

# Agricultural Marketing Strategy

for the Republic of South Africa



agriculture,  
forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA



# **Agricultural Marketing Strategy**

**for the Republic of South Africa**

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Directorate: Marketing

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## 1. Aims and objectives

The overall aim of the agricultural marketing strategy is to minimise or eliminate agricultural market access constraints experienced by agricultural producers and other value chain players in both the local and international markets and to lower transaction costs in agricultural marketing. This Agricultural Marketing Strategy is developed to guide the implementation of the Agricultural Marketing Policy.

The specific objectives of the strategy regarding local agricultural market access constraints are to—

- establish and strengthen commodity groups/associations among farmers and facilitate integration with existing associations;
- guide the establishment of agricultural marketing institutions such as agribusiness marketing cooperatives to support developing agribusiness firms and farmers;
- guide investment in critical agricultural marketing infrastructure, particularly infrastructure that facilitates value addition and processing;
- direct the implementation of an agricultural marketing skills development programme that will help farmers better to plan their production and marketing activities in accordance with market needs, as well as to participate effectively in the markets;
- enhance the accessibility of the agricultural marketing information system to all farmers and other role players;
- identify agro-hubs for livestock, horticulture and field crops for appropriate and guided investment in agricultural marketing infrastructure;
- facilitate efficient flow of agricultural products;
- direct the development of a credible programme of agricultural market research to enhance competitiveness and future positioning in markets; and
- establish the Agricultural Marketing Assistance Fund.

The specific objectives regarding international agricultural market access constraints are to—

- set a basis for the establishment of partnerships with the private sector and other role players in the development and maintenance of an effective agricultural market research and intelligence system that will increasingly assist in proactive strategic positioning in global markets; and
- administer the allocation of imports and exports permits in line with South Africa-EU Trade, Development and Cooperation Agreement.

## 2. Agricultural marketing support programmes

In arguing for government support to domestic agriculture, the World Trade Organization's Agreement on Agriculture identifies subsidies according to "boxes". Annexure 2 of the Agreement on Agriculture defines "green box" subsidies as those that must not distort trade, or at most cause minimal distortion to trade and production. These types of subsidies must be government-funded (not by charging consumers higher prices) and must not involve price support. Domestic support measures for which exemption from the reduction commitments is claimed shall conform to two basic criteria:

- That the support in question shall be provided through a publicly-funded government programme (including government revenue foregone) not involving transfers from consumers; and
- That the support in question shall not have the effect of providing price support to producers.

These programmes include, but are not restricted to the following:

- Research, including general research, research in connection with environmental programmes and research relating to particular products

- Training services, including both general and specialist training facilities
- Marketing and promotion services, including market information, advice and promotion relating to particular products but excluding expenditure for unspecified purposes that could be used by sellers to reduce their selling price or confer a direct economic benefit to purchasers
- Infrastructural services, including electricity reticulation, roads and other means of transport, market and port facilities, water supply facilities, dams and drainage schemes, and infrastructural works associated with environmental programmes but not including subsidies to inputs or operating costs, or preferential user charges

Consideration may also be given to some of the “blue box” and “orange box” measures.

The National Department of Agriculture, Forestry and Fisheries will, in collaboration with private sector role players, set a basis for the establishment of agricultural marketing support programmes to support developing farmers and agribusiness firms.

To achieve this, the department will first identify agro-hubs (that will require shared agricultural marketing infrastructure) for livestock, horticulture and field crops for public investments in the relevant marketing infrastructure. One such programme would be the establishment and strengthening of agricultural marketing cooperatives that will be equipped with infrastructure to perform the following activities at central locations: provision of marketing services such as grading, packaging and storage, value addition and processing, product quality certification, provision of transport services and consolidation of products to make economic units for transportation. To this effect a programme of linking farmers with the markets will be developed and implemented in collaboration with the provincial departments of agriculture, commodity groups and other stakeholders.

## 2.1 Commodity groups/associations

Since deregulation, various agricultural industries (commercial farmers in particular) have successfully organised themselves into commodity associations to service their members. Among other things, market information is made available by these organisations. Post-deregulation, this information has become expensive and it can only be afforded by certain agricultural participants. It is also possible that some form of support and/or financial assistance needs to be given to the farming community to hold auctions in rural areas. These auctions can be used to communicate information to farmers about market requirements in terms of issues such as the required age of the animal, dipping, breed and seasonal price movements.

Realising this gap among developing farmers and the importance of commodity associations, the national Department of Agriculture, Forestry and Fisheries will facilitate the formation of fully representative commodity associations among smallholder farmers (without adopting a top-down approach) and then develop an integration model with the existing commodity associations for the future so that smallholder farmers can also benefit from the services offered by these associations, new developments and opportunities. The long-term goal of this initiative is eventually to integrate these smallholder farmers with the mainstream commodity associations formed by commercial farmers’ post-deregulation. It is also in the interest of commercial farmers to bring smallholder farmers into commercial farming to improve their bargaining power too.

There are also protocols in export markets that exporters of agricultural produce must meet in order to access these markets, such as Global GAP and HACCP. The majority of commercial farmers meet these requirements but developing farmers may not have sufficient production volumes to justify the cost of trying to meet the requirements. If smallholder farmers produce for export markets then it may not be feasible to have each producer certified and therefore farmers may need to form a cooperative in order to minimise costs.

With many smallholder farmers producing for the market, “horizontal” coordination in the form of farmers’ associations can help create marketing opportunities. In instances where there are no farmers’ associations the department will play a facilitative role to support the establishment of some, while at the



same time strengthening the existing associations among developing farmers. The department shall collaborate with established agricultural commodity associations in achieving this goal so that they may benefit from other farmers' experience.

## 2.2 Agricultural marketing cooperatives

The national Department of Agriculture, Forestry and Fisheries recognises the important role that agricultural marketing cooperatives play as they allow farmers to accomplish collectively what they could not achieve individually. Most agricultural producers have relatively little or no bargaining power or influence with large agribusinesses or food companies that purchase their products. Therefore, joining other farmers in a cooperative can give them greater power in the marketplace.

Additionally, agricultural marketing cooperatives can give farmers an alternative marketing channel for their produce and reduce costs by shortening the marketing chain. Agricultural marketing cooperatives may assist in assembling products of a number of producers into larger lots to facilitate more efficient handling and competitive sales, and then grade and transport these lots to the market. Some agricultural marketing cooperatives may perform first-stage processing while others vertically integrate by processing products for the consumer or the industrial market.

Agricultural marketing cooperatives can also negotiate with buyers, usually processors, on behalf of their producer members for prices and other terms of trade such as quality, quantity, form and timing of delivery (bargaining). The national Department of Agriculture, Forestry and Fisheries therefore supports the establishment of agricultural marketing cooperatives that will be linked to an infrastructure base to accomplish these activities. A top-down approach to the establishment of agricultural marketing cooperatives will be avoided.

The national Department of Agriculture, Forestry and Fisheries will, in cooperation with the provincial departments of agriculture, farmers' and commodity organisations and other institutions, disseminate information among farmers concerning the advantages, establishment and management of agricultural marketing cooperatives. The department, in collaboration with the private sector in agriculture, shall provide advice and training on leadership and management of agricultural marketing cooperatives. Points can also be earned for agri-industry's contribution to enterprise development, rural development or skills development on their Agri-BEE scorecard while at the same time marketing opportunities shall have been created for the private sector.

## 2.3 Agricultural marketing infrastructure

Agricultural marketing infrastructure is generally defined as any facility or tool that can be used by farmers and traders to facilitate trade, transform raw agricultural products into value-added products through processing and packaging, store agricultural products to smooth out supply and fulfil demand, transport agricultural products to satisfy demand, collect, collate, synthesise and disseminate agricultural market-related information. Among other things, agricultural marketing infrastructure comprises the following: storage units, including cold storage and regular ambient storage, ripening chambers and ice plants; grading facilities for specific qualities of produce; facilities for washing (cleaning) of fruits and vegetables; communication facilities (telephones, faxes, internet access, etc.); abattoirs and other processing facilities; livestock auctioneering facilities; wool shearing, cleaning and grading sheds; loading pens or ramps; marketing information accumulation and dissemination facilities such as computers; and any other relevant facility required by farmers and traders for marketing purposes (Department of Agriculture, 2006).

In the implementation of the agricultural marketing infrastructure development programme—

- the national Department of Agriculture, Forestry and Fisheries in partnership with the private sector will facilitate investment in critical agricultural marketing infrastructure, particularly infrastructure that facilitates value addition and processing;
- the government will provide the required funds, with co-financing from the private sector and development finance institutions to establish the infrastructure while its control and management will rest with the industry association or relevant agricultural marketing cooperative; and

- where appropriate, consideration will be given to the establishment of local depots/collection points to help assemble small volumes of produce from smallholder farmers and then provide skills for these farmers to improve and test for quality.

The state and its public entities shall identify opportunities to engage agribusiness companies in the establishment of depots or collection points. Agribusiness companies that support the establishment of agricultural marketing infrastructure for smallholder farmers shall also be entitled to points on their Agri-BEE scorecards for the enterprise development/rural development element.

The approved National Guidelines for Public Investment in the establishment of Agricultural Marketing Infrastructure shall form the basis for implementation.

## 2.4 Agro-logistics

The Department of Agriculture, Forestry and Fisheries in collaboration with the agricultural industry and the private sector will implement the agro-logistics strategy with the following aims:

- To facilitate development of solutions for logistical problems in the freight corridors with high agricultural production potential
- To facilitate innovative solutions to solve the problem of deep rural freight transport
- To create economically sustainable models for infrastructure ownership
- To facilitate innovative solutions to deal with infrastructure congestion
- To make value adding logistical services available to smallholder farmers to improve market access

## 2.5 Agricultural marketing information

Agricultural market information is essential for farmers who wish to become fully market orientated and ensure that their production is in line with market demand. The availability of reliable market information can help farmers to reduce the risks associated with marketing, decide where to sell their produce, check whether or not the prices they are offered are in line with market prices, decide whether or not to store, grow produce “out of season” or grow different products. Reliable market information also improves market transparency and farmers’ bargaining power. Farmers are interested in market information on product prices, price trends and buyers for their products. Farmers can use market information in several ways. Current or immediate, information can be used first to decide what to produce and to negotiate with buyers or traders, to decide whether or not to go to a market and, in some cases, to decide which market to supply. Historical information, such as time series of prices over several years, can be used to make decisions regarding product diversification or the production of out-of-season crops. It may even help farmers identify opportunities for a cash income.

At the simplest level, availability of market information can enable farmers to check on the prices they receive, vis-à-vis the prevailing market prices (Shepherd, 1995). Commercial farmers are capable of sourcing price and buyer information from websites, publications and commodity associations while developing farmers rely on other farmers and government extension staff for the same information. There is therefore a great need to make information available to developing farmers at the right time and place. In response to this challenge the national Department of Agriculture, Forestry and Fisheries shall—

- analyse various agricultural marketing value chains in the livestock, horticulture and field crops subsectors and make this information available to stakeholders as market value chain/commodity profiles on an annual basis; and
- develop and distribute quarterly market analysis bulletins for key commodities within the three subsectors (i.e. livestock, horticulture and field crops).

Furthermore, the national Department of Agriculture, Forestry and Fisheries has also developed an agricultural marketing information system to disseminate a variety of marketing information to farmers. The system is currently web-based and the following alternative networks can be used to disseminate

market information even to the remote rural areas as a way of expanding the agricultural marketing information system:

- Cell phone technology through the use of the Short Message System or SMS (This tool will be able to disseminate the most crucial information on prices to farmers.)
- Radio broadcasts (Market prices for various products can be broadcast daily on radio stations for all major production areas or markets. Broadcasts should be in a form that is suitable for most farmers as some are illiterate, should be in various languages and at the most convenient time for farmers to be listening. Radio stations should be convinced to see market information as a public service, equivalent to news broadcasts, and not paid advertisements. The ministry of agriculture or designated body should take the responsibility to monitor the relevant website/s and forward this information by e-mail or fax to each station. If the MIS is to have an impact on developing farmers, the provision of market information must be accompanied by the provision of advice for the farmers on interpreting the information. Ideally, special radio and television programmes to explain the MIS, the information provided and how to use it should be prepared and aired at least once a quarter. The MIS Unit can also prepare training materials to carry out the training programme themselves or train the trainers in the provinces and districts, who should ideally be agricultural economists.)
- The Agricultural Display Technology System (ADTS), which uses plasma displays (ideally situated in the provincial and district offices of agriculture, multi-purpose community centres and agricultural development centres), connected centrally to computers which are connected by a network to a central computer from where the system is managed and updated daily (This system can display daily prices of products, commodity prices, exchange rates, weather conditions, fuel prices and any other important information the department sees fit.)
- Newspapers or the print media

In addition to the expansion of the agricultural Marketing Information System (MIS), both the department and the entire agricultural industry realise the importance of reliable information for efficient functioning of agricultural markets and therefore the department will—

- facilitate a process leading to the establishment of information platforms similar to SAGIS (South African Grain Information Service) in the livestock and horticulture industries to provide these agricultural industries with vital marketing information; and
- establish a fully fledged agricultural MIS Unit to undertake collection, collation and dissemination of agricultural marketing information.

It is further proposed that SAGIS be expanded to cater for the information needs of other field crops that are currently not covered. To achieve this, the national Department of Agriculture, Forestry and Fisheries shall collaborate with the latter two industry bodies and the respective agricultural industry trusts. All agricultural industries that collect statutory levies and have industry trusts shall be encouraged to create these information platforms and hyperlink them to the department's agricultural MIS.

## 2.6 Agricultural marketing skills development

Access to agricultural marketing skills is one of the critical tools that are required to move smallholder farmers towards the desired level of commercialisation. The national Department of Agriculture, Forestry and Fisheries shall therefore implement an agricultural marketing skills development and capacity building programme to help smallholder farmers to better plan their production and marketing activities in accordance with the market requirements, as well as to participate effectively in the mainstream agricultural markets.

To achieve this, the national Department of Agriculture, Forestry and Fisheries shall develop and implement agricultural market access capacity building programmes by—

- developing, continuously refining and updating the agricultural marketing training materials;
- using the accredited agricultural marketing training materials to facilitate and conduct training for farmers;

- establishing links with training institutions that provide market access training needs and collaborate in providing training for farmers;
- liaising with agricultural colleges/development institutes, commodity organisations and organised agriculture to develop and facilitate or offer market access training as required;
- collaborating with industry organisations, farmers and provincial departments of agriculture in understanding farmers' needs in terms of market access and developing remedial training programmes;
- entering into agreements with other institutions and/or organisations to perform these functions
- encouraging research into agricultural marketing skills and capacity building; and
- using formalised mentorship programmes as part of the capacity-building tools for developing farmers.

When Agri-industry dedicates resources to partner with the state in the provision of agricultural marketing skills for smallholder farmers, they can also claim points for compliance with the skills development element of the Agri-BEE scorecard.

## 2.7 Agricultural market research and market intelligence

Market intelligence is about providing a company with a realistic view of a specific market using existing sources of information (which may be external or internal data) for a better understanding of what is happening in the marketplace, what the main issues are and what the likely market potential is. Market intelligence can be gathered through desk research and by identifying competitors and analysing their market position, identifying market prospects and partners and collecting information about competitors. Market intelligence studies should therefore be done by the private sector at industry level. Market research helps companies understand markets and customers' needs and wants (demand) to improve business and marketing effectiveness. The agricultural industry and the department realise the importance of market intelligence and market research.

The national Department of Agriculture, Forestry and Fisheries will support industry-level market research by facilitating commissioned demand- and opportunity-driven agricultural marketing research (technical) for the agricultural industry (in partnership with the industry) to enhance competitiveness and future positioning in markets.

## 2.8 Agricultural market access facilitation

In administering agricultural trade measures and agreements, the national Department of Agriculture, Forestry and Fisheries is routinely involved in administering and issuing negotiated agricultural market access import and export permits for a range of agricultural products. It is anticipated that the successful implementation of the agricultural market access programme will enhance the achievement of the following:

- Increasing the number of smallholder farmers and traders using market facilities for disposal of their own produce
- Increasing the number of newly established farmers marketing agricultural produce on the domestic markets
- Opening market access opportunities for previously disadvantaged farmers and traders
- Removing barriers to access mainstream agricultural markets

Market access opportunities under the WTO (Marrakesh Agreement) makes provision for specified agricultural products to be imported at reduced rates of duty subject to a rebate permit, such as dried beans, malt extract, food preparations, pasta, wines and spirits, dried and frozen vegetables, meat, dairy products, dried fruit, cotton and tobacco. The department also issues rebate permits under the tariff heading 04.09 for importing natural honey that must be repacked immediately in quantities of less than 1 000 grams.

Furthermore, as part of the concessions provided for in terms of the Trade, Development and Cooperation Agreement (TDCA) between the European Union and South Africa, tariff preferences were granted on limited quantities of selected products in the form of tariff quotas. Products that can be exported to the EU are cheese, cut flowers, frozen strawberries, canned fruit including pears, apricots, peaches and mixed fruit, fruit juices including frozen orange juice, pineapple juice and apple juice, and wines made from fresh grapes—sparkling wine, white wine and red wine.

In order to ensure the participation of smallholder farmers in markets, the national Department of Agriculture, Forestry and Fisheries in partnership with the private sector and commodity groups shall develop and implement a credible programme of linking farmers to markets and procurement opportunities. The government shall implement a series of initiatives to leverage agribusiness resources and infrastructure to expand the engagement of smallholder farmers in commercial agriculture and supply chains. This shall be achieved through collective actions and various types of contract schemes thus creating more opportunities for service provision. Additionally, a range of incentive schemes shall be used to support contracting.

Secondly, the government and its institutions shall position themselves as guaranteed buyers for smallholders' produce and apply preferential procurement when buying food for school feeding schemes, hospitals and correctional service facilities.

## 2.9 Agricultural marketing assistance fund

Poor agricultural marketing support has been identified as one of the key impediments to farmers' participation in the mainstream agricultural marketing value chains. Farmers, more especially smallholder farmers, are confronted in various ways with several agricultural marketing challenges which contribute to a decline in the country's overall agricultural production and marketing. These constraints range from availability of agricultural marketing infrastructure, marketing information, finance and other related factors. In alleviating the situation, the financing of agricultural marketing has been identified as a key solution that could help the agricultural sector to become a more economically viable and sustainable contributor towards economic growth in the country.

In responding to the above situation, the Directorate: Marketing developed the agricultural marketing policy and strategy to provide strategic direction with regard to the management of agricultural marketing in South Africa. The abovementioned documents identified key policy principles and instruments which the government will use to address agricultural market access constraints experienced by producers and other role players. These policy principles/intervention areas include agricultural marketing information, agricultural marketing infrastructure and agro-logistics, commodity associations and agricultural marketing cooperatives, and agricultural marketing skills.

Although agricultural marketing has been incorporated as one of the CASP pillars, the evidence has proven that there has not been any consistent approach in directing CASP funding towards agricultural marketing activities.

The implementation of the abovementioned programmes will require additional public financial resources. The Directorate: Marketing therefore proposes the establishment of an agricultural marketing assistance fund which will assist in the implementation of the various agricultural marketing support programmes. The proposed agricultural marketing assistance fund will also be used to co-invest with the private sector in the implementation of the various programmes within the strategy.

The agricultural marketing assistance fund will be a multi-purpose agricultural marketing financing programme aimed at enabling farmers and other direct stakeholders to develop or widen agricultural marketing activities including but not limited to the construction or purchasing of any agricultural marketing infrastructure such as silos and processing facilities. The specific objectives of the fund are as follows:

- To finance the establishment of agricultural marketing infrastructure
- To finance the implementation of agricultural marketing skills development and capacity building programmes

- To facilitate collection and dissemination of agricultural marketing information
- To finance investment in agro-processing/microprocessing facilities for smallholder farmers
- To finance any agricultural marketing related activity which might be deemed necessary by the Department of Agriculture, Forestry and Fisheries
- To develop various incentive schemes aimed at encouraging the private sector/agribusiness to partner with the government in implementing the marketing support programmes provided for in the strategy.

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### 3. Roles and responsibilities

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The implementation of a strategy of this magnitude requires extensive support and participation by key stakeholders in a partnership formation to leverage state and private sector resources. The national Department of Agriculture, Forestry and Fisheries has taken the initiative of developing the strategy framework and it is expected that provinces, in partnership with local municipalities, farmers and the private sector, will formulate project-specific implementation plans based on the approved strategy. In summary, the roles and responsibilities of the key partners are as follows:

#### 3.1 National Department of Agriculture, Forestry and Fisheries

As the lead department in agricultural marketing issues, the Department of Agriculture, Forestry and Fisheries will, in collaboration with other state departments—

- ensure participation by all provinces and relevant stakeholders in the implementation of the strategy;
- review the strategy on an ongoing basis, depending on changes in the environment and on the requirements of the provinces, farmers and other stakeholders;
- monitor and evaluate the implementation of this strategy;
- facilitate the establishment and/or strengthening of agricultural marketing cooperatives;
- provide mentorship, leadership and management advice for agricultural marketing cooperatives;
- establish an agricultural marketing assistance fund to support the implementation of the various agricultural marketing support programmes;
- expand the agricultural marketing information system;
- facilitate access to agricultural marketing information platforms residing with the various agricultural industries;
- develop and disseminate agricultural marketing information in the form of market value chain profiles and quarterly market outlook bulletins; and
- administer the permit allocation system for rebate permit applications.

#### 3.2 Provincial departments of agriculture (PDAs)

Considering that provinces are the delivery points of the department, the following roles and responsibilities will be allocated to the provincial departments of agriculture:

- Interpreting, internalising and popularising the strategy among the key stakeholders to expedite implementation
- Contributing towards the development and review of the strategy
- Mobilising supplementary resources to leverage the available public resources
- Undertaking continuous monitoring and evaluation to assess the impact of the strategy on beneficiaries

- Writing progress reports to evaluate the effectiveness of the strategy
- Facilitating the formation of commodity associations among developing farmers in collaboration with organised agriculture
- Continuously investigating agricultural marketing infrastructure gaps experienced by farmers in collaboration with the national department
- Establishing and/or revitalising agricultural marketing infrastructure
- Providing the infrastructure required to expand the agricultural marketing information system
- Implementing the agricultural marketing skills development programme for various commodities in collaboration with the national department
- Implementing a programme of linking farmers to agricultural markets in collaboration with commodity groups
- In collaboration with the national department and the private sector, identifying agricultural development hubs that require shared marketing infrastructure

### **3.3 The private sector (agribusiness)**

While government has a role in ensuring availability and access to publicly owned resources, the private sector has an equal responsibility to leverage government resources through public-private partnerships. The specific role of the private sector in the implementation of the agricultural marketing strategy may be summarised as follows:

- To assist the department in the identification of agricultural development hubs that will require shared agricultural marketing infrastructure
- To collaborate with the department in the establishment of agricultural marketing cooperatives and collection depots
- To collaborate with the department in implementing the agricultural marketing skills development programme
- To collaborate with the department in developing and implementing a credible programme of linking farmers to agricultural markets

### **3.4 Farmers, organised agriculture and other cooperating parties**

Farmers, organised agriculture and other cooperating parties are expected to—

- provide guidance and support for the departments with regard to the implementation of all the agricultural marketing support programmes;
- participate actively in and utilise all the support programmes implemented by the state;
- produce sufficient quantities of agricultural products to justify the need for agricultural marketing support services;
- cooperate with the provincial departments of agriculture in the formation of commodity associations among smallholder farmers;
- assist the national Department of Agriculture, Forestry and Fisheries as well as provincial departments of agriculture in the medium to long term in integrating commodity associations among developing farmers with the mainstream associations;
- take ownership of the infrastructure development business plans and the implementation thereof; and
- maintain the infrastructure according to set maintenance requirements and ensure their sustainable and efficient use.

### **3.5 Department of Transport**

The Department of Transport collaborates with the national Department of Agriculture, Forestry and Fisheries in implementing the agro-logistics strategy.

### 3.6 Department of Trade and Industry

The Department of Trade and Industry is expected to—

- act as lead trade negotiator in the application of trade policy;
- apply competition legislation in collaboration with the national Department of Agriculture, Forestry and Fisheries, to monitor the impact of market concentration on efficient performance of agricultural markets;
- apply the provisions of the Agricultural Tariff Policy to ensure reasonable levels of protection against unfair external competition for domestic agricultural producers; and
- ensure that investment is channelled to the identified sectors in agriculture.

### 3.7 Statistics South Africa

Statistics South Africa continuously monitors food prices, input costs and food processing costs.

### 3.8 Development Finance Institutions

Development Finance Institutions (DFIs)—

- make available financial resources towards the implementation of the various programmes in this strategy;
- serve as efficient disbursement institutions for financial resources from the state;
- develop innovative financial instruments in support of the objectives of this strategy and related government objectives; and
- promote and participate in public-private and joint agri-investments.

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## 4. Other financing mechanisms

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In implementing the provisions of this agricultural marketing strategy the department will require additional public financial resources. A multi-pronged approach will therefore be followed to finance the provisions of the strategy:

- The provincial departments of agriculture will be encouraged to utilise the funds allocated for agricultural marketing in the CASP pillar to implement the strategy.
- In the medium to long term, opportunities for matching funds from industries in the form of trust funds residing within the various agricultural industry trusts will be explored to leverage public financial resources.
- Other funding options from any other DFIs (such as the IDC, the LAND BANK and the DBSA) will be utilised to leverage public financial resources.
- The Agri-BEE Fund will be considered another funding mechanism in implementing the strategy.

Additionally, the private sector in agriculture (agribusiness companies) is also encouraged to form partnerships with the government in availing resources to leverage public resources to ensure implementation of the provisions of this strategy.

The Directorate: Marketing shall on an annual basis consult with the provincial departments of agriculture at least six months before the end of the financial year to develop business plans for submission to the various funding sources available.



## 5. Implementation plan

### Key priority area: Commodity groups

Sector strategy	Key result area	Key objective against KRA	Goals	Activities	Output	Indicators	Role players
Equitable access and participation strategy	Eliminating skewed participation and inequity in the sector	Ensuring equitable access and sustained participation in the sector	Establishing commodity associations among developing farmers	Facilitating formation of representative commodity associations among developing farmers	Commodity associations established	The number of commodity associations formed The usefulness of commodity associations formed	Directorates of agricultural economics in the nine provinces; Organised agriculture; Farmers; Private sector; Directorate: BED
			Linking the newly formed associations with the existing ones	Developing and implementing an integration model with the existing commodity associations	Integration model	Approved integration model	Directorate: Marketing; Directorate: BED
			Facilitating inclusive representation into the existing mainstream commodity associations		Degree/level of integration	Directorate: Marketing; Directorate: BED	

### Key priority area: Agricultural marketing cooperatives

Sector strategy	Key result area	Key objective against KRA	Goals	Activities	Output	Indicators	Role players
Equitable access and participation strategy	Eliminating skewed participation and inequity in the sector	Ensuring equitable access and sustained participation in the sector	Linking farmers to markets	Establishing and strengthening agricultural marketing cooperatives with the requisite marketing infrastructure	Agricultural marketing cooperatives established	The number of agricultural marketing cooperatives formed The usefulness of the marketing cooperatives formed	Directorates of agricultural economics in the nine provinces; Farmers; Private sector/ Agribusiness

Sector strategy	Key result area	Key objective against KRA	Goals	Activities	Output	Indicators	Role players
		Ensuring increased black economic empowerment		Providing training, mentorship, leadership and management advice on agricultural marketing cooperatives	Reports on mentorship/ training/ management advice provided	Number of reports on mentorship provided Number of reports on training provided Impact of mentorship, training and advice provided	Directorate: Agricultural Development Finance; Agribusiness companies; Directorate: Marketing

### Key priority area: Agricultural marketing infrastructure

Sector strategy	Key result area	Key objective against KRA	Goals	Activities	Output	Indicators	Role players
Integrated and sustainable rural development	Ensuring access to sufficient, safe and nutritious food	Promoting production, processing and consumption of nutritious alternative foods	Facilitating marketing, trade and transformation of raw agricultural products into value added products	Continuously investigating agricultural marketing infrastructure gaps experienced by farmers  Establishing and/or revitalising agricultural marketing infrastructure  Identifying agricultural development hubs (agro-hubs) that require shared market infrastructure and support (depots)	Reports on agricultural marketing infrastructure gaps from all nine provinces  Functional agricultural marketing infrastructure units  Established and resourced agro-hubs	Implementation of business plan to bridge infrastructure gaps  Number of functional agricultural marketing infrastructure units established  Number and extent of use of agro-hubs	Directorates of agricultural economics in the nine provinces; Farmers; Industry organisations  Directorate: Marketing; Development Finance Institutions; Private sector  Directorate: Marketing; Directorates of agricultural economics in the provinces; Farmers; Industry organisations

**Key priority area: Agricultural marketing formation**

Sector strategy	Key result area	Key objective against KRA	Goals	Activities	Output	Indicators	Role players
Knowledge and innovation	Ensuring knowledge and information management	Developing a strategy and a structured plan for internal and external communication, as well as information management	Providing agricultural market information for farmers and the entire agricultural sector for efficient functioning of agricultural markets and to enhance market access	Expanding the agricultural MIS and providing the infrastructure in the provinces	Agricultural MIS	Agricultural MIS linkages to electronic and print media	Directorate: Marketing
		Enhancing competitiveness of agricultural markets		Facilitating access to information platforms residing with livestock and horticultural industries	Resource centres with infrastructure to expand the MIS	Number of centres with required infrastructure	Directorates of agricultural economics in the nine provinces
				Developing and disseminating agricultural marketing value chain profiles	Section 21 companies formed	Usefulness of the information platforms	Directorate: Marketing
					Publications on agricultural marketing value chain profiles developed	Number of commodity profiles developed and published	Directorate: Marketing
				Developing and disseminating quarterly market outlook bulletins	Quarterly market reports	Usefulness of commodity profiles developed and published	Directorate: Marketing; Directorates of agricultural economics in the nine provinces
						Number of reports published quarterly Usefulness of reports published quarterly	

## Key priority area: Agricultural marketing skills development

Sector strategy	Key result area	Key objective against KRA	Goals	Activities	Output	Indicators	Role players
Knowledge and innovation	Ensuring knowledge and information management	Providing a national framework for agricultural research, transfer of technology and education and training in the sector	Helping farmers to better understand the mechanics of agricultural marketing	Facilitating development of agricultural marketing skills training manuals	Accredited agricultural marketing skills training manuals	Number of agricultural marketing skills training manuals developed Relevance of agricultural marketing skills training manuals developed	Directorate: Marketing
			Helping farmers to better plan production and marketing activities according to market requirements and to participate effectively in agricultural markets	Liaising with agricultural development institutes/ colleges and commodity associations to offer agricultural marketing skills	MoU programme with agricultural development institutes	Approved MoU and skills development programme	Directorate: Marketing
				Implementing an agricultural marketing skills programme for key agricultural commodities and according to need	Status report on the agricultural marketing skills training programme	Number of farmers skilled in agricultural marketing Effectiveness of agricultural marketing skills development programme Relevance of the agricultural marketing skills development programme	Directorate: Marketing; Directorates of agricultural economics in the provinces; Farmers

**Key priority area: Agro-logistics**

Sector strategy	Key result area	Key objective against KRA	Goals	Activities	Output	Indicators	Role players
Equitable access and participation strategy; global competitiveness and profitability	Eliminating skewed participation and inequity in the sector	Ensuring equitable access and sustained participation in the sector	Facilitating efficient flow of agricultural products	Facilitating implementation of the agro-logistics strategy and model	Efficient agricultural marketing value chains	Effective logistical service to value chain players Efficient logistical service to value chain players	Directorate: Marketing; Department of Transport; Department of Public Enterprises; Transnet Freight Rail; Industry organisations

**Key priority area: Agricultural Market Access Facilitation**

Sector strategy	Key result area	Key objective against KRA	Goals	Activities	Output	Indicators	Role players
Global competitiveness and profitability	Optimising growth, remunerative job opportunities and income in agriculture	Increasing market access for South African and African agricultural products domestically and internationally	Administering agricultural trade measures and agreements and provide support for agricultural exporters	Developing procedures to apply for rebate permits  Issuing market access quotas/ permits  Developing and implement a programme of linking farmers to markets	Brochure of application procedures  Approved market access permits; Number of market access permits utilised Improved access to local markets	Approved brochure with application procedures  Approved market access permits Number of market access permits utilised Number of farmers or farmer groups linked to agricultural markets	Directorate: Marketing  Directorate: Marketing  Directorates of agricultural economics in the provinces; Farmers; Industry organisations

### Key priority area: Agricultural Marketing Research and Market Intelligence

Sector strategy	Key result area	Key objective against KRA	Goals	Activities	Output	Indicators	Role players
Knowledge and innovation; global competitiveness and profitability	Ensuring knowledge and information management	Providing a national framework for agricultural research, transferring of technology and education and training in the sector	Enhancing competitiveness and future positioning in agricultural markets globally	Conducting demand and opportunity driven technical research on agricultural markets, including commissioned research from the agricultural industry	Agricultural marketing research reports and/or publications	Number of agricultural marketing research reports  Relevance of agricultural marketing research reports to industry and other players  Usefulness of agricultural marketing research reports to industry	Relevant institutions; Industry organisations

### Key priority area: Competition and pricing policy

Sector strategy	Key result area	Key objective against KRA	Goals	Activities	Output	Indicators	Role players
Equitable access and participation strategy; global competitiveness and profitability	Eliminating skewed participation and inequity in the sector	Ensuring equitable access and sustained participation in the sector	Monitoring the impact of market concentration on the efficient performance of agricultural markets  Monitoring trends in food prices, food processing costs and farm-to-retail price spreads	Applying competition legislation under the Competition Commission to address any problem that may arise  Collecting retail price data, conducting analyses and writing reports	Report of investigations into the conduct of particular market participants  Quarterly food price trends report	Number of reports  Usefulness of reports  Published food price trends report  Disseminated food price trends report	Competition Commission of the Department of Trade and Industry  Statistics South Africa; Directorate Marketing; Directorates of agricultural economics in the nine provinces; NAMC

**Key priority area: Agricultural tariff policy**

Sector strategy	Key result area	Key objective against KRA	Goals	Activities	Output	Indicators	Role players
Equitable access and participation strategy; global competitiveness and profitability	Eliminating skewed participation and inequity in the sector	Ensuring equitable access and sustained participation in the sector	Providing protection against unfair external competition Enhancing competitiveness through trade-based mechanisms	Applying the provisions of the agricultural tariff policy to ensure reasonable levels of protection for domestic producers	Revised agricultural tariff levels	Number of revised tariff levels Number of implemented tariff levels	International Trade Administration Commission (ITAC) of the DTI; Directorate: Marketing

**Key priority area: Agricultural marketing assistance fund**

Sector strategy	Key result area	Key objective against KRA	Goals	Activities	Output	Indicators	Role players
Equitable access and participation strategy	Eliminating skewed participation and inequity in the sector	Increasing access to existing resources and opportunities within the agricultural sector for historically disadvantaged groups and individuals	Supporting small-holder farmers and entrepreneurs in coordinating marketing activities	Establishing an Agricultural Marketing Assistance Fund.  Developing brochure, application procedures and guidelines for the assistance scheme Designing incentive scheme/s	Progress report on the establishment of the agricultural marketing assistance fund  Brochure with application procedures and guidelines  Approved incentive scheme/s	An approved agricultural marketing assistance fund Usefulness of the agricultural marketing assistance fund  Approved brochure with application procedures and guidelines  Approved guideline document Approved brochure Approved application forms for the incentive scheme/s	Directorate: Marketing; Development finance institutions; Directorate: Agricultural Development Finance; National Treasury  Directorate: Marketing  Directorate: Marketing; National Treasury; South African Revenue Services

## 6. Monitoring and evaluation

The national Department of Agriculture, Forestry and Fisheries' directorates of Marketing, Agricultural Development Finance, Business and Entrepreneurial Development and the provincial departments of agriculture are directly affected by this agricultural marketing strategy and should incorporate its provisions into their strategic and operational plans. Provincial departments of agriculture should report regularly on progress achieved and constraints experienced in implementing the provisions of the strategy. To facilitate effective monitoring and implementation the Directorate: Monitoring and Evaluation shall monitor implementation of this strategy while the Directorate: Marketing shall coordinate the process of monitoring and evaluating the impact of the strategy. Some of the key indicators that will be subject to monitoring and evaluation are these:

- The number of commodity groups/associations formed among developing farmers
- The usefulness of commodity groups/associations formed among developing farmers
- An approved integration model for existing commodity associations
- The degree and level of integration of these commodity associations with the mainstream ones
- The number of agricultural marketing cooperatives established
- The usefulness and impact of agricultural marketing cooperatives established
- The number of reports on training and mentorship provided
- The impact of mentorship, training and advice provided
- The implementation of business plans to bridge infrastructure gaps
- The number of functional agricultural marketing infrastructure units revitalised
- The number and extent of the use of agro-hubs
- Effective and efficient logistical services to value chain players
- Agricultural MIS linkages to electronic and print media
- The number of centres with required infrastructure
- The usefulness of the information platforms
- The number of commodity profiles developed and published
- The usefulness of commodity profiles developed and published
- The number and usefulness of the market analysis reports published quarterly
- The number and relevance of the agricultural marketing skills training manuals developed
- Approved MoUs with relevant institutes and organisations and skills development programmes
- The number of farmers skilled in agricultural marketing
- The effectiveness and relevance of the agricultural marketing skills development programme
- The number of agricultural marketing research reports
- The relevance and usefulness of agricultural marketing research reports to industry and other players
- An approved brochure for agricultural market access permits with application procedures
- Approved agricultural market access permits
- The number of agricultural market access permits utilised
- The number of farmers or farmer groups linked to agricultural markets
- An approved agricultural marketing assistance fund
- An approved brochure with application procedures and guidelines for the agricultural marketing assistance fund
- Approved applications forms and procedures for the incentive scheme/s



## 7. References

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## Notes

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