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REPUBLIC OF SOUTH AFRICA

AGRICULTURE AND AGRO-PROCESSING MASTER PLAN (AAMP)

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Promoting market access for South African agriculture

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Contents

1. CONTEXT

The coronavirus (COVID-19) outbreak has chocked off the entire global economy, with developing economies such as South Africa bearing the brunt due to its pre-COVID-19 structural economic faults that were already weakening the economy. South Africa is facing a dual challenge of saving livelihoods from a deadly virus whilst sustaining and growing its frail economy. Its economy has been bleeding for a prolong period with economic growth rate averaging just 0.8 % per annum in the past 5 years.

Compared to other economic sectors, agriculture has been relatively insulated from effects of COVID-19 because its operations were allowed to continue as essential service, with the exception of industries such as the wool, mohair, alcoholic beverages, tobacco and cotton where exports and domestic sales were not allowed. Overall, agriculture was mainly affected by decline in sales due to closure of hospitality, take-away-food outlets and informal trading. The devaluation of the South Africa Rand also impacted the cost of imported inputs such as fertilizers but also benefited exporters.

It is important to note that agricultural growth was already constrain prior to COVID-19 outbreak, where real growth has been growing by a negative 1.3% in the past 5 years. This can be attributed to series of droughts, input costs increase, biosecurity issues and deteriorating infrastructure. From an agricultural perspective, COVID-19 crisis offers a window opportunity to effect real change to address the intrenched structural challenges.

1.1. Dualism and rising concentration levels in agriculture

The South African democratic government inherited a dual agricultural sector in I994. On one hand, there were well-resourced and predominantly white-owned commercial farms. On the other hand, there were poorly resourced small-scale and subsistence black-owned farms. The disparities in fortunes amongst these groupings of farmers were caused by the enduring effects of segregation policies and systems from the previous colonial and apartheid governments. The most notable of these policies include the 1912 Land Bank[1]Act, 1913 Land Act[2], 1968 Marketing Act[3], amongst others. In the dawn of democracy in 1994, there was an urge to reform and uplift the previously disadvantaged farmers and to integrate the South African agriculture sector with the global community.

One of the earliest efforts in this regard was the work of the Kassier Commission, which recommended the deregulation of the South African agricultural marketing system and to open a way for a market-led agricultural environment. This Commission's work became an important building block of the democratic government's agricultural policies and vision. What followed was South Africa signing the Marrakesh Agreement and subsequently joining the World Trade Organization (WTO) in 1995, as well as the promulgation of the 1996 Marketing of Agricultural Products (MAP) Act. These reform efforts culminated into the white paper on agriculture of 1995, as well as the white paper on the land policy of 1996[4]. Both these papers envisaged an agricultural sector that is inclusive, market-

[1] Land Bank Act was instrumental in financial of white farmers. Available here: https://www.greengazette.co.za/acts/land-bank-act_1912-018
[2] Land Act provided access to white farmers. Available here: https://www.gov.za/1913-natives-land-act-centenary?gclid=CjwKCAjw57b3BRBlEiwA1ImytjXQZ8db9dQJEo2_60HVwx3RggMiYXyWSTVcK4j5jqc-RFjj7l9beRoCF6EQAvD_BwE
[3] Marketing Ack created a single channel marketing system and guaranteed market access and prices for white farmers. Available here: https://www.greengazette.co.za/acts/marketing-act_1968-059
[4] The Land reform white paper can be found here: https://www.gov.za/sites/default/files/gcis_document/201411/whitepaperlandreform.pdf

led and one that also redresses the skewed land ownership patterns caused by the 1913 Land Act and other segregation policies.

These changes also left white commercial farmers without the considerable government support that they had enjoyed up to that time. The withdrawal of this support to white farmers had two unfortunate consequences. First, it allowed the growth of large scale ('mega') farming operations which led to increasing concentration and in some cases anti-competitive conducts in agriculture and agro-processing value chains. Some of these concentration and anti-competitive conducts have been unpacked by the Competition Commission investigations completed in the past few years. Second, it was accompanied by the abolition of support measures, from direct subsidies to indirect market interventions, which resulted in market challenges for new black farmers. The overall impact of post-apartheid subsidy reforms resulted in a situation where black farmers were bereft of the support services that they had been denied under the previous regimes.

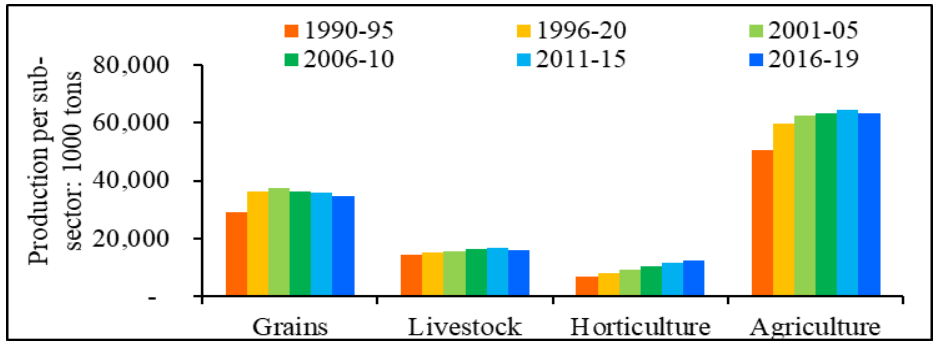


Figure 1: South African agricultural production growth, 1990-2018
Source: Agricultural Abstract, 2019

Since the promulgation of the post-apartheid policies, South Africa's agricultural output has nearly doubled, between 1994 and 2018.[5] This growth has largely been driven by increased productivity, which has been underpinned by technological innovation, as well as growth in traditional export markets in Europe and access to new ones in Asia and Americas. This growth has spanned across all subsectors of agriculture (livestock, horticulture and field crops) as illustrated in **Figure 1**. While this positive growth is a compelling picture from a macro perspective, the duality that existed before 1994 has persisted to this day as seen in **Table 1**.

Table 1: Black farmer's contribution to agricultural output

Commodities	Average: 2019-2015		
	Employment	Production Value R'000	Black Farmer Share in Output
Maize	29,289	27,038,097	4.7%
Soybean	7,654	5,698,270	3.1%
Wheat	2,912	5,805,830	1.3%
Cotton	3,876	1,967,187	2.4%
Citrus	128,219	15,046,134	12%
Deciduous	79,443	15,660,627	10%
Viticulture	163,441	7,057,260	1.6%
Potato	42,158	6,972,320	1.0%
Tomato	9,764	2,364,149	8.6%
Wool	23,976	3,397,506	11.0%
Mohair	6,765	554,582	12.8%
Cattle	89,752	31,992,265	34.0%
Poultry	52,836	47,863,345	4.2%

Source: National Agricultural Marketing Council, Statutory Measures Survey, 2019

The duality and concertation levels are evident in the 2017 Agricultural Census presented by Statistics South Africa, which shows that 40 122

[5] For detailed agricultural output data, see the Agricultural Abstract Statistics produced by the Department of Agriculture, Land Reform and Rural Development here: https://www.daff.gov.za/Daffweb3/Portals/0/Statistics%20and%20Economic%20Analysis/Statistical%20Information/Abstract%202019.pdf

commercial farmers produce more than 87% of the value of total agricultural output. Meanwhile, over 2.3 million small-scale and subsistence farmers produce less than 12% of the value of total national output.[6] In this output, black farmers' contributions remain negligible. Against this backdrop, the primary question that policymakers seek to answer is: how to continue to grow South Africa's agricultural sector, while at the same time increasing the share of contribution from black farmers and black-owned agribusinesses?

1.2. Agriculture and Agro-processing problem statement

The outbreak COVID 19 in March 2020 added a new complication in the agricultural and agro-processing sector's structural constrains. The effects of COVID-19, the persistence of duality in agriculture and agro-processing value chins, and increasing concentration and anti-competitive conducts are perpetuating inequality, poverty and unemployment in the country. These three developmental challenges are arguably the main problems risking the social and economic stability of South Africa and identified as key problem for the sector.

As a result, the country has failed to achieve higher economic growth rates in the past two decades thus getting trapped in the "middle-income" trap. In the efforts to escape the middle-income trap, the President of South Africa pronounced seven priority economic sectors in 2019. These sectors will reindustrialize the economy, promote inclusive economic growth, create new jobs and attract foreign investments into the country. The priority sectors are:

- **Primary sectors**: agriculture, agro-processing and mining;
- **Industrial sectors:** automobile, clothing textile, gas, steel, metals, and green economies;
- **Service and network sectors**: tourism; ICT, creative industries and oceans economy.

1.3. Theory of Change to drive inclusive value chains

The Theory of Change recognizes the co-existence of commercial and emerging farmers and agribusinesses in the sector. It promotes production and processing of food at district level linked to markets

After recognizing different challenges constraining the growth and development of commercial and emerging farmers in the country, the AAMP had recommended an adoption of a ***"Theory of Change"*** to transform and grow the sector in an inclusive manner. This theory advocates for a co-existence of commercial and emerging farmers in order to put agriculture and food sector on a new growth trajectory that can ultimately contribute to taking South Africa's economy out of the ***"Middle-Income" trap.***

Through the change theory, many smallholders and households' farmers are able to produce and process their own food and market excess produce. An important factor in the theory of change is to empower vulnerable farmers so they can turn their currently underutilized land into productive

[6] For more information, please see: http://www.statssa.gov.za/?p=13144

use, relying on local knowledge (i.e. colleges and universities) and consumption (distributing food to communities).

It is important to mention that a theory of change recognizes the need to support and sustain commercial farmers. These are mainly supported through opening of markets, especially exports, to allow them to generate foreign earnings. This implies a need to invest in trade facilitation capacity to ensure compliance with Sanitary and Phytosanitary standards (SPS) and other Non-tariff measures (NTMs).

Much of the "Theory of change" at the agro-processing, wholesale and retail level, with a particular focus on developing black suppliers, involves lowering barriers to entry for, and building capabilities of, independent and small producers to create a more diverse and resilient food system**,** working with large retail and wholesalers to develop and integrate smaller suppliers; encouraging large agro-processors to adopt a "flying geese" model of expanding exports while making greater space for smaller players domestically; and a more coherent and aggressive export promotion strategy for both large and dynamic SME firms. As elaborated in the following section, there are likely to be significant opportunities to promote the further processing by small producers of certain commodity chains in regions in which the primary agricultural product is produced. Indicatively these include further processing of beef, pork and poultry; maize milling and certain types of dairy and juice processing

Agriculture and agro-processing sector have a potential to stimulate economic growth by creating employment, increasing exports and contributing to rural development. To address value chain structural barriers to attain a re-imagined industrialisation in agriculture and agro-processing sectors, the Master Plan proposes a ***districts-based commodity value chain approach.*** The approach aims to stimulate market-led production investments in strategically identified agricultural zones. These priority agricultural districts (zones) are selected based on (i) climatic and land suitability to produce competitively; (ii) targeting areas with highest concentration and level of youth and women unemployment, household poverty, and lowest districts' economic growth; (iii) ease of entry for new players in the value chains to drive inclusivity; (iv) importance to domestic consumption and food security; (v) agro-processing potential and stronger linkages with secondary sectors for greater welfare effects; and (vi) export potential. **Figure 2** indicates the prioritised district zones where quadrant 2 and 3 are important for production expansion whereas other quadrants are important for market and processing.

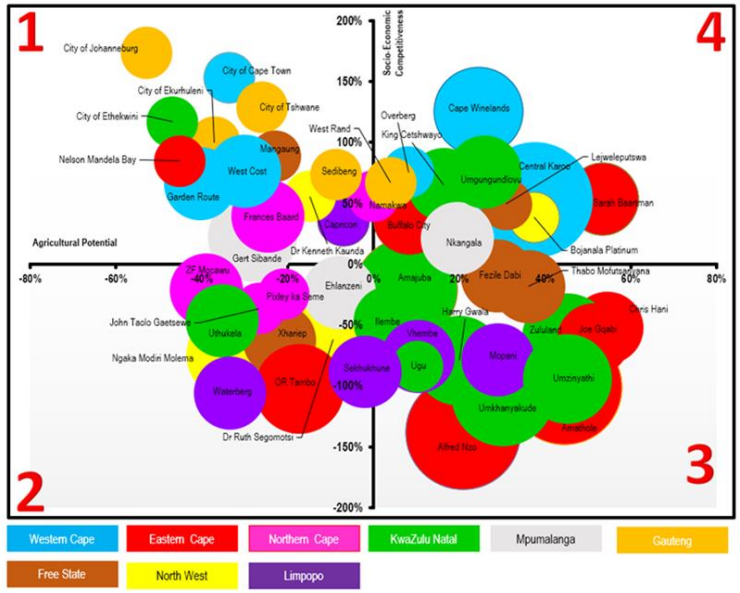


Figure 1 – Commodity corridors for the recovery and growth plan

1.4. Available policy space to drive the change theory

After taking all relevant facts into account, the writers of the 1995 White Paper on Agriculture envisioned a sector that is highly efficient, economically viable, and market-directed, characterized by a wide range of farm sizes and types. The importance of knowing different farm sizes and types was further emphasized by the 2019 Comprehensive Producer Development Support (CPDS) policy and 2020 Beneficiary Selection and Land Allocation (BSLA) policy. Both CPDS and BSLA identified five types of farmers namely household, smallholder, medium commercial, large commercial, and industrial.

These policy documents (White Paper, NDP, CDPS and BSLA) provide a regulatory backing to the Theory of Change, that is empowering emerging and commercial farmers. Emerging farmers are developed through a Production Scheme Model. As mentioned earlier production schemes are ideal instrument to organize and train farmers that have limited resources and skills. These production schemes must form partnerships with private sector players to leverage skills, investments and market access opportunities. The legislations such as the Marketing of Agricultural Products Act of 1996 and Animal Improvement Act of 1998 provide a policy for government to develop production schemes in order to develop farmers. The success of the proposed production schemes will depend on the availability of funding, both private equity and state grants.

Important policies, legislation and institutions that inform further development of Agro-processing include: the National Industrial Policy Framework (NIPF), prevailing Industrial Policy Action Plans (IPAPs); South Africa's Trade Policy and Strategy Framework; the Competition Act of 1998 (particularly the recommendations from the Grocery Retail Market Inquiry and the new Buyer Power provisions in the Act.); the Industrial Development Corporation and other Development Finance Institutions (DFIs); and the International Trade Administration Commission (ITAC).

1.5. Vision

The vision statement for the agriculture and agro-processing master plan is: ***"Globally competitive agricultural zones driving a market oriented and inclusive production to develop rural economies, ensure food-security, and create employment and entrepreneurial opportunities for all participants in agriculture and agro-processing value chains"***

1.6. Strategic objectives

The vision is attained through six strategic objectives, namely:

1) Increase transformation in agriculture and agro-processing value chains;
2) Arrest rising poverty and hunger in South Africa, in particular in rural and urban poor communities;
3) Expand access in both domestic and international markets for all farmers and agribusinesses;
4) Develop competitive value chains to create jobs and entrepreneurial opportunities;
5) Develop an effective support mechanism to enable equitable access to inputs, land, water, affordable finance, markets and services for all sector participants;
6) Improve farming community safety and reduce stock theft; and
7) Improve state capacity to enforce and modernise policy and regulatory compliance.

1.7. Commodity prioritization and production schemes

The priority commodities selected in this plan are the following:

Field crops: maize, soybean, sorghum, oilseeds, cotton, wheat, sugarcane, cannabis, hemp and dry beans

Horticulture: fruits, vegetables, nuts and wine

Livestock: cattle, goat, sheep, wool, mohair, poultry, pigs & game;

These priority products are categorized into 8 production schemes presented in **Table 2**. The model of production scheme is a key delivery tool proposed by the AAMP to empower and develop emerging farmers in order to address the supply constraints of emerging farmers in the country.

Table 2: Production Schemes

Production scheme	**Commodities covered**
Grains	Maize, wheat, sorghum, barley, dry beans
Oilseeds	Soybean, sunflower & canola
Red Meat	Cattle, goat, sheep & game
White Meat	Poultry and pigs
Fibre	Wool and mohair
Industrial Crops	Cannabis, hemp, sugarcane & cotton
Fruits and nuts	Citrus, subtropical, deciduous, nuts & wine
Vegetables	Potato, tomato, onion, carrots and others

The advantages of a production scheme include gaining economies of scale, better coordination and negotiating power by farmers to purchase inputs, farm equipments and machinery as well as market offtake agreements. The Production Schemes also enable an effective distribution of state resources such as land, water and grants to farmers, and in return the state is able to collect critical farmer information in terms of numbers, production output, supply and market challenges as well as success by farmers. Production scheme is a model that has also been implemented in various countries within the African continent and others like Asia and South America. The Production Schemes will be implemented together with a Farmer Produce Support Units (FPSUs), which is an infrastructure and service centre for emerging farmers. FPSUs are designed to provide mechanization, inputs and general farmer services.

2. AGRICULTURAL PERFOMANCE, STRUCTURE AND CONDUCT

The research conducted under the Agriculture and Agro-processing Master Plan (AAMP) process shows that South Africa's agricultural sector was already constrained prior to the outbreak of coronavirus. It is constrained by droughts, low inclusivity caused by high barriers to entry to the sector, biosecurity issues and rising input costs. It was also revealed that agricultural sector remains dual with commercial and emerging farming systems. There are 40 122 commercial farms contributing about 90% of total output. They hold the largest share of production means, notably 98% of water rights, 72% of agricultural land and almost 100% distribution of seeds and fertilizers to farmers.

Data in **Figure 3** shows that real growth rate averaged -1.3% in the past five years which is lower than the 0.8% per annum achieved by the overall economy – showing agriculture is at a tipping point.

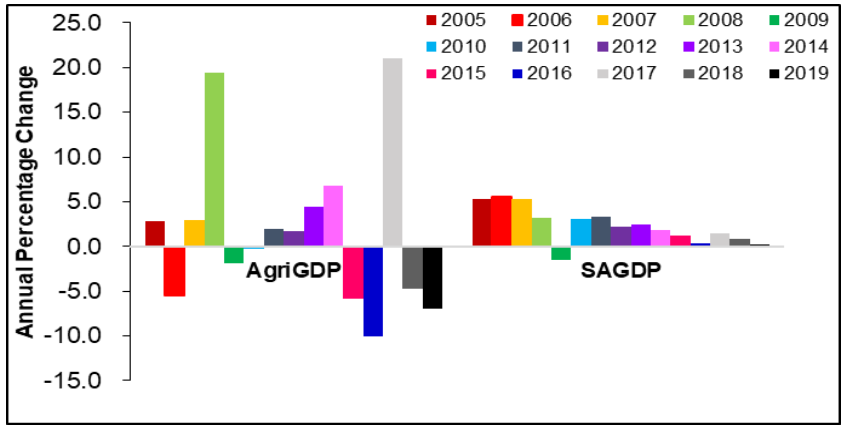


Figure 3 – South Africa and agriculture economic growth
Source: StatsSA, 2020

The data presented in **Figure 1** suggest that the commercial side of the sector is deteriorating and significant reforms are required to boost growth. This include expanding exports, enhancing technology and innovations, strengthening market access, developing agro-processing capacity to promote value added exports and enhance access to affordable capital and improve ports logistics for trade competitiveness.

While the commercial side of agriculture could still contribute to the new growth, the untapped potential from emerging side of the sector remains a greatest area for growing and developing agriculture and food sectors. The emerging farming sector can be further broken into two parts namely: the smallholder and households. The 2019 Comprehensive Producer Development Support (CPDS) policy and 2020 Beneficiary Selection and Land Allocation (BSLA) policy also recognizes different emerging farmers. Smallholder farms have a potential to graduate into commercial farmers, provided effective support is given to deal with farmer supply constraints.

Research from the AAMP process shows that smallholder farmers are battling with access to land and water as well affordable capital. Moreover, they have limitations to access markets; technology and inputs including farm equipments. On the other hand, households' farmers are constrained in terms of skills and resources and often produce for own consumption which calls for a need to create community-based food processing and logistics to create a market for households.

Beyond farm gate production, the agro-processing sector offers ample opportunities for all type of farmers. The rising population in the country is driving the demand for processed products such as dairy, beverages, oils, fats, processed meat, cereals and jams. The research from the Centre for

Competition, Regulation and Economic Development (CCRED) revealed that large opportunities exist at agro-processing level for value chains such as grains, fruits and meat, however, lack of competition due to few large players; lack of capital and access to technology are biggest barriers for small, micro and medium enterprises (SMMEs).

2.1. Growing agriculture and food in an inclusive manner

The commercialization and farmer development has relied on strategic partnerships between industries and government, where government acquired land and allocated it to previously disadvantaged individuals (PDIs) and then industries provided technical advice and market opportunities. This arrangement has been popularly called **"strategic - partnerships".** The Presidential Experts Panel on Land found that the strategic partnership model is not effective in developing emerging farmers and transformation of the sector. As a result of slow progress in developing emerging farmers, their share in total agricultural output remains negligible as explained earlier.

On average the share of black farmers in production is 4%, except in goats and beef where the share is higher than 30%. Even though the share of black farmers is higher in animal industries, they are unable to market the animals due to breed types and animal conditions. Despite a low share from emerging farmers, the potential that exists in areas where they operate could increase their share in output over the next decade.

Figure 4 shows land capability across the country. Interestingly, the bulk of emerging farmers are located in areas with high land capabilities. These areas also have high poverty, unemployment and inequality levels as seen in the former homelands in KwaZulu-Natal, Eastern Cape, Limpopo, North West and Mpumalanga. As the AAMP research recommended, the recovery and growth plan of the sector should strive to unlock growth potential in these areas.

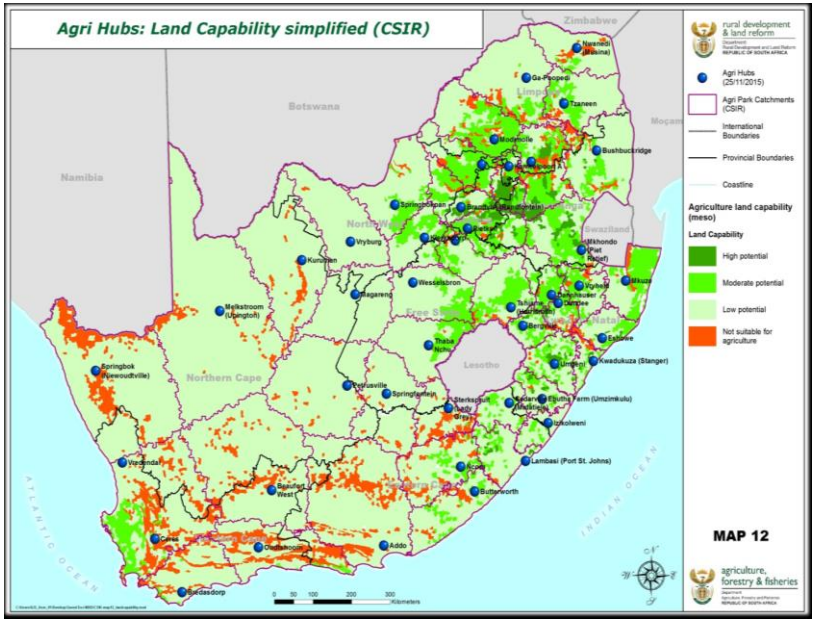


Figure 4 – South African land capability and potential for growth
Source: Department of Agriculture, Land Reform and Rural Development

Figure 5 shows crop suitability around the country. It indicates which commodities can be produced in the high potential areas. Moreover, it shows complementarities between commodities notably animals and grains.

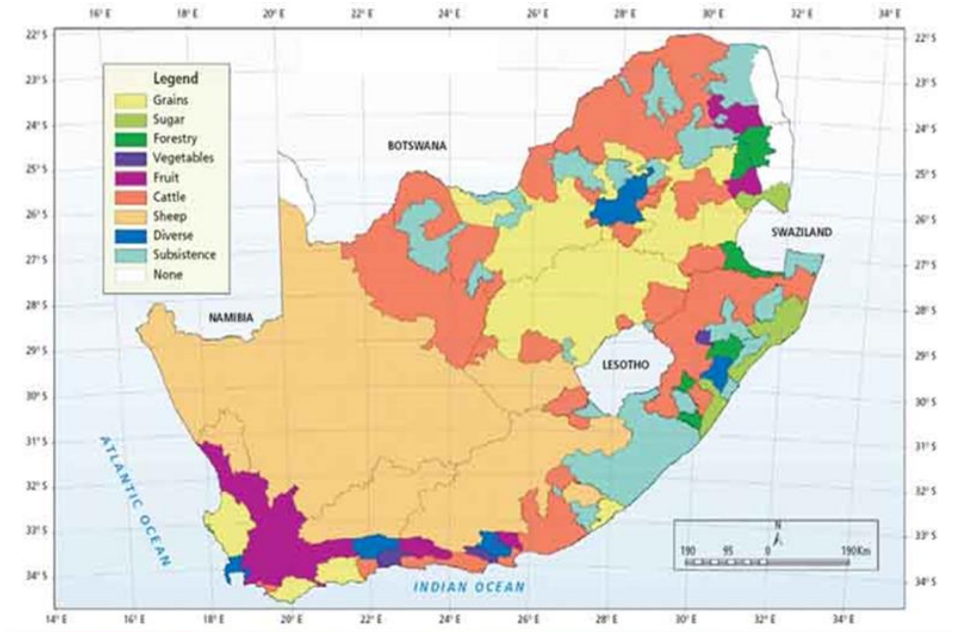


Figure 5 – Agricultural commodities suitable for production
Source: Department of Agriculture, Land Reform and Rural Development

2.2. How did the sector react to COVID 19 crisis?

On 26 March 2020, South Africa went to a total shutdown in order to contain the spread of coronavirus and save lives. The agricultural and food sectors were declared essential services, implying they were allowed to continue operating, except exports of wool, wine, mohair, cotton and floriculture. Because agriculture was permitted to operate under lockdown, it was not heavily affected except the aforementioned few industries. The processing of food was also not affected on the supply side but the demand side was significantly affected by the closure of restaurants and hospitality and informal trading, which all affected the aggregate demand for food.

The port capacity and operations were also impacted by the hard lockdown which affected the exports and imports of agriculture and food products such as citrus, wheat, maize and other products. The noticed impact on agriculture and food industries during the lockdown was the inconsistency by security forces in applying the COVID 19 lockdown regulations. In some cases, farmers were not allowed to transport and attend animal auctions. Other were not allowed to trade their commodities in Fresh Produce Markets. These incidences, were however, addressed through active collaborations between government and industries, thus ensuring the sector is supported and sustained during the COVID 19 crisis shutdown.

3. AGROPROCESSING PERFOMANCE, STRUCTURE AND CONDUCT

Collectively the South African agriculture, agro-processing (i.e. Food, Beverages and Tobacco), retail and wholesale trade linked to Food, Beverages and Tobacco (FBT Retail and Wholesale) generated sales of R1,794 bn in 2017, equivalent to 19% of sales in the economy **Table 3**.

Table 3: Agro-processing contribution in SA GDP

Sub-sector	Product	Turnover Rm	Share in GDP
Agriculture	Field Crops	56970	0.6%
	Horticulture	74368	0.8%
	Livestock	128199	1.4%
	Mix	43232	0.4%
Sub-total		**302 769**	**3.2%**
Agro-processing	Meat Processing	58561	0.6%
	Fruit &Vege Processing	60728	0.7%
	Dairy	36943	0.4%
	Grain & Sugar Processing	226529	2.4%
	Beverages & Tobacco	151838	1.7%
Sub-total		**534 599**	**5.7%**
Retail	Food Retail	956191	10.1%

Source: StatsSA

Agro-processing is concentrated in three provinces. Gauteng represents the largest share of agro-processing value-added (33%) despite a low share of agricultural value added (7%). KwaZulu-Natal accounts for 21% of agro-processing value-added and the Western Cape 20%. As the research proceeds a more disaggregated analysis of the regional distribution of production will be elaborated.

Table 4: Regional distribution of agro-processing

	I01: Agriculture, forestry and fishing [QSIC 1]	I0303: Food, beverages and tobacco [QSIC 30]	I01: Agriculture, forestry and fishing [QSIC 1]	I0303: Food, beverages and tobacco [QSIC 30]
P1: Western Cape	23 182	30 760	22%	20%
P2: Eastern Cape	6 654	12 452	6%	8%
P3: Northern Cape	6 581	1 162	6%	1%
P4: Free State	10 993	7 710	10%	5%
P5: KwaZulu-Natal	26 633	32 810	25%	21%
P6: North West	7 476	5 873	7%	4%
P7: Gauteng	7 165	51 097	7%	33%
P8: Mpumalanga	9 461	8 394	9%	5%
P9: Limpopo	7 913	3 699	7%	2%
Total: South Africa	**106 057**	**153 957**	**100%**	**100%**

Source: Quantec RSA Standardized Regional Database

As the research proceeds, a more disaggregated analysis of the regional distribution of production, and how it links to the district clustering and commodity corridors in Table 4, will be elaborated upon. Opportunities to develop agro-processing in these regions of primary production will be explored. This needs to take into account that nodes of significant demand/consumption (predominantly in urban areas) are often geographically distant from production locations (often in rural areas). Preliminary research nonetheless suggests that there are opportunities to develop geographically narrower value chains, including at district level in certain value chains, for instance, in small-scale maize milling, niche dairy products processing and citrus juice processing.[7] This will require

[7] Research as part of a collaborative project: 'Innovation and Inclusion Industrialisation in Agro-Processing, ES/S0001352/1.

commitments, amongst others, from demand-side value chain drivers within these districts as discussed above.

There is considerable concentration within both the Retail and Agro-processing segments of the value chain. There is limited participation by SMEs at both these levels, which has implications for the resilience of food systems in South Africa. At the retail level, the four largest supermarket chains hold 64% of overall food and beverage retail sales in the domestic market, wielding considerable market power. They have also expanded into the SADC region, opening up potential markets for agro-processors. In South Africa, the exertion of market power of the large supermarket chains has been an area of concern in terms of its impact both on competition and industrial development. This has implications for access to markets via supermarket chains for SMEs highlighted in Section 5.1. The agro-processing sector is also concentrated. the largest companies in the sector by revenue are Tiger Brands (54%), Pioneer Group (18%), RCL Foods (12%) and Tongaat Hulett (12%).

As discussed below there are some mutually reinforcing elements to concentration in both FBT Retail and agro-processing. Major supermarket chains make fundamental decisions about whether and how manufacturers access shelf space. Large agro-processing firms in turn offer pricing and non-pricing terms to supermarket chains that cannot be matched by independent and smaller producers. Large agro-processors also have the capabilities, knowledge and skills base to meet supermarket and export standards.

Agro-processing exports have risen steadily rising over the last 25 years, with a positive trade balance second only to fruit (**Figure 6).**

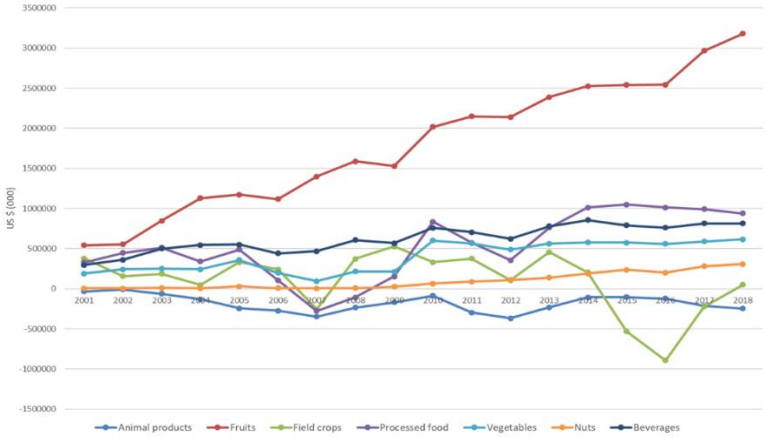


Figure 6. Agro-processing and agricultural products trade balance US$(000)
Source: Quantec RSA Trade Database

However, export performance has not matched that of high growth middle income peer countries (such as India, Russia and Thailand). Exports as a proportion of output also remains significantly lower than the overall manufacturing average.

A significant proportion of growth in exports of processed food and agro-based products has been channeled via South African retailers that have expanded into the SADC region. However, exports beyond the SADC region to the rest of Africa and the rest of the world have not grown as rapidly. In 2019, over 90% of South African exports of processed food and agro-based products into Africa were to SADC.

3.1. Challenges in agro-processing value chains

The industry's levels of competitiveness have been declining over the years. This has been attributed to skills shortage, declining investment in capital equipment and research and development. This has resulted in the

closure of some companies and the loss of jobs. Competitiveness can be enhanced by development and introduction of new products in the sector, the use of new or alternative materials, especially those available locally, and introduction of new technology. The industry lost its competitiveness to other countries with better support, allowing other countries not only to increase their global market shares, but to more importantly increase their market share in South Africa.

A recent report commissioned by the dti highlights the complexity and challenges of the South African agro-processing sector ("Opportunities for Strategic Intervention in the Agro-processing sector"). The following are major challenges that the sector faces.

Underinvestment in the primary production sector: - the most critical challenge faced in the upstream sector is that there has not been much investment both in the agricultural and forestry sector and this has had serious impact on the downstream industry. There has been under investment in critical infrastructure like water and irrigation, energy and transport infrastructure, freight handling infrastructure. The evidence behind this is a decline in crops under irrigation, from 1,5 million hectares in 1990 to under 1 million in 2010. The impact of the drought on the balance of payments will impact on the growth prospects of not just the agri-processing sector but across the entire South African economy.

Market Concentration: - Market concentration is not exclusive to South Africa; it's a universal phenomenon and sometimes is referred to agro industrialization. The phenomenon, mostly occurring in low to middle-income countries, is manifested first in the domination of supermarkets at the downstream end of the supply chain, which put pressure on upstream food processors to compete for valuable retail shelf space. This has resulted in some cases in mergers and acquisitions in the processing sector as SME processors are less able to meet the volumes needed to become listed suppliers. In this regard, are excluded from actively participating in the markets.

SME Enterprises:- Challenges facing the SMEs are unique for each division, however limited access to finance, lack of appropriate technology, lack of technical, business management and entrepreneurial skills, no incentive to support start-ups research and development, and inadequate infrastructure remain the major constraints in agro processing, wood processing and furniture industries, lack of further downstream processing, lack of sustainable quality raw materials. Furthermore, another core problem is the limited access to the market by many SMEs as well as limited amount of value addition in rural areas. The industry lost its competitiveness to other countries with better support, allowing other countries not only to increase their global market shares, but to more importantly increase their market share in South Africa.

Globalization and Market liberalization: - Globalization and market liberalization create opportunities for countries to trade agricultural and food products; however, they also produce challenges and carry risks. However, the impact of globalization and market liberalization on the domestic industry is the magnitude of support by developed countries vs support what the developing countries like SA could support, this leads to market distortions and lack of competitiveness of the sectors.

South Africa has been a net importer of cereals, meats milk cheese and eggs. For agro-industries to be competitive the enterprises must understand consumer needs and wants, employ skills and technologies to gain efficiencies, deliver quality goods in the quantities and timing schedules

required, and forge reliable and mutually-supportive relationships up and down the supply chain.

Other challenges include: -

- Cheap imports
- Inconsistent supply of water and electricity
- Shortage of raw material

3.2. Opportunities in the agro-processing sector

The agro-processing sector's economic performance is closely related to the overall rate of economic growth in South Africa and key export markets. South Africa's domestic economy is expected to grow faster than those of the major developed economies and it will be important to ensure that local producers are appropriately positioned to benefit from growth in domestic demand for food and beverages.

The sector has the opportunity to make a significant difference to the country's foreign trade and employment. On the other hand, food systems are increasingly detached from agriculture, and being industrial in nature, are dominated by large firms that benefit from economies of scale. One of the implications is that it is increasingly difficult to distinguish between processed and unprocessed primary products in terms of technological sophistication, scale, cold chain management and advanced logistics.

Support and development of agro-processing, manufacturer activities linked to smallholder producers and processors in South Africa is not only propel by developmental objectives of reducing unemployment, ensuring food security and enhancing economic growth but also the need to promote value creation of the agro processing value chain. This contributes towards reducing postharvest loss which is a collective food loss along the food production chain, from harvest and handling, to storage, processing, packing and transportation.

Improved competitiveness can be attained through **skills development** and innovation, improved productivity, industrial infrastructure development, improved access to raw material and recapitalization of design skills. There is also potential for cluster development and benefits that can be drawn from developing such clusters include economies of scale, shared infrastructure, shared and reduced input costs, information sharing. Market access interventions can be aimed at both local and regional markets.

Some technologies are developed to reduce costs and provide continuous product improvements within an industry. Transformative technologies go further. They create core changes rather than marginal ones. In the forest sector, transformative technologies promote novel and strategic uses for example wood fibre and its many products and derivatives. Such

technologies, industry observers agree, are the key to extracting more value from the biomas resource.

The following are major opportunities that are in the sector.

- Availability of land
- New product developments – Bio economy and Bio technologies
- Market development opportunities
- Import replacement opportunities
- Innovation and technology
- Packaging of high impact industrialization programmes
- Trade agreements
- Strategic partnerships

3.3. Agro-processing suppliers critical success factors

For agro-processors to successfully meet the requirements of supermarkets, they need to build capabilities. This section deals with the requirements, and factors that need to be considered in designing Suppler Development Programmes.

Interviews with both supermarkets and suppliers identified critical success factors for accessing (and remaining in) the supermarket supply chain, particularly from the supermarkets' perspective (Das Nair, Chisoro-Dube and Ziba, 2018, Bosiu et al., 2017). Cost and quality were the most important factors for supplying retailers in the South African market, followed by lead times and consistency of quality. Also important is brand awareness (which favors larger producers), innovation and transport costs and supplier location. The relative importance of success factors sometimes differs for other Southern African countries.

Cost competitiveness. Supermarkets place pressure on all suppliers to reduce their cost of supply. Supplier costs and price received by supermarkets depends on negotiation of trading terms, scale of production, costs of labour and raw materials, transport, and finance. Larger suppliers have an obvious cost advantage given scale economies. Supermarkets push suppliers to supply at the lowest price possible, but impose additional costs on suppliers through trading terms making it difficult to achieve these lower prices

Quality and consistency of supply were also ranked high by both supermarkets and suppliers. Legislative and regulatory standards to protect consumers and ensure food safety set the baseline standards which all producers are required to adhere. In South Africa, these standards include legislation that governs issues of hygiene at the point of production, general consumer protection and food safety, distribution and storage conditions, and labelling and advertising of foodstuffs.

Private standards however are set by supermarkets when they demand quality requirements over and above these basic legal standards. To comply, suppliers have to invest in processes, machinery and equipment, and safety and quality management systems. In South Africa, supermarket chains often require that suppliers have HACCP (Hazard Analysis and Critical Control Point) accreditation, an internationally recognized system for reducing the risk of safety hazards in food. (HACCP has been gazetted as part The Foodstuffs, Cosmetics and Disinfectants Act, but is not yet

mandatory in South Africa). edge over local rivals and imports. The costs of adhering to private standards are mostly borne by suppliers, which may not be compensated for by higher prices.

Volumes. Another critical factor is being able to supply sufficient volumes across multiple stores in the networks of supermarket chains. The procurement practices of South African chains, often through distribution centres, means that suppliers have to have sufficient scale to meet the demands of all stores in a chain. This makes it difficult for small suppliers and new entrants to start supplying supermarket chains.

Brand awareness is important amongst lower-income customers. Such customers have little disposable income and are less flexible to try new brands, preferring to stick with tried and tested brands. Suppliers therefore have to invest significantly in building brand awareness.

Innovation capabilities: while innovation was ranked relatively less important by suppliers and supermarkets, there was a recognition that innovation, either in product range or packaging, was important to maintain competitiveness especially with deep-sea imports.

Packaging - supermarket chains are also driving the need for local suppliers to invest in better packaging so that they can more effectively compete with imported products on shelves. It plays a very important role in shaping consumer preferences and driving sales in these markets given consumer loyalty, especially when first introduced to the market.

3.4. Strategic reforms for the agro-processing sector

The following areas for strategic engagement arise informed by a combination of research and analysis of the sector, workshops, interviews, the CCSA's Retail Inquiry and Buyer Power provisions, and existing industry initiatives underway.

- **Concentration and barriers to entry**

Retail level: Concentration levels should be lowered and the diversity of retail business models supported. The recommendations of the CCSA's retail inquiry on phasing out of exclusive lease agreements between property developers and national retailers should continue to be pursued. Shoprite can be used as the example in negotiations of a major retailer who has entered into an agreement in this regard. Shopping centres must use fair, transparent and commercially justified criteria in setting rental rates amongst tenants so that independent retailers are not disadvantaged. Fostering a diversity of retail business models is further linked to expanding routes to market inter alia via wholesalers and buyers groups, discussed below.

Agro-processing level: Suppliers of FMCGs, particularly large players, must ensure uniform trading terms for retailers, wholesalers and buyer groups. Competition concerns and barriers to entry at the agro-processing level need to be swiftly addressed by the Competition Commission.

At both the retail and agro-processing levels, the finalized buyer power guidelines and regulations must be publicized widely so that SME processors are aware of what constitutes an abuse of buyer power, and that buyers (retailers or other buyers along the value chain) have clarity on what would fall foul of the new provisions.

- **Supplier development and empowerment**

Supermarkets must formalize and scale up their enterprise development programmes, including extending them to the SADC region. Concrete commitments in terms of proportions of shelf space available for local and regional suppliers as well as other binding targets as proposed by the Commission's GRMI must be incorporated into these programmes. Further work is required to establish the extent to which preferential procurement commitments can be aligned with district-based intervention model.

Supplier Development Programmes also need to link more closely to industrial financing initiatives and other existing support measures of governments. Such programmes need to be designed with closer partnerships between government and retailers so that efforts reinforce and complement each other and jointly lower the cost of capital to suppliers.

- **Expanding routes to market**

Alternative routes to market and diverse retail models must be developed to create more resilient food systems. Independent wholesalers, cash and carrys, buyer groups and independent retailers need to be engaged and supported to strengthen their competitive position in relation to the main supermarket chains. Government should facilitate the establishment of distribution centers in peri- and non-urban areas to service small and independent suppliers. Municipalities must review and standardize by-laws to facilitate the operation of SMEs, spaza shops and street traders. These have also been recommended by the CCSA's retail inquiry.

- **Digitalizing food systems**

Expanding routes to market and end markets, and greater participation of SMEs in agro-processing can be facilitated through adoption of digital technology. Innovation through "foodtech" investments and appropriate, enabling regulatory frameworks to link SMEs to conventional and alternate routes to market and to maintain social distancing requirements. This requires providing appropriate financial, skills and capacity support for"foodtech" firms catering for low-income consumers and linking SMEs to markets in township, peri-urban and rural areas.

The Competition Commission in its Grocery Retail Market Inquiry (GRMI) recommended that government establish an incentive programme to provide seed finance for innovative commercial models supporting spaza shops, including incorporating them into buyer groups and wholesale operations. Part of this funding should be channelled to "foodtech" firms to expand routes to market.

- **Industrial financing (see also Section 6.1)**

The collective effectiveness of existing on- and off-budget industrial financing instruments should be maximized, in the prevailing context of programmed budgetary austerity. There is a particular need to secure additional and substantial concessionary lines of financing for the IDC. Crowding in and "blending" private finance options need to be developed, including combining to greatest effect finance from DFIs including the IDC, and Land Bank and Development Bank of Southern Africa (DBSA), commercial banks and funds, supplier development programmes and the new Agricultural Development Agency (AGDA).

- **Export development and promotion**

There is a need to scale up and refine collective export promotion efforts into a larger and more coherent export development and promotion programme, linked to industrial financing support mechanisms to take advantage of major export opportunities. These include opportunities arising from: the rapid growth of an affluent middle class in high growth Asian economies; opportunities in the United States, European and United Kingdom market driven inter alia by labour shortages in these markets; complementary development of export expansion on the rest of the continent under the AfCFTA, particularly beyond SADC including opportunities to replace extra-African with intra-African imports.

- **Standards**

Expand the role of institutions including NRCS, SABS etc. The role of private standards institutions should also be strengthened to help smaller producers to meet domestic and export standards. Government should invest in testing facilities and labs to offer services to SMEs.

- **Enabling regulation**

As outlined above the CCSA Inquiry has made various recommendations. It is important to note that the Inquiry further advised that should these recommendations not be implemented that government should consider developing a legislative framework with a statutory industry body for the regulation of the retail sector in South Africa, taking into account, among others, the findings and recommendations of the Inquiry.

To enable the adoption of digital technology in food systems, a code of fair practice for online delivery platforms should be developed, based on expanding reach and commitments to meet delivery requests in low-income areas, including by existing buyer groups and logistics companies. The code should include the capping of fees on platforms during this period, as done in other countries (China, Philippines, Singapore and USA). It should also cover protection measures for workers in foodtech value chains. Regulations should be appropriately modified to enable the use of mobile money platforms for small-scale payments by approved providers without requiring a banking licence.

4. DEPENDANCIES FOR INCLUSIVE AGRICULTURE AND AGRO-PROCESSING

4.1. Land Reform

The 1997 White Paper on Land Policy is a key policy framework for an effective land reform programme. The programme is enriched by the findings of the Presidential Pan of Experts on Land. According to the 1997 White Paper on Land Policy, effective land reform is characterized by:

- **Notion that land shall be used as an economic asset** to ensure Food Security and facilitate Economic Development,
- **Transformed spatial patterns** in our towns and cities that reflect an integrated and equitable society.
- **Effective land reform is also contingent** upon farmers having water rights, access to energy, effective tariff regime to protect our agricultural sector, research and development, climate smart technologies and organized black producers.
- **Enabling policy environment** to attract community, public, private (CPPP) sector partnerships to leverage private sector investment, ie. Donations policy, tax incentives etc
- **Targeted land acquisition** to change the racial spatial patterns and address the diverse Land needs ie. Urban agriculture, human settlement, residential and industrial development.
- **Security of tenure for all** with a specific focus on communal areas and farms.
- **An Integrated Land Administration System** to generate land value

4.1.1. Land reform deliverables

In the short to medium term the land reform programme strives to achieve the following:

- As part of turning the 9 million hectares acquired by the state into productive use, provide support to 1.2 million hectares that have been assessed and allocated to farmers. In addition, allocate 700 000 hectares by the end of 2020 year.
- Expropriate land without compensation for the development of agriculture, new cities and towns
- Complete the transfer of Transformation of Certain Rural Areas Act, 1998 (TRANCRAA) land for the remaining communities, equivalent to 1.264 million hectares
- Finalize 2000 labour tenant applications in the short to medium term
- Accelerate the processing of land claims totaling 360 175 hectares in the long term
- Clearly define the concept of rural development since rural development is broader than just agriculture.

- Target derelict buildings in cities and towns to deracialize the towns and cities and to change the apartheid spatial patterns
- Training and capacity building for farmers shall be compulsory for persons who are allocated land
- Finalize the Community Property Association (CPA) Amendment Act
- Review the State Land Disposal Act of 1961 and the Government Immovable Asset Management Act (GIAMA) of 2007 to streamline National Land Administration

4.1.2. Challenges facing land reform

The following are the main challenges in ensuring effective land reform:

- Rural infrastructure is not supportive to smallholder farmers
- Lack of targeted land acquisition (land acquisition not linked to user needs)
- Inadequate resources to support agricultural research, veterinary services (e.g. biosecurity).
- Lack of communication on the progress made in addressing the land question
- The challenge of foreign nationals acquiring and owning vast tracts of land without limitations
- Lack of the clear strategy to deal with the consolidation of agricultural land to fewer mega land owners so as to break the monopolies.
- Security of tenure for people living in communal areas including the rights of women to own, inherit and use the land has not been addressed

4.2. Farmer support programmes

Historically, commercial farmers in South Africa were the beneficiaries of a comprehensive farmer support system whose main purpose was to ameliorate the risks inherent in farming with the relatively poor agricultural resources of the country. A number of lessons can be learned from this experience to direct the design and implementation of new interventions to serve small-scale farmers in South Africa:

- **A vacuum was left due to the demise of focused, coordinated and comprehensive small farmer support service programmes.** The inability to set a pro-active system in place after 1994 to integrate South Africa's "two agricultures" and notably the virtual falling away of effective small farmer support systems left a vacuum in most rural areas of the former homelands. Despite dedicated government funding schemes such as CASP and MAFISA, few successful and progressive interventions exist. A new farmer support system must be developed as a matter of urgency, with a focus on the institutional arrangements such as the **Production Schemes**

- **The importance of coherency and focus in farmer support policy frameworks, funding programmes and implementation processes.** Coherent policy and project design criteria, together with a consistent and focused funding programme, must be in place to direct and enable implementing agencies to generate "tipping

points", resulting in a critical mass of action and outcomes. The current vacuum left in the supply of small farmer support systems and services, in particular in the previous homelands, clearly calls for such a substantive, coherent, pro-active and well-implemented intervention.

- **The importance of structured participative processes in policy development and in programme/project design, monitoring and evaluation.** Community opinion leaders must be mobilised together with subject matter experts in the farmer support policy development, design, monitoring and evaluation processes at the grass roots level. These include farmers, community leaders, business people, and local societies such as saving clubs and stokvels. There should be a special focus on female participants. Planning and facilitation processes will have to be both structured and informal, which will require the application of methods such as logical framework/ objective oriented planning and rapid rural appraisal and monitoring.

- **Expanding the farmer support concept: what type of farming development model and support schemes for today?** Since the 1990's a range of development models have emerged in South Africa and elsewhere to link smallholders/emerging/new farmers through business mode models – contracting, outgrowers, equity and shareholding - into the general commercial agricultural support system. Where the required support services and elements, as defined, were provided effectively, successes were recorded. New initiatives must therefore be considered for commercial production and household food security purposes. In this regard, agribusiness enterprises are also increasingly involved as strategic partners, and should be included in post-settlement support programmes, which are important in this context, but cannot replace the need for *ex ante* farmer support. New services such as quality control and traceability measures, supply chain management and product insurance schemes may be required. The funding package may also differ and co-funding for such initiatives would be most likely. The funding mechanism therefore will need adjustment. Furthermore, smallholders in the former homelands are generally not included in these "commercialisation" development models, and this needs to be rectified.

- **Access to land and property rights.** Access to land remains a problem, despite the changes in land ownership arrangements since the 1990s. Land purchase is currently still not possible under communal tenure systems and the lack of land ownership constrains the ability of farmers to mobilise loans, to invest in land improvements and to expand growing businesses. Smallholders are therefore generally trapped on too small landholdings with too little development capital. Land ownership is the preferred option, but is not a necessary condition for the commercialisation of agriculture; alternative arrangements such as rental agreements of sufficiently long duration to justify investment should also be viewed as an alternative mechanism. Urban land development plans should also provide for smallholder production.

- **(Re)structuring the institutional support framework.** Provincial governments have agricultural development responsibilities. Municipalities are also positioned to play an active role at ground

level to structure services serving small-scale agriculture. However, the institutional weakness at local, community level institutions to mobilise and participate in programme design and implementation creates ownership and accountability problems. Currently, institutional weakness at provincial and local level jeopardise successful implementation. An institutional structure linking government functions at national, provincial and municipal levels to agribusiness support will be necessary to reach the target farmer groups. Improved policy and coordination, together with appropriate funding arrangements and capacity development to strengthen local institutions such as farmer associations and primary cooperatives, inter alia through mentorship and coaching structures, will be required. This will necessitate a substantial restructuring of the current institutional support framework. As argued above institutions such as land ownership and tenure should also be revised to become more farmer friendly.

- **Planning frameworks and assessment methodologies: creating a useful tool kit.** Strong and objective analysis will be required to ensure that the management of the farmer support project cycle – identification, design, appraisal, and implementation, remains as objective as possible. This will require the deployment of techniques such as Cost-Benefit Analysis (CBA) to complement financial assessment. Examples are the comparison of various options in irrigation development; user charges for project services rendered (e.g. water, extension); project scale and size differences; the inclusion of labour and "sweat equity" in project costing; the treatment of sunken costs; etc. CBA also sets the indicators for monitoring and evaluation processes. At the same time, the emphasis on participation requires the application of user-friendly methods and techniques such as logical framework planning/objective oriented intervention planning and multi criteria analysis, together with rapid rural appraisal techniques. The need to understand and accommodate diversity in planning will also necessitate the application of typology analysis. The opportunistic use of these techniques inevitably results in poor design and decision-making and manipulated monitoring and evaluation findings; therefore, these methods and conventions should be calibrated. A similar central capacity will have to be established to develop a generally accepted set of methods and generally applied tool kits to support the various project cycle processes.

4.3. Agricultural financing and support

To be completed with material from the Blended Finance team and BASA

4.4. Technology, Research and Development

To be completed with material from social partners

4.5. Water infrastructure and services

To be completed with material from social partners

4.6. Extension services, training and farmer development

To be completed with material from social partners

4.7. Farm safety and stock theft

To be completed with material from social partners

5. AAMP IMPACT, SUCCESS MEASURES – TARGETS AND COMMITMENTS

Table 5: Strategic Measures for Agriculture and Agro-processing

Short term: 0-6 months	Medium term: 6-12 months	Long term: after 12 months
R1.2 billion as COVID 19 emergency funds, focusing on: - PLAS Farms – boost production by emerging farmers (assessed prior to the COVID 19 crisis) - Distressed commercial farmers to save jobs and farms - Distressed agro-processing units	**Accelerate allocation of land and water to farmers** - 9 mil ha of state land - Communal land – start with 1.4 mil ha identified by **COGTA** - Water applications & equitable allocations –partnering with **DHWS**	**Enhance policy & regulations** - Focus on comprehensive Land administration - Develop bio-energy markets and regulations - Finalize cannabis regulations and markets - Review Agriculture Marketing Act - Review trade policy for agro-processing - Continuously track farm and farmer investments and performance
Sustain fair trade and food pricing during COVID crisis - Monitoring of food prices and stock levels working with **StatsSA** - Create an integrated e-trade system	**Create a comprehensive post-settlement mechanism** - Access to affordable capital (Blended finance, insurance & other instruments) - Finalize construction of 24 FPSUs in key districts areas - Partner with **DSB** to create business incubators at FPSUs	**Agro-processing and rural logistics** - Create new small & medium agribusinesses - Create agro-processing incentive with **DTIC** - Develop new rural and urban agricultural logistics to absorb youth, women and PLWD
Sustain the viability of the farming sector - Avail and improve full spectrum of essential government services & inspections - Expand extension services – train and deploy NARYSEC & graduates	**Address farmer production and supply chain constrains** -Formalize and priorities 8 Production Schemes with private sector support: - Upscale Red Meat, Cotton, Wool, Fruit & Sugar schemes - Develop Grain, Vegetable and Industrial crops schemes - Fix fresh produce, irrigation schemes& communal dipping system - Create grain storage & wool processing infrastructure	**Promote agricultural trade capacity** -Revitalize branch rail lines with **DPE**: road to rail -Improve port terminal capacity and inspection services
Keep communication with industries & affected groups - Develop data systems to improve evidence-based decisions - Develop / adopt a data-based monitoring and evaluation system to track farmer and farm investments and performance - Improve research collaborations between the state and private sector - Recognize and support traditional and emerging farmer commodity groups	**Modernize production & promote technology innovation** - Upscale and support ARC research (partner with private & **DSI**) on crop and animal chain innovations and adaptability - Upscale OBP vaccines production and PPECB quality compliance - Explore bioprospecting research and innovations	**Accelerate spatial transformation** -Focus on derelict land to redress residential & urban agriculture demand
	Expand markets, market compliance and state capacity - Identify strategic markets in Africa, Asia & Europe with **DTIC**	

	- Collaborate with private sector to enhance state capacity for compliance to SPS protocols, TBT & NTMs - Secure market agreements for institutional markets	

Table 6: Preliminary Future state 2030: Potential impact of AAMP measures

Priority Production Schemes		***Current Area 2019***	***New Hectares 2030 vs. 2019***	***New permanent Jobs***	***Current Production 2019***	***Extra Output: Tons by 2030 vs 2019***	***Additional Value: Real (2019) Rand Value (Gross Value Add = Revenue)***
Industrial Crops	Cotton	40 616	7 200 19 384	4 373	38 295 (lint)	13 487 18 276 (Lint)	R124 million R0.4799 billion
	Sugar Cane		6 800	8 697		297 461	R221 million
White Meat	Poultry and pigs		4 076	15 267	1 916 440	188 487 531 550	R5.089 billion R14.116 billion
Red Meat	Cattle, Goat and Sheep		3 226 202	10 264		270 095 (meat) 268 600	R10.253 billion R13.54 billion
Fibers	Wool & Mohair				45 654	16 446	R1.446 billion
Grains	Maize	2 550 500	400 000 270 000	23 743	11 655 000	4 760 490 5 781 000	R14.839 billion R16.19 billion
	Wheat	540 000	80 439 -52 000	1 295	1 501 700	280 688 455 230	R1.618 billion R3.88 billion
	Soybean	730 000	205 700 400 000	4 275	1 170 000	326 449 1 610 000	R2.374 billion R4.86 billion
Fruits	Citrus, Deciduous and Subtropical	243 640	58 875 54 786	203 897	5 085 299	1 741 525 1 365 820	R36.410 billion R14.59 billion
Vegetables	Potato, Tomato Onion & others		34 460 14 200	38 314	3 852 346	1 299 814 535 616	R7.819 billion R3.22 billion

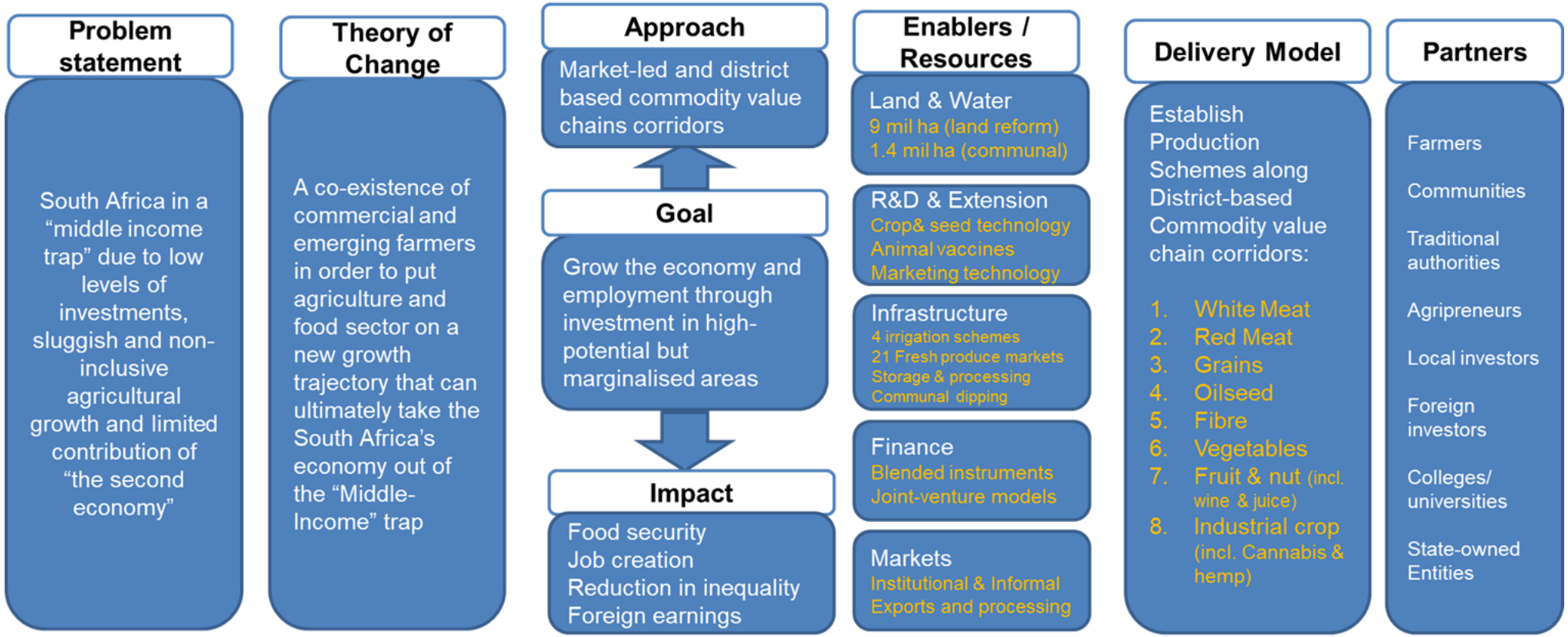
Table 7: GOALS AND TARGETS FOR THE AGRICUTLURE AND AGROPROCESSING MASTER PLAN (INDICATIVES)

National indicators	Baseline	Source	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Infrastructure, Marketing and Trade Goals and Targets												
SA's fruit & vegetable export share in world	3.00%	TradeMap	3.0%	3.2%	3.4%	3.6%	3.8%	4.0%	4.3%	4.6%	4.9%	5.0%
SA's meat export share in the world	0.60%	TradeMap	0.6%	0.7%	0.8%	0.9%	1.2%	1.3%	1.5%	1.8%	2.0%	2.5%
SA's food and beverages share in Africa	40.0%	TradeMap	40%	42%	46%	49%	51%	54%	57%	59%	60%	60%
Share of agriculture value-added from exports	47%	DALRRD	47%	48%	50%	53%	55%	57%	58%	59%	60%	60%
Share of sales in Fresh Produce Markets from black farmers handled by black agents	10%	APAC	12%	14%	16%	18%	20%	23%	26%	29%	33%	35%
Share of sales in private retailers, silos, milling, and processing facilities from black farmers	5%	Retailers	5%	7%	8%	9%	10%	11%	12%	13%	14%	15%
Investments and Financing Goals and Targets												
Fixed capital as a share of Value-added	14%	DAFF	14%	15%	17%	19%	21%	23%	24%	25%	26%	27%
Share of Land Bank loan to black farmers	11%	Land Bank	15%	16%	18%	20%	20%	22%	24%	26%	28%	30%
Share of private banks loans to black farmers	N/A	BASA	2%	2%	3%	3%	3%	3%	4%	4%	4%	5%
Share of levies and trusts for transformation	20%	NAMC	20%	20%	20%	30%	30%	30%	30%	30%	40%	40%
Employment, Skills, Water and Land Goals and Targets												
New jobs in agriculture & agro-processing	125 000	STATSSA	3 000	5 000	15 000	25 000	35 000	40 000	50 000	50 000	50 000	50 000
New farmers & SMMEs trained and skilled	N/A	DALRRD	1 000	1 000	1 2000	1 300	1 500	1 500	1 500	1 500	1 500	1 500
Household & smallholder farmers supported	N/A	DALRRD	30 000	40 000	70 000	100 000	140 000	170 000	200 000	240 000	270 000	300 000
Share of water rights owned by black farmers	6%	DWS	2%	3%	4%	5%	6%	7%	8%	9%	10%	12%
Production and Agro-processing Goals and Targets												
Real growth rate in value -added agriculture	2.3%	FAO	2.5%	3.5%	4.5%	5.5%	6%	6%	6%	6%	6%	6%
Real growth in value-added agro-processing	1.5%	FAO	1.5%	1.5%	1.5%	1.6%	1.7%	1.8%	2.0%	2.2%	2.5%	2.5%
Share of black farmers in commodity output	4%	NAMC	4%	5%	6%	7%	8%	9%	10%	11%	12%	15%
Research & Development and Disaster Management Goals and Targets												
Expenditure on R&D as share of Value-added	2%	ARC	2%	3%	4%	5%	6%	7%	8%	9%	10%	10%
Share of farmers with crop & disaster insurance	N/A	DALRRD	2%	2%	3%	5%	8%	15%	20%	25%	30%	40%

Table: 8 – Commodity Corridors for the recovery and growth sector plan

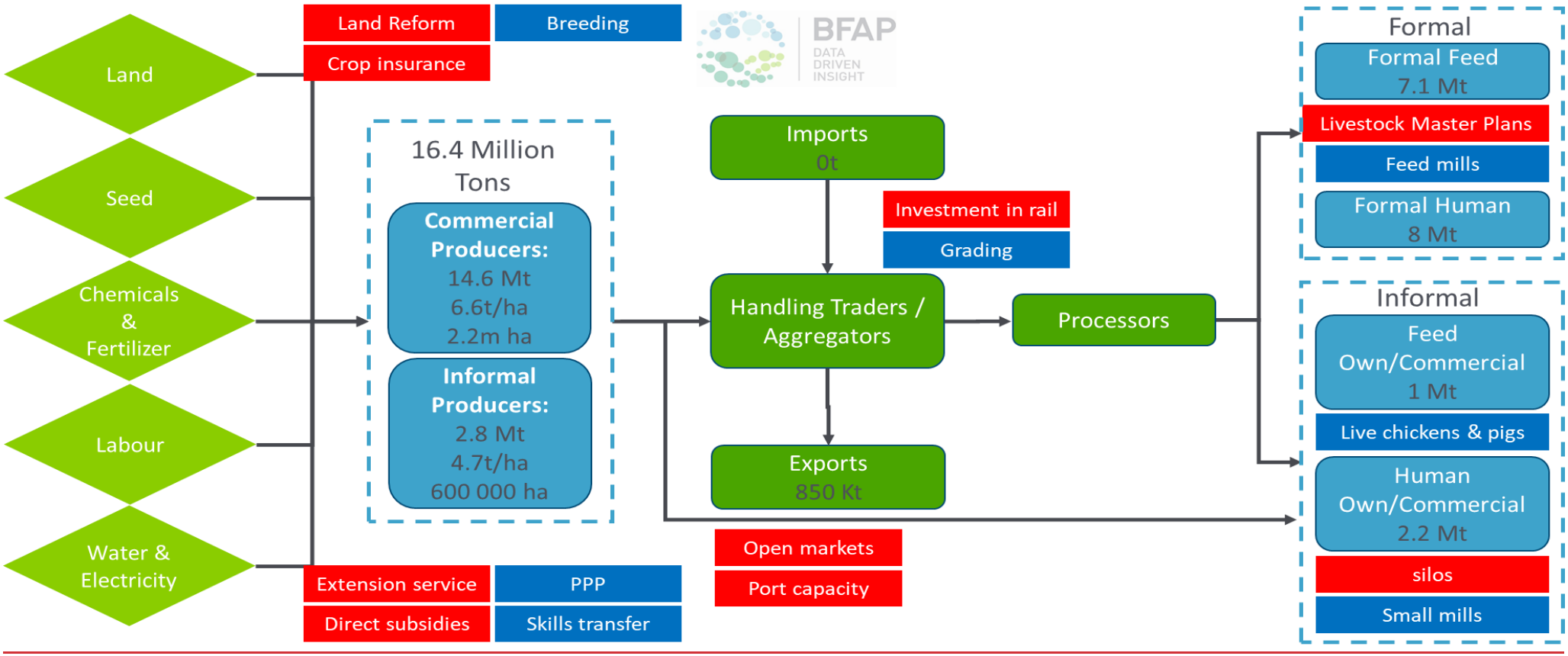
Sub-sector	Commodity	District clustering
Livestock	Mohair corridor	Garden Route, Sarah Baartman, Chris Hani, Central Karoo, Amathole, joe Gqabi, Frances Baard, Pixley ka Seme, Thabo Mofutsanya, Fezile Dabi, Lejweleputswa
	Wool corridor	West Coast; Cape Winelands, Overberg, Central Karoo, Amothole, Chris Hani, Joe Gqabi, OR Tambo, Alfred Nzo, Sarah Baartman, Thabo Mofutsanyana, Fezile Dabi, Lejweleputswa, Xhariep, Gert Sibande, Dr Kenneth Kaunda, Dr Ruth Segomotsi, Sedibeng, Bojanala, Amajuba, uThukela, uMgungundlovu, Nkangala, Waterberg
	Goats corridor	Zululand, Mkanyakude, Mzinyathi, uThukela, uGu, Harry Gwala, King Cetshwayo, uMgungundlovu, Alfred Nzo, Joe Gqabi, Vhembe, Sekhukhune, Dr Ruth Segomotsi Mompati, Central Karoo, Ehlanzeni, ZF Mgcawu, John Taolo Gaetsewe , Xhariep
	Cattle corridor	Overberg, Eden, West Coast, Pixley Ka Same, Siyanda, Xhariep, Lejweleputswa, Thabo Mofutsanyane, Fezile Dabi, OR Tambo, Amathole, Sarah Baartman, Chris Hani, Alfred Nzo, uMkhanyakude, Zululand, Harry Gwala, uThukela, Kind Cetshwayo, uMgungundlovu, Gert Sibande, Nkangala, Ehlanzeni, Waterberg, Sekhukhune, Capricon, Mopani, Sedibeng, Bojanala, Ngaka Modiri Molema, Dr Ruth Segomotsi Mompti, Dr Keneth Kaunda
	Poultry corridor	Dr Kenneth Kaunda; Ehlanzeni; uThungulu; Boland; Mopani; uMgungundlovu Vhembe; uMkhanyakude, Zululand, Waterberg, OR Tambo, Sedibeng, West Rand
Field Crops	Cannabis corridor	OR Tambo, Alfred Nzo, Chris Hani, Joe Gqabi, Amathole, Zululand, Mkanyakude, Mzinyathi, uThukela, uGu, Harry Gwala, King Cetshwayo, uMgungundlovu, Lejweleputswa, Fezile Dabi, Thabo Mofutsanyane, Bojana, Ngaka Modiri Molema, Dr Ruth Segomotsi Mompati, Waterberg, Capricon, Vhembe, Mopani, Ehlanzeni, Gert Sibande,
	Sugar corridor	King Cetshwayo; Ilembe; Zululand; Harry Gwala; uMkhanyakude; and Ehlanzeni
	Maize corridor	Overberg, Garden Route, Pixley Ka Seme, Francis Baard, Lejweleputswa, Fezile Dabi, Thabo Mofutsanyane, Xhariep, Manguang, OR Tambo, Alfred Nzo, Chris Hani, Joe Gqabi, Amathole, uMgungundlovu, Zululand, uMkhanyakude, Ilembe, King Cetshwayo, uGu, Mopani, Vhembe, Gert Sibande, Nkangala, Ehlanzeni, Sedibeng, West Rand, eKurhuleni, Bojana, Ngaka Modiri Molema, Dr Ruth Segomotsi Mompati and Keneth Kaunda
	Soybean corridor	Lejweleputswa, Fezile Dabi, Thabo Mofutsanyane, OR Tambo, Alfred Nzo, Chris Hani, Joe Gqabi, Amathole, uMgungundlovu, uGu, Gert Sibande, Nkangala, Ehlanzeni, Sedibeng, West Rand, Bojana, Ngaka Modiri Molema, Dr Ruth Segomotsi Mompati
	Cotton corridor	uMkhanyakude, Bojanala, Frances Baard, Dr Ruth Segomotsi Mompati, Ngaka Modiri Molema, Capricon, Sekhukhune, Waterberg, Vhembe, Pixley ka Same, John Taolo
Horticulture	Vegetables corridor	Districts surrounding the Makhathin Flat, Ncorha, Tugela Ferry, Vallhart-Taung and Clanwilliam irrigations schemes and other districts with water
	Citrus corridor	Sarah Baartman, Mopani, Sekhukhune, Capricon, Vhembe, Cape Wineland, Ehlanzeni, Zululand
	Macadamia corridor	Zululand, uMkhanyakude, Sarah Baartman, Sekhukhune, Bojanala, West Cost, Waterberg, Capricon, Vhembe, Mopani, Ehlanzeni, Gert Sibande
	Subtropical	Zululand, uMkhanyakude, Sarah Baartman, Sekhukhune, Bojanala, West Cost, Waterberg, Capricon, Vhembe, Mopani, Ehlanzeni, Gert Sibande
	Deciduous corridor	West Coast; Cape Winelands, Overberg, Frances Baard, Pixley ka Seme, Sarah Baartman, Garden Route

6. Agriculture and Agro-processing Master Plan



6.1. Operationalizing the production schemes: Link specific interventions to commodity corridors

The Case of Maize – Future state 2030



The Case of Cattle – Future State 2030