rates Potential for inclusive growth Potential for increased job creation Seasonal nature of employment Increase cost of electricity and inconsistent supply to rural areas Drought Increased food demand Currency volatility and stability Micro-economic policy Retailers Competitiveness Public Private Partnerships Policy consistency Imports Economic structural issues Rejuvenation and expansion (irrigation schemes)

Social	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 greenhouse and hydroponic technology ICT innovative digital platforms (prices, markets, weather, etc) R&D Renewable energy sources Productivity Logistics Small scale processing technology
Environmental	Limited water supply Limited water licences Ecological sustainable farming methods Climate change Devastating effects of drought Water management Energy management Land Use management Natural Resources Renewable energy Waste and by-products
Legal	Effective by-laws Complimentary legislative and policy frameworks Implementation and compliance of food safety standards and quality control Land Reform and Rural Development legislation and policy frameworks-Daff synergy and complimentary EIA cumbersome process

4.4. Pixley ka Seme DM Agri-Park SWOT Analysis

A review of the significant trends, issues and changes in the external environment in which **Pixley ka Seme 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 draft Agri-Park Policy Framework. The Agri-Park SWOT analysis is proposed to inform decisions on the development and implementation of the Agri-Park Programme.

4.5.1. Strengths

- Cooperation between the municipality and the emerging farmers.
- Land availability
- Development aspiring communities

- Local municipality that articulates their plight.
- Accessible local governance system
- Participation process enshrined in the Constitution

4.5.2. Weakness

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

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:

- Closing the cycle
- Coordination, cooperation, networking and collaboration
- Improved social cohesion
- Reducing transport requirements
- Improve animal welfare
- Restricting disease outbreaks
- Reduce the gap between producer and consumer
- Generate economic and social benefits
- Development of infrastructure networks to create sustainable ecological system
- Integrated spatial planning-SPLUMA
- Agri-BEE- encourage Black entrepreneurs to take advantage
- Connecting development corridors
- Knowledge management- universities, agricultural colleges

- Growth of agro-processing
- Intensive labour agriculture & agri- processing
- Efficient use of space
- Renewable energy sources-solar
- Agro-production and agro-processing
- Setting of food standards and quality and conducting certification
- ICT- less reliable on extension officers for certain needs
- Market information
- Economies of scale
- PPPs
- Efficiency of resource allocation and utilisation
- Improved markets
- Agriculture becomes the focal point
- Synergy between non-agri-production like energy production, waste and water management
- Trade center

4.5.4. Threats

- Stifling bureaucracy
- Poor intergovernmental relations between the three spheres of government
- Alignment between various Agri-Parks committees and DLRCs-too many committees
- Technical capacity at district and local municipal levels
- Scarcity and degradation of land, water and soil
- Post- harvest food lost and wastage
- Low support for producers
- Duplication of effort
- Fragmented and uncoordinated planning
- Slow pace of regulatory approvals e.g. EIAs, water approvals

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

Chapter Five: Pixley ka Seme 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 at least seven generic success factors can be identified for Agri-Parks. These include:

Table 7 Agri-Park Success Factors based on International Experience

• 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 practice corporate governance should be adhered to at all times Comply with corporate governance legislative, policy and regulatory frameworks (public and private sector).
• Supply contracts in place for key inputs:	The prices of agricultural inputs are incredibly volatile due to factors such as adverse weather conditions and insect infestations. To negate this, long-term fixed-price supply contracts with local farmers, suppliers (e.g. packaging company) and distributors is crucial.

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

Table 8 Key Considerations Informing Establishment of Processing Plants

Location:	The basic objective is to choose the location which minimises the average production cost, including transport and handling. It is an advantage, all other things being equal, to locate a processing unit near the fresh raw material supply. An adequate supply of good water, availability of labour pool, proximity to rail or road transport facilities and adequate markets are other important requirements.
Processing planning:	A well planned commodity processing centre must be designed to operate for as many months of the year as possible. This means the facilities, the buildings, the material handling and the equipment itself must be inter-linked and coordinated properly to allow as many products as possible to be handled at the same time, and yet the equipment must be versatile enough to be able to handle many products without major alterations. A typical processing centre or factory should process four or five types of commodities at different times of the year.
Processing systems (Scalability):	**Small-Scale Processing**. This can be done at FPSUs for small-scale farmers for personal subsistence or for sale in nearby markets. In this system, processing requires little investment: however, it is time consuming and tedious. **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, reducing post-harvest losses, giving added value to indigenous crops and increasing the volume and quality of agricultural output

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

The following indicators and targets are proposed for further refinement in order to monitor implementation of the Agri-Hub and achievement of the Agri-Hub objectives. Stakeholders will need to define and agree on the key targets:

Table 9 Agri-Park Objectives, Outputs, Targets, Indicators and Activities

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

STRATEGIC OBJECTIVE 2: Develop Integrated and Networked Agri-Park Infrastructure			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
PKS 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)	• RUMC Property Management Contract	• land acquisition and zoning • Infrastructure Development

STRATEGIC OBJECTIVE 2: Develop Integrated and Networked Agri-Park Infrastructure			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
	established	finalised • % of business linkages facilitated by RUMC • One RUMC developed by 2018	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**
PKS District Agri-Park Sustainably managed and operated	A farmer led company established through the company act	• Articles of association	• Develop Articles of Association for Agri-Park
	Management company responsible for both development and administration established	• Management contract	• Develop management contract for Agri-Park hubs and FPSUs
	District Statutory body responsible for oversight established	• Memorandum of Understanding • Municipal resolution	• 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 PKS District Agri-Park	Investment generated	• Promoted investment opportunities in the Agri-Parks	• Create investment material • Develop bankable business plans Present investment opportunities to potential investors
	Partnerships established	• Partnerships established for the various opportunities in the Agri-Parks	• Actively promote partnerships to potential investors • Meet potential partners • Present bankable business plans to potential partners

STRATEGIC OBJECTIVE 4: Generate funds and secure investment			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
	Investment promotion	• Investments in the Agri-Parks generated	• 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**
PKS District Farmers producing competitive product	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
	Quality sheep production increased	• Training material developed • Farmers trained	• Develop training material • Train farmers
	Smallholder and Emerging Farmers technical capacity and skills enhanced	• Training material developed	• Develop training material • Train farmers

STRATEGIC OBJECTIVE 6: Improve Agri-Park Programme Implementation			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
PKS 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 services charges
	Agri-Park provided with reliable and consistent municipal services	• Continuous service delivery and consistent standards as per municipal service charter	Municipal service delivery
	Capacitated coordinating	• Municipal participation coordinated and	Agri -Park coordinating structures effectively attended

STRATEGIC OBJECTIVE 6: Improve Agri-Park Programme Implementation			
Outcome(s)	**Measure (Outputs)**	**Targets & Milestones (Indicators)**	**Activities**
	structure operational	effective	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 key decision-making structure to inform decision-making	Quarterly performance Monitoring reports submitted to decision-making structures which inform agri-park decision making

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

Table 10 Agri-Park Implementation assumptions to be monitored

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)	
Pixley ka Seme District Agricultural Sector transformed and modernised	Vibrant Pixley ka Seme District community and Food Security	Emerging farmers will be able to produce high volumes of vegetables and poultry meat	√		Yes
	Percentage contribution of Agriculture to Pixley ka Seme District economy	Reduction in vegetable production due to limited water rights for expansion	√		No
	Increased agricultural beneficiation (agro-processing activities)	Resources will be invested in the value chain	√		Yes
	Number Black Industrialists Developed	Black entrepreneurs willing to participate in the agricultural sector	√		Yes

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)	
Pixley ka Seme 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
Pixley ka Seme 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	Investment generated	Private individuals willing to invest in the Agri-Parks	√		Yes
	Partnerships	Private individuals willing to			

Agri-Park Outcomes	**Agri-Park Measure (Outputs)**	**Assumptions Description** (External Factors beyond Agri-Park control, e.g. drought etc.)	**Will the assumption hold true?**		**Possible to redesign outcomes and outputs to influence external factors** (Yes/No)
			Possibly (tick)	**Very unlikely** (tick)	
Pixley ka Seme District Agri-Park	established	partake in the Agri-Parks		**√**	Yes
Pixley ka Seme District Farmers producing competitive produce and/or livestock	Beneficiary farmers businesses profitable and sustainable	Emerging farmers employing proper business management aspects in their businesses		**√**	Yes
	Quality vegetable production increased	Proper production systems followed and farmers practising the best GAP	**√**		Yes
	Beneficiary farmers technical capacity and skills enhanced	The beneficiaries will be interested in this type of training	**√**		Yes
Pixley ka Seme 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

5.3. Agri-Park 10-Year Implementation Plan

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

Table 11 Agri-Park 10-Year Implementation Plan

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

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

5.4. Strategic Risks Assessment and Mitigation Plan

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

Table 12 Agri-Park Risks Management Framework

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	
PKS DM Agricultural Sector transformed and modernise	Vibrant PKS DM community and Food Security	Farmers unable to produce quality vegetables			√			Farmers assisted to follow planting seasons of various vegetables

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	
d	Percentage contribution of Agricultural to PKS DM economy	Farmers not supplying enough vegetables to the market for sales			√			Creating incentives for farmers to supply their vegetables through Agri-Parks processing facilities
	Increased agricultural beneficiation (agro-processing activities)	Required resources not being made available		√				Proper budgeting by all spheres of government participating in the Agri-Parks
	Number Black Industrialists Developed	Required resources not being made available			√			Proper budgeting by all spheres of government participating in the Agri-Parks
PKS DM Agri-Park Operational	Number of Agri-Hubs (AH) developed	Unavailability of funds to fund the infrastructure				√		Proper budgeting by all spheres of government participating in the Agri-Parks and the government prioritizing Agri-Parks as project to drive rural development
	Number of Farmer Production Support Units (FPSU) developed	Unavailability of funds to fund the infrastructure				√		Proper budgeting by all spheres of government participating in the Agri-Parks and the government prioritizing Agri-Parks as project to drive rural development
	Number of Rural Urban Market Centres (RUMC) established	Unavailability of funds to fund the infrastructure				√		Proper budgeting by all spheres of government participating in the Agri-Parks and 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	
								government prioritizing Agri-Parks as project to drive rural development
PKS DM 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 PKS DM Agri-Park	Investment generated	Investors viewing Agri-Parks as unprofitable			√			Proper marketing of Agri-Parks
	Partnerships established	Private sector not willing to participate in the Agri-Parks				√		Proper marketing of Agri-Parks
PKS DM Farmers producing competitive produce and/or livestock	Beneficiary farmers businesses profitable and sustainable	Farmers not applying proper business management processes in their businesses				√		Conduction of training needs assessment of the farmers and training on business management
	Quality beef production increased	The farmers not farming with quality cattle breed			√			Selection of well-known breeding stock adaptable to the region
	Beneficiary farmers technical capacity and skills enhanced	Farmers offered training programmes that doesn't address their needs			√			Conduction of training needs assessment of the farmers and providing relevant training programmes

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

5.5. Agri-Park Implementation Partnerships

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

Table 13 Agri-Park Partnership Identification Frameworks

Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private Sector Organisations	International Organisations
SO: 1	Vibrant PKS DM community and Food Security			
	Percentage contribution of Agricultural to PKS DM economy			
	Increased agricultural beneficiation (agro-processing activities)			
	Number Black Industrialists Developed			
SO: 2	Number of Agri-Hubs (AH) developed			
	Number of Farmer Production Support			

Strategic Objective	Measure (Outputs)	Potential Strategic Partners	Potential Private Sector Organisations	International Organisations
	Units (FPSU) developed			
	Number of Rural Urban Market Centres (RUMC) established			
SO: 3	A farmer led company established through a companies act			
	Management company responsible for both development and administration established			
	District Statutory body responsible for oversight established			
SO: 4	Investment generated			
	Partnerships established			
	Investment promotion			
SO: 5	Smallholder and Emerging Farmers businesses profitable and sustainable			
	Quality beef production increased			
	Smallholder and Emerging Farmers technical capacity and skills enhanced			
SO: 5	Agri-Park generating income for the municipalities (rates and taxes)			
	Agri-Park provided with reliable and consistent municipal services			
	Capacitated coordinating structure operational			
	Agri-Park contribution Monitoring and Evaluation			

5.6. Way Forward and Recommendations

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:

Table 14 Agri-Park Actions Required

Timing	Action
Year 1	• Agri-Park performance targets established and incorporated into district IDP and SDF plans, & sector departments • Key commodity development plan developed • Agri-Park sites finalised and land acquired • Feasibility studies completed • Agri-Park governance and management structures operationalised • Agri-Park manager contracted • Designs completed, including service requirements regarding water, electricity, waste water disposal • Agri-Park costing model and budgets compiled • Agri-Park funding, investment & partners secured • Agri-Park infrastructure development professional teams procured • Develop and support farmers
Year 2	• Agri-Park infrastructure development initiated and managed • Agri-Park funding, investment & partners secured • Develop and support farmers • Agri-Park markets secured
Year 3	• One Agro-hub industrial site phase developed and operational • Two FPSUs sites developed and RUMC office established and operational • Develop and support farmers, and link them to commodity chains

A number of consultation and further research will be required during the course of 2016 to take the Agri-park initiative forward:

1. **Remodelling Of Old Abattoir Into Tannery At Petrusville:**

   Cognisance to be taken of statutory requirements to be fulfilled, particularly municipal by-laws regarding waste disposal.

2. **FPSU Specific Sites:**

   The District and Local Municipalities will need to identify specific sites for the Farmer Production Support Units. District and Local Municipalities to engage emerging farmers to refine facility and service requirements at FPSUs. Our experience in this regard was that officials were uncertain of the exact location and status of sites for the Hub and FPSUs.

3. **RUMC:**

   DRDLR to facilitate a meeting with the stakeholders to discuss (and agree on) the location of the Rural Urban Market Centre.

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

   Skills development and training opportunity (through e.g. NARYSEC and other relevant institutions):

   Training and skills required for the agro processing opportunities should be identified to inform training courses and opportunities.

5. **Agri-Park and FPSU Designs:**

   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

6. **Resource Mobilization, Collaboration and Partnerships:**

   Resource Mobilization, Collaboration and Partnerships including clarification of funding sources to be initiated by the District and DRDLR to clarify funding arrangements.

7. **Agri-Park Desired Institutional Arrangements:**