Draft Master Plan Version 1

AGRI-PARK MASTER PLAN
Overberg District Municipality
Western Cape Province

Agri-Park Details

<table>
<thead>
<tr>
<th>Province</th>
<th>Western Cape</th>
</tr>
</thead>
<tbody>
<tr>
<td>District</td>
<td>Overberg</td>
</tr>
<tr>
<td>Agri-Hub Site</td>
<td>Bredasdorp/ Cape AgulhasLocal Municipality</td>
</tr>
</tbody>
</table>
Contact Details:

Overberg District Municipality and DRDLR representative details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Telephone</th>
<th>Email address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lubabalu Mbekeni</td>
<td>071 564 6449</td>
<td><a href="mailto:lunabalu.mbekeni@drdlr.gov.za">lunabalu.mbekeni@drdlr.gov.za</a></td>
</tr>
<tr>
<td>Tracy Stone</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Camissa & ME representative details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Telephone</th>
<th>Email address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr Trevor Taft</td>
<td>083 553 6318</td>
<td><a href="mailto:trevor@cihp.co.za">trevor@cihp.co.za</a></td>
</tr>
<tr>
<td>Louis Barkhuysen</td>
<td>083 269 5580</td>
<td><a href="mailto:louis.barkhuysen@me.com">louis.barkhuysen@me.com</a></td>
</tr>
</tbody>
</table>

Document Control:

<table>
<thead>
<tr>
<th>Document Author(s)</th>
<th>Louis Barkhuysen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Document Version</td>
<td>Version 1</td>
</tr>
</tbody>
</table>

Revision History

<table>
<thead>
<tr>
<th>Version</th>
<th>Author</th>
<th>Date</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Version 01</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Version 02</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Version 03</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Document Approval:

Approved: ___________________________ Date: / /2016
(Overberg District Municipality)

_________________________ Date: / /2016
(DRDLR RID)

_________________________ Date: / /2016
(PSSC)
# Table of Contents

EXECUTIVE SUMMARY ............................................................................................................. 2

1. INTRODUCTION AND BACKGROUND .............................................................................. 3
   1.1. INTRODUCTION .................................................................................................................. 3
   1.1.1. Project Scope and objectives ......................................................................................... 3
   1.1.2. Methodology and Approach ........................................................................................ 4
   1.1.3. The Agri-Park Master Business Plan ............................................................................ 4
   1.1.4. Instruction for reading Agri-Park Master Business Plan ............................................... 5
   1.2. BACKGROUND AND CONTEXT ................................................................................... 5
   1.2.1. Agri-Park Model ........................................................................................................... 6
   1.2.2. Agri-Park Institutional Framework ............................................................................. 9

2. OVERBERG TARGETED COMMODITY(IES) ..................................................................... 10
   2.1. MAIN COMMODITY(IES) ................................................................................................. 11
   2.2. SUPPORT COMMODITY(IES) ........................................................................................ 12

3. AGRI-PROCESSING BUSINESS OPPORTUNITIES ............................................................... 14

4. OVERBERG AGRI-PARK STRATEGY ............................................................................... 14

5. AGRI-PARK OWNERSHIP AND GOVERNANCE ............................................................... 17
   5.1. AGRI-PARK OWNERSHIP MODEL .................................................................................. 17
   5.2. AGRI-PARK GOVERNANCE AND MANAGEMENT MODEL ............................................ 18

6. OVERBERG DISTRICT MUNICIPALITY AGRI-PARK ...................................................... 19
   6.1. THE OVERBERG AGRI-HUB AND FPSU’S ................................................................... 20
   6.2. THE OVERBERG AQUA-HUB AND FPSU’S ................................................................. 24
   6.3. PROPOSED RURAL URBAN MARKET CENTRE ............................................................ 26

7. OVERBERG AGRI-PARK IMPLEMENTATION PLAN .......................................................... 28
   7.1. CRITICAL SUCCESS FACTORS .................................................................................... 28

8. BUSINESS ENVIRONMENT ANALYSIS .......................................................................... 32
   8.1. POLITICAL INFLUENCING FACTORS .......................................................................... 32
   8.2. LEGAL INFLUENCING FACTORS .................................................................................. 32
   8.3. SOCIAL INFLUENCING FACTORS ................................................................................ 32
   8.4. ECONOMIC INFLUENCING FACTORS .......................................................................... 33
   8.5. TECHNOLOGICAL INFLUENCING FACTORS ................................................................. 33
   8.6. ENVIRONMENT INFLUENCING FACTORS ................................................................... 34

9. AGRI-PARK EXTERNAL ENVIRONMENT ........................................................................ 34
   9.1. CHALLENGES .................................................................................................................. 34
   9.2. OPPORTUNITIES .............................................................................................................. 35

10. AGRI-PARK OPERATING ENVIRONMENT .................................................................. 36
    10.1. STRENGTHS .................................................................................................................. 36
    10.2. WEAKNESSES ............................................................................................................. 37
    10.3. AGRI-PARK COMMODITY AND MARKETS .............................................................. 37
    10.4. AGRI-PARK DEVELOPMENT AND IMPLEMENTATION ............................................. 37

11. RECOMMENDATIONS ........................................................................................................ 38
    11.1. RECOMMENDATIONS: MOBILIZING GOVERNMENT SUPPORT AND ACTION .......... 38
    11.2. RECOMMENDATIONS: AGRI-PARK BENEFICIARIES PARTICIPATION ...................... 38
11.3. RECOMMENDATIONS: AGRI-PARK DESIGN, DEVELOPMENT AND IMPLEMENTATION

11.4. RECOMMENDATIONS: RESOURCE MOBILIZATION, COLLABORATION AND PARTNERSHIPS

38
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABET</td>
<td>Adult Basic Education and Training</td>
</tr>
<tr>
<td>ABP</td>
<td>Area Based Plan</td>
</tr>
<tr>
<td>APAP</td>
<td>Agriculture Policy Action Plan</td>
</tr>
<tr>
<td>CARA</td>
<td>Conservation and Agricultural Resource Act</td>
</tr>
<tr>
<td>CASP</td>
<td>Comprehensive Agriculture Support Programme</td>
</tr>
<tr>
<td>CBO</td>
<td>Community Based Organisation</td>
</tr>
<tr>
<td>CBNRM</td>
<td>Community-based Natural Resource Management</td>
</tr>
<tr>
<td>CIF</td>
<td>Capital Investment Framework</td>
</tr>
<tr>
<td>CRDP</td>
<td>Comprehensive Rural Development Programme</td>
</tr>
<tr>
<td>CSIR</td>
<td>Council for Scientific and Industrial Research</td>
</tr>
<tr>
<td>DBE</td>
<td>Department of Basic Education</td>
</tr>
<tr>
<td>DBSA</td>
<td>Development Bank of Southern Africa</td>
</tr>
<tr>
<td>DEA</td>
<td>Department of Environmental Affairs</td>
</tr>
<tr>
<td>PDEDAT</td>
<td>Provincial Department of Economic Development and Tourism</td>
</tr>
<tr>
<td>DFI</td>
<td>Development Finance Institutions</td>
</tr>
<tr>
<td>DGDS</td>
<td>District Growth Development Strategy</td>
</tr>
<tr>
<td>DM</td>
<td>District Municipality</td>
</tr>
<tr>
<td>DMA</td>
<td>District Municipal Area</td>
</tr>
<tr>
<td>DoE</td>
<td>Department of Energy</td>
</tr>
<tr>
<td>DRDLR</td>
<td>Department of Rural Development and Land Reform</td>
</tr>
<tr>
<td>EA</td>
<td>Enumeration Area</td>
</tr>
<tr>
<td>EIA</td>
<td>Environment Impact Assessment</td>
</tr>
<tr>
<td>EMF</td>
<td>Environmental Management Framework</td>
</tr>
<tr>
<td>EPWP</td>
<td>Expanded Public Works Programme</td>
</tr>
<tr>
<td>ETDP-SETA</td>
<td>Education, Training and Development Practices - Sector Education and Training Authority</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organisation</td>
</tr>
<tr>
<td>FET</td>
<td>Further Education and Training</td>
</tr>
<tr>
<td>FPL</td>
<td>Food Poverty Line</td>
</tr>
<tr>
<td>FPSU</td>
<td>Farmer Production Support Units</td>
</tr>
<tr>
<td>FR</td>
<td>Functional Regions</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GLM</td>
<td>Gamagara Local Municipality</td>
</tr>
<tr>
<td>GSLM</td>
<td>Ga-Segonyana Local Municipality</td>
</tr>
<tr>
<td>GVA</td>
<td>Gross Value Added</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>HIV/AIDS</td>
<td>Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resource</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>ICT</td>
<td>Information Communications and Technology</td>
</tr>
<tr>
<td>IDC</td>
<td>Industrial Development Corporation</td>
</tr>
<tr>
<td>IDP</td>
<td>Integrated Development Plan</td>
</tr>
<tr>
<td>IGR</td>
<td>Intergovernmental Relations</td>
</tr>
<tr>
<td>IPAP</td>
<td>Industrial Policy Action Plan</td>
</tr>
<tr>
<td>IWRM</td>
<td>Integrated Water Resource Management</td>
</tr>
<tr>
<td>CALM</td>
<td>Cape Agulhas Local Municipality</td>
</tr>
<tr>
<td>LED</td>
<td>Local Economic Development</td>
</tr>
<tr>
<td>LM</td>
<td>Local Municipality</td>
</tr>
<tr>
<td>LRAD</td>
<td>Land Redistribution for Agricultural Development</td>
</tr>
<tr>
<td>LUMS</td>
<td>Land Use Management Strategy</td>
</tr>
<tr>
<td>M &amp; E</td>
<td>Monitoring and Evaluation</td>
</tr>
<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MFMA</td>
<td>Municipal Financial Management Act</td>
</tr>
<tr>
<td>MIG</td>
<td>Municipal Infrastructure Grant</td>
</tr>
<tr>
<td>MPT</td>
<td>Municipal Planning Tribunal</td>
</tr>
<tr>
<td>MDSF</td>
<td>Municipal Spatial Development Framework</td>
</tr>
<tr>
<td>MTSF</td>
<td>Medium Term Strategic Framework</td>
</tr>
<tr>
<td>NARYSEC</td>
<td>National Rural Youth Corps Strategy</td>
</tr>
<tr>
<td>WCLEDs</td>
<td>Western Cape Local Economic Development Strategy</td>
</tr>
<tr>
<td>PGDS</td>
<td>Provincial Growth Development Strategy</td>
</tr>
<tr>
<td>WSDF</td>
<td>Western Cape Provincial Spatial Development Framework</td>
</tr>
<tr>
<td>WCRDS</td>
<td>Western Cape Rural Development Strategy</td>
</tr>
<tr>
<td>NDA</td>
<td>National Development Agency</td>
</tr>
<tr>
<td>WCTA</td>
<td>Western Cape Tourism Authority</td>
</tr>
<tr>
<td>NDP</td>
<td>National Development Plan</td>
</tr>
<tr>
<td>NEMA</td>
<td>National Environmental Management Act</td>
</tr>
<tr>
<td>NFSD</td>
<td>National Framework for Sustainable Development</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>NGP</td>
<td>New Growth Path</td>
</tr>
<tr>
<td>NMT</td>
<td>Non-Motorised Transport</td>
</tr>
<tr>
<td>NPO</td>
<td>Non-Profit Organisation</td>
</tr>
<tr>
<td>NSDP</td>
<td>National Spatial Development Perspective</td>
</tr>
<tr>
<td>NSSD</td>
<td>National Strategy for Sustainable Development</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OBDM</td>
<td>Overberg District Municipality</td>
</tr>
<tr>
<td>OBDMSDF</td>
<td>Overberg District Municipality Spatial Development Framework</td>
</tr>
<tr>
<td>PIC</td>
<td>Public Investment Corporation</td>
</tr>
<tr>
<td>PLAS</td>
<td>Proactive Land Acquisition Strategy</td>
</tr>
<tr>
<td>PPP</td>
<td>Public Private Partnership</td>
</tr>
<tr>
<td>RDP</td>
<td>Rural Development Plan</td>
</tr>
<tr>
<td>REID</td>
<td>Rural Enterprise and Industrial Development</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>RID</td>
<td>Rural Infrastructure and Development</td>
</tr>
<tr>
<td>SALGA</td>
<td>South African Local Government Association</td>
</tr>
<tr>
<td>SANBI</td>
<td>South African National Biodiversity Institute</td>
</tr>
<tr>
<td>SANRAL</td>
<td>South African National Road Agency Limited</td>
</tr>
<tr>
<td>SANS</td>
<td>South African National Standards</td>
</tr>
<tr>
<td>SDF</td>
<td>Spatial Development Framework</td>
</tr>
<tr>
<td>SETA</td>
<td>Sector Education and Training Authority</td>
</tr>
<tr>
<td>SIP</td>
<td>Strategic Integrated Project</td>
</tr>
<tr>
<td>SLP</td>
<td>Social And Labour Plans</td>
</tr>
<tr>
<td>SLAG</td>
<td>Settlement for Land Acquisition Grant</td>
</tr>
<tr>
<td>SMME</td>
<td>Small Medium Micro Enterprise</td>
</tr>
<tr>
<td>SPLUMA</td>
<td>Spatial Planning And Land Use Management Act</td>
</tr>
<tr>
<td>SPISYS</td>
<td>Spatial Planning Information Systems</td>
</tr>
<tr>
<td>StatsSA</td>
<td>Statistic South Africa</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strength, Weakness, Opportunities and Threats</td>
</tr>
<tr>
<td>TOD</td>
<td>Transit Orientated Development</td>
</tr>
<tr>
<td>TRANCRAA</td>
<td>Transformation of Certain Rural Areas Act</td>
</tr>
<tr>
<td>TVET</td>
<td>Technical Vocational Educational and Training</td>
</tr>
<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organisation</td>
</tr>
<tr>
<td>WFW</td>
<td>Working for Water</td>
</tr>
<tr>
<td>WWTW</td>
<td>Waste Water Treatment Works</td>
</tr>
<tr>
<td>WSA</td>
<td>Water Service Authority</td>
</tr>
<tr>
<td>WSP</td>
<td>Water Service Provider</td>
</tr>
</tbody>
</table>
Executive Summary
1. Introduction and Background

1.1. Introduction

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

1.1.1. Project Scope and objectives

Camissa and Managing for Excellence was expected to:

a) Develop a Overberg District Municipality Master Agri-Park Business Plan, aligning the Agri-Park model developed by the DRDLR and the dominant Commodity Value Chain(s) in the specific district.

b) Develop the APMBP in line with the commodities in the respective:
   1. Farmer Production Support Units (FPSU) linked to farmers and farming areas;
   2. Agri-Hub and feeder FPSUs; and
   3. Rural Urban Market Center (RUMC) and linkages with Agri-Hubs and FPSUs.

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

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

iii. Identify current agro-processing initiatives and possible synergies, linkages and opportunities to buy into existing businesses.

1.1.2. Methodology and Approach

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

<table>
<thead>
<tr>
<th>Step</th>
<th>Methodology and Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step One</td>
<td>Project inception and consultations</td>
</tr>
<tr>
<td>Step Two</td>
<td>Provincial and Municipal engagements</td>
</tr>
<tr>
<td>Step Three</td>
<td>Information gathering and Analysis</td>
</tr>
<tr>
<td>Step Four</td>
<td>Development and compilation of the analysis report</td>
</tr>
<tr>
<td>Step Five</td>
<td>Analysis Report inputs gathering exercises (further engagements and consultations)</td>
</tr>
<tr>
<td>Step Six</td>
<td>Review and finalisation of the analysis report</td>
</tr>
<tr>
<td>Step Seven</td>
<td>Development of Agri-Park Master Business Plan</td>
</tr>
<tr>
<td>Step Eight</td>
<td>Agri-Park Master Business Plan inputs gathering exercises (further engagements and consultations)</td>
</tr>
<tr>
<td>Step Nine</td>
<td>Review and finalisation of the Agri-Park Master Business Plan</td>
</tr>
<tr>
<td>Step Ten</td>
<td>Project Closure</td>
</tr>
</tbody>
</table>

1.1.3. The Agri-Park Master Business Plan

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

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

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

1.1.4. Instruction for reading Agri-Park Master Business Plan

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

1.2. Background and Context

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

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

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

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

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

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

1.2.1. **Agri-Park Model**

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

1) **Targeted Commodity(ies) Producers**
A District Municipality, based on its **agricultural comparative advantage** will target one or more commodities. The targeted commodity is the first primary contributing driver for social and economic development of a District Municipality and local farmers. The producers or farmers are to be provided with support in order for their produce to move from their respective farm gate (point A) to consumer plate and/or finished products (point B) linked to the commodity value chain.

   a. **Market:** The farmers or producers primary outputs is supplied to FPSU and/or local community markets

2) **Farmer Production Support Unit**
At locally based and accessible FPSU, the farmers are provided with production, technical and infrastructure support. The farmers aggregated farmers outputs is supplied to the linked Agri-Hub.

   b. **Market:** The FPSU suppliers primary and/or processed farmers produce to the local community market, Agro-processers (at the Agri-Hub) and RUMC.

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

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

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

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

Sustainable markets are essential to the success of the Agri-Park. The markets include (d) local municipality or community based market; (e) domestic markets provides a foundation for export market; and (f) export markets contributes to farmers and agro-processing competiveness, and foreign currency earnings for local economies.
### 1.2.2. Agri-Park Institutional Framework

<table>
<thead>
<tr>
<th>Levels of Sphere of Government</th>
<th>Agri-Park Task Team</th>
<th>Agri-Park Committee</th>
<th>Agri-Park Aligned Land Reform</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Name</td>
<td>Mandate</td>
<td>Name</td>
</tr>
<tr>
<td><strong>National</strong></td>
<td>NAPOTT</td>
<td>Strategic management and oversight on the roll out of the AgriParks program</td>
<td>National Agri-Parks Advisory Council</td>
</tr>
<tr>
<td><strong>Provincial</strong></td>
<td>PAPOTT</td>
<td>Provincial Operations management: implementation</td>
<td></td>
</tr>
<tr>
<td><strong>District</strong></td>
<td>DAPOTT</td>
<td>District operations management implementation Provide technical support and guidance for implementation</td>
<td>DAMC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Mandate</th>
<th>Name</th>
<th>Mandate</th>
<th>Name</th>
<th>Mandate</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAPOTT</td>
<td>Strategic management and oversight on the roll out of the AgriParks program</td>
<td>National Agri-Parks Advisory Council</td>
<td>National Agri-Parks Advisory Council (NAAC) will provide oversight to the functionality of the District Agri-Parks Management Councils (DAMCs), organise markets, both domestically and internationally, control the quality of products, and provide advice to the political authority.</td>
<td>National Agri-Parks Advisory Council</td>
<td>Monitor progress against the business and project plans</td>
</tr>
<tr>
<td>PAPOTT</td>
<td>Provincial Operations management: implementation Provide technical support and guidance for planning and implementation Identify projects that contribute to agriParks business plan and to compile a provincial project register Monitor implementation Report to National Operations Team</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DAPOTT</td>
<td>District operations management implementation Provide technical support and guidance for implementation Oversight of the implementation of the district plan Coordinate relevant stakeholders as per plan Manage expenditure against business</td>
<td>DAMC</td>
<td>The DAMC will act primarily as the voice of key stakeholders in the relevant districts and will leverage support for the Agri-Park developments. It will therefore not consist of government representatives but will interface with various structures at provincial and district level to</td>
<td>DLRC</td>
<td>The overall aim of the DLRCs is to facilitate the protection, promotion, provision and fulfilment of the rights, and responsibilities, in the management of district land ownership and use that is consistent with South Africa’s Constitution.</td>
</tr>
</tbody>
</table>
2. Overberg Targeted Commodity(ies)

Refer to the Overberg Situation Analysis annexed hereto as Annexure A

The Overberg District Municipality (OBDM) has an ocean and land based economy, both with huge potential for growth and sustainable job creation in the district. Apart from this the OBDM also has a large number of small scale and emerging farmers and fisher folk dependant on the land and the ocean for a living.

Commodities in the OBDM were selected in two categories, namely:

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

The targeted commodities were selected using the following criteria:

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

- **Ocean Economy:**
  - Abalone
  - Crayfish

- **Land Economy**
  - Deciduous fruit
  - Small grains
  - Citrus
  - Wine grapes
  - Large and small stock
  - Vegetables

Commodities produced / harvested by small and emerging farmers and fisher folk have been identified as:

- **Ocean Economy:**
  - Abalone
  - Crayfish
  - Fish

- **Land Economy**
  - Vegetables (various)
  - Berries
  - Honey bush and Rooibos tea
  - Large and small stock, including pork
  - Proteas / Flowers

### 2.1. **Main Commodity(ies)**

Using the criteria as set out above, the main commodities selected for inclusion into the Overberg Agripark are the following:

- Abalone;
- Beef, mutton and pork

These commodities have excellent investment, value adding, growth, export, wealth creation and job creation potential.
2.2. Support Commodity(ies)

Smallholders and subsistence farmers currently farm some 10 to 13 percent of available agricultural land in South Africa. About 40 percent of this land is under cultivation by smallholders whose farm sizes range from five to 20 hectares, of which nearly four-fifths is used as an additional source of food for the household. By raising the productivity of these smallholdings and helping farmers gain access to markets, South Africa can support many rural households in making farming a commercially viable concern that sells crops and employs workers. We estimate that South Africa has the potential to boost the productivity of smallholdings by switching to high-value crops and using improved inputs. Empirical evidence suggests that smallholders are not always less productive than commercial farmers, but there is scope to improve their value added, quality of life, and income (McKinsey, 2015). Empirical evidence also suggests that the success of small-scale farmers is partially determined by the level of state and/or institutional support extended to farmers.

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

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

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

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

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

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

These support commodities for inclusion into the Overberg Agri-Park are indicated below:

- Crayfish
- Fish
- Red meat (beef, mutton, pork)
- Lucerne
- Vegetables (various)
- Honey bush and Rooibos Tea
- Berries
3. Agri-Processing Business Opportunities

The following three agri-processing opportunities present exciting opportunities for the Overberg Agri-Park:

- Shares in the local Abertoir in Bredasdorp that is in need for expansion and upgrade for small and large stock associated with irrigated pastures and a feedlot to round off stock before being slaughtered for the premium meat market. Associated with the existing irrigated pastures, additional land is available to be developed into irrigated russian grass pastures for small farmers using purified waste water from the upgraded Bredasdorp waste water plant. The upgrading of the waste water plant to produce water suitable for irrigation will be part of this project.
- Abelone processing plant (canning) at the Overberg Aqua-hub in Gansbaai
- Feed processing plant (pelleting plant) to formulate animal and abelone feed from locally produced lucerne, soy and other ingredients.

4. Overberg Agri-Park Strategy

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

The Overberg District Municipality identified five strategic objectives for the region, namely:

- To ensure the health and safety of all in the Overberg through the provision of efficient basic services and infrastructure in terms of disaster management, municipal health and environment management.
- To promote local economic development by supporting initiatives in the District for the development of a sustainable district economy.
- To ensure municipal transformation and institutional development by creating a staff structure that would adhere to the principles of employment equity and promote skills development.
- To attain and maintain financial viability and sustainability by executing accounting services in accordance with National policy and guidelines.
• To ensure good governance practices by providing a democratic and pro-active accountable government and ensuring community participation through existing IDP structures.

The Agri-Parks as developed here speak to the second objective as put forward in the Overberg Integrated Development Plan and will greatly enhance the plan and help to achieve the District and B-Municipalities achieve their IDP objectives.

The strategic intent of the Agri-Park:

• Outcome:
  Help create vibrant, equitable and sustainable rural communities.

• Outputs:
  1) Sustainable agrarian reform with a thriving farming sector
  2) Improved access to affordable and diverse food
  3) Improved rural services to support livelihoods
  4) Improved employment and skills development opportunities
  5) Enabling institutional environment for sustainable and inclusive growth

• Vision:
  The OBDM Agri-Park will be a catalyst for rural economic development / industrialization ensuring development and growth in order to improve the lives of all communities in the district.

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

• Goal:
  By 2025 OBDM’s rural areas and small towns would be transformed into thriving areas in terms of jobs, food security and opportunities to prosper

• Objectives:
  **Objective 1: Transform** Rural South Africa through a modernised agricultural sector
    o AH, FPSU, RUMC
    o Rural Development Strategy, Agricultural and Industrial development Strategies alignment
  **Objective 2: Develop** Integrated and Networked Agri-Park Infrastructure
    o Social and Economic infrastructure
• Energy and Water (incl. sanitation)
  ▪ Roads and Transport
  ▪ Community infrastructure (housing, recreational, retail, education, etc)
  o Commodity associated infrastructure
    ▪ Processing plans, e.g. abattoirs, etc

**Objective 3:** Establish and implement a sustainable *Agri-Park governance and management* model

  o Innovative Business Models
    ▪ Business operating model as per targeted commodity
    ▪ Governance and Management model
    ▪ Government Roles and Responsibilities (e.g. district, DAMC, etc)

**Objective 4:** Generate funds and secure investment

  o Agri-Park Business ownership model (business arrangements with farmer ownership and accountability)
  o Public Private Partnerships
  o Investment in new agri-ventures
  o Invest fund and Incentives
  o International Trade and Marketing

**Objective 5:** Improve coordinated delivery of support services (i.e. extension services)

  o Targeted commodity focused programme (incl: emerging farmers development, research, climate change, agriculture statistics, food security, credit and crop insurance, incentives, etc)

**Objective 6:** Improve Agri-Park Programme Implementation

  o Capacity to implement the programme
  o Capacity to manage and control the programme
  o Rural and Agriculture Sector convergence (integrated planning)
  o Agri-Park Policy review and monitoring
5. Agri-Park Ownership and Governance

5.1. Agri-Park Ownership Model

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

In practice, this suggests that profits generated by the AgriPark Investment Company must be ploughed back into expanding the AgriPark infrastructure (industrial Park) or into necessary community socio-economic development projects and, in that way, slowly but surely building a stronger rural economy and community.

IMPLEMENTATION PRINCIPLE 1: DISTRICT EMERGING FARMERS, INCLUDING EXTRA-DISTRICT FARMERS, MUST BE MOBILIZED AND ORGANIZED INTO TAKING UP MEMBERSHIP AND SHAREHOLDING INTO THE AGRIPARK THROUGH THE AGRIPARK INVESTMENT HOLDING COMPANY. (I.E. THE PRIMARY COOPERATIVE)

IMPLEMENTATION PRINCIPLE 2: IN TURN, THE INVESTMENT HOLDING COMPANY, MUST ESTABLISH AN OPERATING PUBLIC COMPANY THAT WILL TRADE IN VARIOUS AGRICULTURAL PRODUCTS AND SERVICES SUCH AS GRAIN TRADING, MILLING, LOGISTICS, FINANCE, WAREHOUSING, ETC, COLLECTIVELY INTENDED TO PROVIDE COMPREHENSIVE FARMER SUPPORT

Figure: AgriPark Ownership Model

Primary Cooperative
(Holding Investment Company)

Agripark Limited
(Operating Trading Company)
5.2. **Agri-Park Governance and Management Model**

**Guiding Principle:** Being a Primary Cooperative, the AgriPark Investment Holding Company, will be subject to the statutory governance requirements to ensure accountability to its members and shareholders at all times. Chief amongst these requirements is that:

- the AgriPark shall be governed by a Board of Directors appointed to serve for a term of no more than four years.

- the AgriPark must appoint a firm of Auditors and must hold an Annual General Meeting whereupon the Audited Financial Statements of the cooperative will be tabled and presented to all the members and shareholders, amongst others.

- Albeit the two boards will be entirely independent and serving two legal entities, ideally, both the Holding and Trading companies must share Board Members to streamline strategic thinking, with some variations allowed.

**IMPLEMENTATION PRINCIPLE 3:** AS THE LEAD SPONSOR, THE DRDLR TO APPOINT A SUITABLY QUALIFIED AND EXPERIENCED AGRIPARK MANAGER WHO WILL ASSEMBLE THEIR OWN EXECUTIVE MANAGEMENT TEAM AS WELL AS FACILITATE THE FORMAL ESTABLISHMENT OF THE AGRIPARK BY INCORPORATING BOTH THE HOLDING AND THE TRADING COMPANIES AND FOUNDING OF RELEVANT BOARDS OF DIRECTORS TO GOVERN BOTH COMPANIES.

**IMPLEMENTATION PRINCIPLE 4:** SANCTIONED BY THE BOARDS OF BOTH THE HOLDING AND TRADING COMPANIES, THE AGRIPARK WILL INVEST IN NEW AND/OR EXISTING AGRICULTURAL BUSINESSES, INCLUDING AGRI-BUSINESS SUPPORT COMPANIES LIKE FINANCE ENTERPRISES.

**Figure: Agri-Park Operating and Management Model**
The organization and management of the AgriPark Trading Company would be best optimized through the five abovementioned business units, namely;

- Sourcing and supplying Farmers will all necessary farming inputs as would be arranged through Farmers’ shops or wholesaling.
- Providing access to farming technical services like farming technologies, scientific and laboratory services
- Investing in agri-processing and manufacturing activities linked to the main commodity that belies the AgriPark.
- Providing easier access to a comprehensive range of farming financial support services.
- Providing farmers with market intelligence and market access support for farm produce, including manufactured agri-products, to gain maximum local and export market access. This function will be best located under the Rural Urban Market Centre (RUMC) which is an invariable component of each envisaged AgriPark in South Africa.

**Guiding Principle:** Initially, to facilitate its implementation in each case, the AgriPark will be subject to governance influence and support of the government, especially through the following institutions:

- The District AgriPark Management Council (DAMC)
- The District AgriPark Operating Task Team (DAPOTT)
- The District Land Reform Committee (DLRC)
- The Provincial AgriPark Operating Task Team (PAPOTT) who oversee implementation of AgriParks throughout the province.
- The National AgriPark Operating Task Team (NAPOTT) who oversee implementation of AgriParks throughout South Africa.

**6. Overberg District Municipality Agri-Park**

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

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

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

b. Agri-Hub (AH); and

c. The Rural Urban Marke Centre (RUMC)

6.1. The Overberg Agri-Hub and FPSU’s

The Overberg has an agricultural and aqua economy. It was therefore decided on District level to include both of these economies into the Agr-Park concept and develop it as such. The proposed Agri-Hub and its Farmer Production Support Units, and the Aqua-Hub with its Aqua Farmer production Support Units are briefly discussed and indicated on the maps below.

The Overberg Agricultural part of the Agri-Park will be developed in the Cape Agulhas Local Municipality around the town of Bredasdorp.

Bredasdorp, a peri-urban town situated in the Cape Agulhas local municipality, part of the wider Overberg District Municipality, has been identified as an ideal setting for the Overberg Agri-Hub. The Cape Agulhas local municipality provides for suitable land for the proposed project. The preferred land is on the outskirts of Bredasdorp village and is owned by the Local Municipality as indicated below:
**Agri-Hub** – Bredasdorp just outside the town on a farm owned by the Local Municipality and close to a feedlot, vegetable tunnel project with good access from the R319. Bulk infrastructure (water and electricity) available. Close to municipal land available for farming and leisure activities.

This Agri-Hub will support the feeder Farmer Production Support Units from Napier (18 km), the only FPSU’s identified to date. It will also support the fisher folk from Arniston (28 km) and Struisbaai (39 km).

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

- Possible shares in the local Abetoir which needs to expand capacity linked irrigated pastures (10 to 20 ha) to round off animals for the premium meat market. The abetoir should further be linked to the upgrade of the local waste water plant to deliver water of irrigation standard to be used on land made available by the local municipality to establish irrigated pastures to accommodate small farmers. The abetoir will receive stock from the Napier, Genadendal and Suurbraak FPSU’s.

- Animal feed production plant to produce formulated animal feed from locally produced lucerne. It should have an estimated capacity of 500 tons per month. It will receive lucerne from Napier, Genadendal and Suurbraak.
- Training facilities including lecture halls and lodging for 20 trainees.
- Intake, storage and dispatch facility of about 2000 m$^2$ for produce from the feeder FPSU’s:
  - Cattle, sheep, goats and pigs to go directly to the abattoir or to the pastures for rounding off from FPSU’s as indicated earlier.
  - Vegetables from FPSU’s at Napier, Genadendal and Suurbraak to go to the packing and cooling facility.
  - Lucerne from FPSU’s at Napier, Genadendal and Suurbraak to go to market and the feed production plant on site.
  - Flowers / proteas FPSU’s at Napier, Genadendal and Suurbraak to go to market.
  - Honey busch tea (berg tee) from the Suurbraak FPSU.
- Small packing and cooling facility for vegetables to handle about 200 tons of vegetables per month.
- Fish Intake, storage (coldroom – approximately 200 m$^2$) and dispatch facility for fish from the Arniston and Struisbaai fisher folk.
- Local market facility to sell local produce.
- Office space (open plan office with desks), boardroom (2) facilities, internet cafe and secretarial services for local emerging farmers.
- Main production input supply facility (most probably a cooperative) of about 2000 m$^2$ (shop to purchase production inputs like fertilizer, chemicals, seed irrigation equipment, small tools, etc) to be operated with a strategic partner along the following lines:
  - A small farmer / emerging farmer (client) will approach the cooperative for production inputs for a specific crop and quantity.;
  - The cooperative and client will enter into a supply / purchase contract stipulating, crop or farming enterprise, quantity and timing, eg. number of sheep or area to be planted with crop and when planting will take place. From this it will be clear as to what is needed, when and how much;
  - The cooperative will inspect the client’s operations on a regular basis to ensure that the client adheres to the contract;
  - The contract will also stipulate that the client must deliver the produce to the cooperative who will grade and pay the client market price minus the costs of the inputs supplied. The cooperative will then onsell the produce delivered to one of the other facilities in the Agri-Hub for further processing of packaging;
  - Cooperative personal will, as part of their service, supply extension services to the client;
• Main mechanization centre and equipment servicing and repair centre of about 500 m² to effect major repairs to the fleet of trucks, tractors and vehicles that service the hub and its feeder FPSU’s
• Extention services with shared offices at the training centre.
• Market information centre with shared offices at the training centre.

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

One Agri FPSU’s have been identified:

• **Napier** (18 km from Agri-Hub) on Municipal land with catchment areas of Napier (0 km), Spanjaardsloof (23 km) and Elim (27 km), to support stock farmers (cattle, sheep and goats), vegetable and flower farmers. Rooibos tea and honeybush tea are starting to develop in this area. This FPSU should be developed for future support in these commodities.

This **FPSU** should include the following facilities and support services:

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas, animals, vegetables, flowers / proteas and in future rooibos and honeybush tea.
- Packing and cooling facility for handling and packing of flowers / proteas.
- Mechanization and repair centre.
- Local market facility to sell produce locally.
- FPSU production input supply facility (a local branch of the main production input supply facility).
- Small meeting and internet facility.

Two additional FPSU’s should be considered in order to serve small and emerging farmers concentrated in the areas noted below:

• **Genadendal** (93 km from Bredasdorp) on Municipal land with catchment areas, Genadendal (0 km), Bereaville (5 km) and Voorstekraal to support the small and emerging farmers that produce vegetables, and meat

This **FPSU** should include the following facilities and support services:

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas (mainly animals, vegetables, lucerne).
- Mechanization and repair centre.
- Local market facility to sell produce locally.
- FPSU production input supply facility (a local branch of the main production input supply facility).
o A small vegetable packing and cold storage facility (200 m²)
o Small meeting and internet facility

- **Suurbraak** (110 km from Bredasdorp) on municipal land with catchment area, Suurbraak (0 km) to support the emerging farmers that produce vegetables, rooibos tea, meat and berries.
  o Small Produce handling and coldroom (100 m²) facility – receipt and dispatch of produce from the catchment areas (mainly animals, vegetables, lucerne, berries and honey bush tea).
  o Mechanization and repair centre.
  o Local market facility to sell produce locally.
  o FPSU production input supply facility (a local branch of the main production input supply facility).
  o Drying and fermentation yard for honey bush tea
  o Small meeting and internet facility

6.2. **The Overberg Aqua-Hub and FPSU’s**

The Overstrand has been identified as an ideal setting for the Overberg Aqua-Hub. The Overstrand local municipality has identified three possible sites for the proposed Aqua-Hub, which include municipal and state land managed by the Department of Public Works.

The preferred site is on municipal land in Gansbaai situated close to the harbour totaling 6 ha and is easily accessible by road and from the harbour as indicated below:
The **Aqua-Hub** will support two onshore abalone farming facilities namely:

- A 300 ton onshore facility at Gansbaai at the aqua-hub, and
- A 300 ton facility further along the coast feeding into the Gansbaai Aqua-Hub.

The **Aqua-Hub** will include the following facilities:

- A 300 ton abalone onshore farming facilities.
- Abalone processing plant for the canning of abalone for export to the East. The plans are to establish 2 x 300 ton abalone (600 tons) onshore farming facilities over the next 10 years. The processing plant must be developed to handle this production.
- Abalone feed production plant to produce feed for the onshore farming facilities. Inputs for this plant will be produced locally in Elim and Bredasdorp which will create enormous possibilities for the small and emerging farmers in that area.

Two **Aqua Farmer Production Support Units** have been identified, namely at Hermanus and Kleinmond for fisher folk operating in the small fishing and wild abalone sectors. These two FPSU’s will operate fairly independantly and deliver directly into the Rural Urban Market Centre.

- **Hermanus** Aqua Farmer Production Support Unit on Public Works to support fisher folk that catch wild abalone and fish.
  - Small abalone and fish handling and processing facility with cooling, freezing, drying and packing, dispatch of produce to processing facilities and the RUMC,
  - Local market facility to sell produce locally.
  - Small meeting and internet facility

- **Kleinmond** Aqua Farmer Production Support Unit on Land to be sourced to support fisher folk that catch cray fish, wild abalone and fish. Thia FPSU will include the following facilities:
  - Small Cray fish, abalone and fish handling and processing facility with cray fish revival tanks, cooling, freezing, drying and packing, receipt and dispatch of produce from the catchment areas
  - Boat and engine repair centre.
  - Local market facility to sell produce locally.
  - Small meeting and internet facility
6.3. Proposed Rural Urban Market Centre

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

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

The site for West Coast RUMC has not been confirmed. It is however proposed that the West Coast, Cape Winelands and Overberg District Municipalities should seriously consider a shared Rural Urban Market Centre at Stellenbosch. This will not only save on development and operational costs, but it will also create economy of scale and bargaining muscle in negotiations with local and overseas buyers. Stellenbosch is also situated very close to Cape Town, the main urban and export centre and is very close to all the major routes into Cape Town as indicated on the map below:

- N7 – Vredendal to cape Town
- N1 – Ceres to Cape Town
- N2 – Bredasdorp to cape Town
Stellenbosch as a shared RUMC has further advantages, namely: It is close to support, educational institutions, extension and research structures such as the University of Stellenbosch, Elsenberg College, the Agricultural Research Counsel, the Provincial Department of Agriculture and the Nietvoorbij.
7. Overberg Agri-Park Implementation Plan

7.1. Critical Success Factors

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

- **Production Systems and Innovation:**
  - Engage expertise support for Agri-Park to implement systems and innovate.
  - A culture of Research and Development to be inculcated in the enterprise.
  - Develop a plan that integrates the necessary R&D with the overall Agri-Park strategic plan.
  - Identify and prioritise R&D projects based on the contribution of the likely research outcomes to overall industry performance.
  - Encourage a long-range program approach rather than commission a series of independent projects.
  - Ensure that R&D is commercially focused on the product outcome.
  - Build long-term relationships with competent and experienced research providers.

- **Enterprise and Industrial Development Support and enablers:**
  - The development and support of the enterprise needs to be on both the enterprise and industry development levels. With a view to drawing on these interventions benefits to critical mass or scale.
  - Recognise the importance of being a certain size before successful commercialisation can be possible.
  - Focus on growth at both enterprise and industry levels with a view to drawing on these benefits once critical mass has been achieved.
  - Recognise the contributions to growth possible through partnering throughout the supply chain, and through mentoring of new industry players.
Encourage collective marketing and branding programs.

The enterprise development, amongst others will cover leadership development and retention; business planning; businesses formalisation e.g. coops registration and business resourcing. Facilitate access to enablers such as finance, appropriate technology, business development services, electricity, appropriate roads and bridges, etc.

The Agri-Park to develop skills in food product development.

Compliance with industry codes of good practice in terms of product description and quality assurance

Standardisation of terminology and the way products are graded, labelled and traded

All world-class low-tech enterprises are exceptionally good at building their brands, and protect their trademarks and logos. Linked to enterprise development support, the Agri-Park needs to develop a branding look and feel (also incorporating its wide word web presence)

The Agri-Park to develop a precise marketing plan and allocate resources for the promotion of the enterprise products.

Empower local distributors to get product to the market

Establish vertical and horizontal business linkages

Identify the market (or market segment) to be targeted

Identify sustainable supply chain partners most appropriate to the chosen market segment

Establish effective, ongoing, structured lines of communication between the supply chain partners

Project a realistic view of the industry’s position and outlook

Build relationships based upon mutual benefit along the supply chain

Competent Agri-Park management and governance

Business management systems and structures need to be in place

Business principles of profit, people and planet
Good practice corporate governance should be adhered to at all times
Comply with corporate governance legislative, policy and regulatory frameworks (public and private sector).

- Supply contracts in place for key inputs:
The prices of agricultural inputs are incredibly volatile due to factors such as adverse weather conditions and insect infestations. To negate this, long-term fixed-price supply contracts with local farmers, suppliers (e.g. packaging company) and distributors is crucial.

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

**Location:**
The basic objective is to choose the location which minimises the average production cost, including transport and handling. It is an advantage, all other things being equal, to locate a processing unit near the fresh raw material supply. An adequate supply of good water, availability of labour pool, proximity to rail or road transport facilities and adequate markets are other important requirements.

**Processing planning:**
A well planned commodity processing centre must be designed to operate for as many months of the year as possible. This means the facilities, the buildings, the material handling and the equipment itself must be inter-linked and coordinated properly to allow as many products as possible to be handled at the same time, and yet the equipment must be versatile enough to be able to handle many products without major alterations. A typical processing centre or factory should process four or five types of commodities at different times of the year.

**Processing systems (Scalability):**

- **Small-Scale Processing.** This can be done at FPSUs for small-scale farmers for personal subsistence or for sale in nearby markets. In this system, processing requires little investment: however, it is time consuming and tedious.

- **Intermediate-Scale Processing.** In this scale of processing, a group of small-scale processors pool their resources. This can also be done by individuals. Processing is based on the technology used by small-scale
processors with differences in the type and capacity of equipment used.
The raw materials are usually grown by the processors themselves or are purchased on contract from other farmers. These operations are usually located on the production site in order to assure raw materials availability and reduce cost of transport. This system of processing can provide quantities of processed products to supply nearby urban areas.

**Large-Scale Processing.** Processing in this system is highly mechanised and requires a substantial supply of raw materials for economical operation. This system requires a large capital investment and high technical and managerial skills. For example, because of the high demand for foods in recent years many large-scale factories were established in developing countries. Some succeeded, but the majority failed, especially in West Africa. Most of the failures were related to high labour inputs and relatively high cost, lack of managerial skills, high cost and supply instability of raw materials and changing governmental policies. Perhaps the most important reason for failure was lack of adequate quantity and regularity of raw material supply to factories. Despite the failure of these commercial operations, they should be able to succeed with better planning and management, along with the undertaking of more in-depth feasibility studies.

---

**Choice of processing technologies**

The basis for choosing a processing technology ought to combine labour, material resources and capital so that not only the type and quantity of goods and services produced are taken into account, but also the distribution of their benefits and the prospects of overall growth. These should include:

- increasing farmer/artisan income by the full utilisation of available indigenous raw material and local manufacturing of part or all processing equipment;
- cutting production costs by better utilisation of local natural resources (solar energy) and reducing transport costs;
- generating and distributing income by decentralising processing activities and involving different beneficiaries in processing activities.
(investors, newly employed, farmers and small-scale industry);

- maximising national output by reducing capital expenditure and royalty payments, more effectively developing balance-of-payments deficits through minimising imports (equipment, packing material, additives), and maximising export-oriented production;

- maximising availability of consumer goods by maximisation of high-quality, standard processed produce for internal and export markets, reducing post-harvest losses, giving added value to indigenous crops and increasing the volume and quality of agricultural output

8. Business Environment Analysis

8.1. Political Influencing Factors

- Food security, nutrition and food sovereignty
- Political administration interface
- Unemployment; poverty and inequality
- Trust relations between government, private sector, civil society, labour, local leaders
- Historical land issues
- Intergovernmental relations
- Public service capacity, capability and competence
- Corruption, nepotism and cronyism
- Policy consistency, certainty, continuity and implementation

8.2. Legal Influencing Factors

- Effective by-laws
- Complimentary legislative and policy frameworks
- Implementation and compliance
- Land Reform and Rural Development legislation and policy frameworks-Daff synergy

8.3. Social Influencing Factors

- Employment
- Health
- Education
- Poverty
- Unemployment
- Inequality
- Basic services

8.4. Economic Influencing Factors

- Agricultural inputs
- Alternative markets
- Access to markets
- Volatility and speculation in commodity market
- Exchange rates
- Currency volatility and stability
- Micro-economic policy
- Retailers
- Competitiveness
- Public Private Partnerships
- Policy consistency
- Imports
- Economic structural issues
- Rejuvenation and expansion

8.5. Technological Influencing Factors

- Outdated technology
- Technology for subsistence and smallholder farmers
- ICT innovation
- R&D
- Productivity
- Logistics
• Food safety

8.6. Environment Influencing Factors

• Climate change
• Water management
• Energy management
• Land Use management
• Natural Resources
• Renewable energy
• Waste and by-products

9. Agri-Park External Environment

A review of the significant trends, issues and changes in the external environment in which Overberg District Municipality Agri-Park will operate identified several key factors that are likely to have a significant influence on the development and the implementation of the draft Agri-Park Policy Framework. The Agri-Park External Environment opportunities and challenges are proposed to inform decisions on the development and implementation of the Agri-Park Programme.

9.1. Challenges

• Stifling bureaucracy
• Poor intergovernmental relations between the three spheres of government
• Alignment between various Agri-Parks committees and DLRCs-too many committees
• Technical capacity at district and local municipal levels
• Scarcity and degradation of land, water and soil
• Post harvest food lost and wastage
• Low support for producers
• Duplication of effort
• Fragmented and uncoordinated planning
• Slow pace of regulatory approvals e.g. EIAs, water approvals
• Ineffective models of producer support. Absence of uniform criteria and definitions. Unable to effectively plan, invest or measure smallholders
• Slow pace in the issuing of water licences
- Proposed Incentive Programme for Climate Smart Agriculture (CSA) remains unfunded.
- Competing demands of land
- Import (dumping) e.g., AGOA
- 20% growth in consumer demand, met by 10% imports
- Veterinary services inadequate and inaccessible
- Commercialisation of communal herd owning 40% of national herd.
- Import 50% of wheat. Progressive replacement of wheat by canola and soy
- Greatest’s contributor to agricultural exports/trade but is the least transformed sector
- Under investment in R&D (0.1%) capacity & infrastructure
- Inability to apply/integrate innovation
- Aging senior researchers
- 75% of local procurement under discussion between National Treasury and Department of Small Business Development
- Greater synergy between IPAP and APAP
- Climate change- drought, flooding and fires
- Soil degradation
- Reduction in water supply in terms of rain and stream flows

9.2. Opportunities

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

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

10. Agri-Park Operating Environment

The internal operating environment refers to several political and institutional factors that will influence lead implementing government departments and targeted municipality’s ability to implement the draft Agri-Park Policy Framework. Several strengths and weaknesses have been identified in this regard.

10.1. Strengths

• Cooperation between the municipality and the emerging farmers.
• Land availability
• Development aspiring communities
• Local municipality that articulates their plight.
• Accessible local governance system
• Participation process enshrined in the Constitution
10.2. Weaknesses

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

10.3. Agri-Park Commodity and Markets

Success depends on:

- Competitive, industry position, and geographical location
- Market access
- Linkages and alliance (value chain linkages)

10.4. Agri-Park Development and Implementation

Development process:

- Infrastructure Development (from feasibilities to hand over, turnkey)
- Project Management (incl. supply chain/procurement compliance)
- Coordination and cooperation across spheres of government (to ensure implementation)
- Monitoring, reporting and evaluation
11. Recommendations

11.1. Recommendations: Mobilizing Government Support and Action

- Issues related to DRDLR versus DAFF (Agriculture vs Rural Development)
- Government common understanding of rural transformation
- Assets ownership

11.2. Recommendations: Agri-Park Beneficiaries Participation

- Farmers’ engagement
- Need for commercial, smallholder and subsistence farmers

11.3. Recommendations: Agri-Park Design, Development and Implementation

Phased approach:

- Priority one: ongoing emerging/smallholder/subsistence farmers development and support
- Priority two: finalise ownership structures and clearly defined role of commercial farmers
- Priority three: Infrastructure Development Plan and infrastructure development implementation team

11.4. Recommendations: Resource Mobilization, Collaboration and Partnerships

Clarify funding sources:

- Between national, province and local municipality who will fund what?
- How will the governments be secured?
- Funding model for the agri-park

Collaboration with structures such as DBSA (to assist DRDLR with development and implementation)

For implementation and parks management, should the government consider private-public partnerships (PPP, BOTs – build, operate and transfer)