



## **“DRAFT CONCEPT DOCUMENT**

**For**

## **Agricultural Masterplan Development**

**Presented To**

**Agricultural Multi-Stakeholders at the Royal Show Grounds, PMB**

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# 1. BACKGROUND

The KZN agricultural sector has gone through challenging times with the recent drought. The sector is facing multiple challenges which slow it down from contributing significantly in our economy. This is further compounded by the numerous changes within the Department of Agriculture and Rural Development in its policies and programmes causing some concerns about its ability to really contribute to the unlocking of the Province's potential leading to real transformation of this sector. The inconsistencies are also exacerbated by the periodic changes in the Department's leadership often resulting in revised strategies and programmes.

To this end, the Provincial Executive Council supported the development of an Agricultural Development Masterplan and the establishment of the Agricultural and Rural Development Advisory Council. The Masterplan is further considered pivotal in defining strategic solutions to impediments in the development of the agricultural sector in the Province including the triple challenges of poverty, unemployment and inequality could be addressed as part of both the National Development Plan (2030) and the KZN Provincial Growth and Development Plan.

In line with the statement above, one of the primary goals of government is the eradication of poverty and inequality to communities. Agriculture is regarded as one of the sectors that can improve the livelihood of the community. In his 2018 State of the Province Address, Honorable Premier, Willies Mchunu acknowledged agriculture as one of the sector that has been identified to rapidly grow our economy and create much needed employment. However, if challenges facing this sector are not identified and addressed, livelihood improvement through this sector will not be achieved. Effective and efficient

services to communities must be rendered to eradicate poverty, inequality and unemployment.

His Majesty the King, in His Opening Address of the KZN Legislature, made a clarion call for the Department of Agriculture and Rural Development to host an Agricultural Summit where challenges facing the sector will be discussed at length with the aim of developing a tangible plan of catalyzing development in the most impoverished communities of KwaZulu-Natal. Furthermore, in his 2018 State of the Province Address, Honorable Premier, Willies Mchunu announced that the province will convene an Agricultural Summit.

In line with this announcement, MEC responsible for Agriculture and Rural Development, Honorable Themba Mthembu pledged and committed the department in hosting the Provincial Agricultural Summit primarily to be used amongst other things for the introduction of the KZN Agricultural Development Masterplan to all stakeholders that are contributing in the agricultural sector. He further indicated that the summit shall be held on the 15 to 16 November 2018 and is anticipated to provide momentum to the establishment of the Agricultural Development Master Plan.

Given the significance and the multidisciplinary nature of the event, it is expected that the Summit will be organized by the Department of Agriculture and Rural Development in collaboration with the Office of the Premier.

## 2. PROBLEM STATEMENT

The triple challenge of poverty, unemployment and inequality remain critical areas to tackle in achieving the national vision of rural communities having greater opportunities to participate fully in the economic, social and political life of the country, as spelt out in the National Development Plan 2030. Agriculture was recognised as having a critical role in the developmental themes of economic development and bettering the lives of rural people specifically. Although primary sector in agriculture contributes 4.4% to KwaZulu-Natal Gross Value Added (GVA), issues of transformation coupled with the stubborn triple challenges hinders economic growth stimulation in the agricultural sector.

To be specific, during *KwaZulu-Natal Agricultural Development Masterplan stakeholder consultation meetings in June 2017*, it became evident that the KZN Department of Agriculture and Rural Development (DARD) and the agricultural sector in general is experiencing many challenges. The continuous change in political and policy environment, is confusing and unrealistic and implementation of such by the DARD is inconsistent, non-transparent and not trusted. Stakeholders voiced their concern over the fact that the DARD has lost most of its credibility and, due to the focus the DARD has on project implementation, there exists an inability to provide extension and advisory support services. Extensionists have become input deliverers, reliant on supply chain delivery of procured inputs that mostly is not timed adequately. It was felt that the focus on the delivery of inputs for a “once-off” annual planting season of staple foods must be widened to ensure diversification of commodities and better nutrition across the KZN Province.

The lack of co-ordination amongst provincial government departments in KZN as well as amongst all spheres of government is a major issue of concern. Weak clarity in roles has arisen in KZN leading to a number of challenges impacting on effectiveness of agricultural interventions. The challenges include weak strategic planning for agricultural development, poor monitoring and evaluation of interventions and poorly integrated planning and implementation.

One of the most overarching challenges is the potential severe impact of climate change on livestock and crop production. This is acknowledged as a major threat. The agricultural sector needs to have adaptive management strategies in response to climate change. Climate-smart agricultural approaches must be investigated and attention must be given to environmental degradation and soil erosion, the emergence of new pests and diseases, alien invasive plant encroachment and water use inefficiency.

Together with the impacts of climate change, the other major threat facing the agricultural sector is the loss of agricultural land to other non-productive agricultural land uses. A spatial analysis undertaken by the National Department of Agriculture, Forestry and Fisheries in 2011 estimates that 3 million hectares of agricultural land has already been lost to urban and mining developments, with more agricultural land being lost each year. This problem is further exacerbated by a growing population and a greater demand for foodstuffs, with an estimated 7 million more mouths to feed by 2030 (UN Secretariat, 2015). Consequently, commercial farmers in South Africa will need to sustainably produce more food from an ever-shrinking land base.

More effective sharing of available market intelligence and research and technology information with producers across the board could lead to better timing and co-ordination of planting as well as consistency, quality and sustainability of supply. This will allow for access to relevant markets in an equitable manner.

Farmers are faced with many other challenges. These include an already volatile, high risk and seasonally constrained production system that is compounded further by stock, produce and equipment theft as well as personal and property safety and vandalism.

Labour legislation, unresolved land restitution and farm ownership issues and aging of skilled farmers place further pressure on farmers' resilience.

There is therefore a need for stakeholder engagement in order to be able to develop an appropriate Agricultural Master Plan that can improve the economic outlook of agriculture in our province. In line with the words of the MEC: DARD, Honourable Themba Mthembu, during his 2018 Budget Policy Speech, the Agricultural Summit will provide momentum to the establishment of the Agricultural Development Master Plan. The strength of the ADMP heavily relies on inputs received from different agricultural stakeholders. All the inputs gained from the Summit will ensure the thrust in the development of the Agricultural Development Master Plan.

### 3. PURPOSE

In hosting the Provincial Agricultural Summit, the department seeks amongst other things to:

- 3.1 Introduce and extend consultations on the KZN Agricultural Development Masterplan to all stakeholders that are contributing in the agricultural sector.
- 3.2 Identify challenges and seek solutions on how best to support our emerging farmers to use their land productively, growing a shared economy, creating employment and securing food for the nation.
- 3.3 Bring together all agricultural stakeholders to engage on issues pertaining to the development of agriculture in the KZN province
- 3.4 Create deepened dialogue, shared learning, strategic partnership and economic opportunities in partnership with the private sector as the keys to strengthening the agricultural communities
- 3.5 Facilitate the exchange of information and ideas, and create a blue print for shared solutions to improved agricultural sector in the province
- 3.6 Support the development of strategic and partnerships between the public and private sector
- 3.7 Provide a momentum for the establishment and the finalization of the Agricultural Development Master Plan.
- 3.8 Bolster radical improvement and transformation of the agricultural sector in our province. It is believed that the delegates will address the most pressing issues facing every facet of agriculture in the upcoming years and beyond.



The summit will be held on the backdrop that the KZN Government has adopted a radical economic transformation (RET) initiative, the Radical Agrarian Socio Economic Transformation (RASET) programme which seeks to create a platform for historically disadvantaged individuals to participate in the production, processing and distribution of food value chains. For this initiative to be realized, there is a need for a radical transformation of the whole agricultural sector in the province. The Summit will see the collaboration of different agricultural stakeholders with a common goal of radically transforming the agricultural sector in the province.

#### 4. DESIRED OUTCOMES

The two-day session should be able to provide a way forward in terms of calving a strategic vision for the attainment of a thriving and sustainable agricultural sector in the province. The delegates will engage in facilitated conversations, sharing sessions and planning sessions to achieve the following Possible Outcomes:

1. Find answers to current and future agricultural challenges
2. Review and discuss the current policies and government programmes and provide a guide on alignment
3. Delegates to collaboratively work together to develop an action plan for improved, inclusive and sustainable agricultural sector.
4. Make recommendations that will steer the agricultural sector towards improved and achievable policy outcomes

5. Development of possible models that government could use to efficiently and effectively service the agricultural communities

## 5. LOGISTICAL ARRANGEMENTS

A Joint Task Team comprising of Office of the Premier and KZN Department of Agriculture and Rural Development shall be set up to co-ordinate and facilitate the hosting of the Agricultural Summit. Logistical arrangements are the responsibility of the Joint Task Team/Organizing Committee. However, the Organizing Committee should be careful of the following items:

### 5.1 Date and Venue

Confirmed date and venue for this summit was communicated through the Office of the MEC. The set date is 15<sup>th</sup> to 16<sup>th</sup> of November 2018 and the Venue is the Agricultural Royal Show Ground in Pietermaritzburg (Please refer to **Annexure A**, confirmation of the venue).

### 5.2 Proposed Delegates List and Number of Delegates

It is expected that the summit will host expects in the agricultural field who can identify challenges facing the sector and provide possible solutions to such challenges. Delegates should comprise of public and private sector representatives including farmer associations, commodity groups and Traditional Authority. The proposed delegates list and list of proposed dignitaries are to be discussed with the Office of the MEC for the input. The lists will then be subject to review by the Office of the Premier and DARD AHOD and the Honourable MEC as deemed necessary.

The number of delegates should be determined by the capacity of the conference hall. It is the duty of the organizing committee to recommend the number of delegates to be

invited considering the size of the hall and taking into account working personnel such as the staff, SAPS, service providers on site, etc.

### 5.3 Programme of the Day

The organizing committee is responsible for drafting the programme of the day. It is expected that the committee comprises of officials from the Office of the Premier and DARD. It is therefore prudent to state that the DG of the province and Hon. MEC: DARD are consulted for their input and approval of the programme.

It is recommended that day one of the summit should accommodate presentations and commissions. The organizing committee is advised on ensuring that it identifies appropriate individuals to facilitate each commission. For instance, an individual facilitating commission 6 should be someone with appropriate knowledge of food security issues.

*Day two* of the summit must cater for report back from commissions and recommendations. Based on the fundamental pillars of agriculture and objectives the summit seeks to achieve, the following six (6) commissions are proposed:

**Commission 1:** Markets, Food Value chains, Funding and Investment

**Commission 2:** Land Access and Management

**Commission 3:** Small-holder Support and Development for Agricultural Growth and Job Creation

**Commission 4:** Skills Development, Research and Technology Development

**Commission 5:** Irrigation and Infrastructure Development

**Commission 6:** Food and Nutrition Security

## 5.4 Commissions Unpacked

### Commission 1: Markets, Food Value Chains, Funding and Investment

- Agro-processing
- Markets

The social and economic outlook can be achieved by improving the performance of smallholder farmers through market accessibility. When smallholder farmers have access to markets, they will have an opportunity of enhancing their livelihoods; hence, change their social and economic outlook. However, there is doubt about the capability of smallholder farmers to participate effectively in the market due to their limited access to capital, infrastructure and extension services (Tshuma, 2014).

Constraints limiting smallholder farmers from greater market access to food markets are associated primarily with under-developed infrastructure, poor infrastructure, lack of market transport, and inability to conclude contractual agreements and others. Failure to meet market standards is one of the major factors contributing to the lack of access to formal markets by smallholder farmers.

### II. Commission 2: Land Access and Management

- Land Availability and Land Use
- Land Access for Agriculture

In rural areas, land allocation and responsibility over it lie with the tribal authority, the Inkosi (chief) and his Indunas (foremen) (Ortmann and King, 2007). Tribal authority does not issue out any title deeds but rather allocate land and only issue a permission to occupy (PTO) letter. Such a PTO letter is meaningless to financial institutions as it does not certify that land is owned by the letter holder.

A guide on how the recent pronouncement of land expropriation without compensation affects the agricultural productivity in the province. The KwaZulu Natal government has stated that it will not support any efforts to expropriate land from traditional leaders. With all the land issues encompassing the nation, what does it mean for agricultural production in our province?

### III. Commission 3: Smallholder Support and Development for Agricultural Growth and Job Creation

- Agrarian Transformation (Youth, Women & People living with Disability in agriculture etc.)
- Finance and Funding Models

Improving access to credit is often regarded as one of the key elements in raising agricultural productivity (Machethe, 2004). In the stage of enterprise establishment, small scale farmers may depend on government grants, their own resources and/or those of friends and relatives. The challenge will arise when more capital is needed for their business expansion. In most cases, profits accumulated by smallholder farmers are often not adequate to meet the expansion needs. This calls for a farmer to seek external finance.

According to Jack (2005), cited by Zuwarimwe and Kirsten (2010), smallholder farmers still face problems in attracting external finance and other needed resources to establish and expand their businesses. The poor financial status and the lack of owning assets which can serve as collateral, negatively affects the creditworthiness of small scale farmers. Access to formal private financial services by smallholder farmers is constrained

by high transaction costs, inadequate collateral and poor debt-servicing capacity (Fenwick and Lyne, 1998). Because they do not hold title deeds which can serve as collateral for loan applications, small scale farmers are restricted from accessing credit from formal private financial institutions.

When the government assists farmers with funding, there needs to be an element of commitment from farmers on the funding they receive. It has been noted that most projects get neglected by beneficiaries because there was no funding contribution made by the beneficiaries. Hence, when the project collapses, the beneficiaries loose nothing. The KZN DARD Strategy for Agrarian Transformation introduced a Commercialization Package of grant funding limited to 50% based on a viable business plan. But the model came with its gaps. Therefore, there needs to be a strategic planning on the proper funding model to be initiated by the government.

#### IV. Commission 4: Skills Development, Research and Technology Development

- Training & Skills Development
- Research & Development

According to Lindley *et al.* (1996), in order to meet the challenges of agricultural production and food security facing African countries, improvement of a country's human resource capacity for productivity is a pre-requisite. South Africa, like other countries, will not develop without well-educated people with a strong agricultural base among all population groups to provide food security for improved nutrition and health (DAFF, 2011).

Human resources development enhances the skills, knowledge and abilities of individuals allowing them to reach their full potential thereby improve on productivity (CathsSeta,

2009). From a perspective of agricultural improvements, farmer capacity building improves farmer productivity and business management. Even though experience and business talent are important, education and training may increase a person's potential to a maximum extent.

There is a need for government to be advised on how education and training can be used to contribute to a better livelihood of an individual or community. Furthermore, how can agricultural training be integrated with enterprise training to help farmers produce and market their production more effectively and take advantage of new agricultural opportunities. This goes hand in hand with skills development including internships, mentorship and learnerships necessary for human resource development

#### V. Commission 5: Irrigation and Infrastructure Development

- Establishment and Maintenance of agricultural infrastructure
- Support of Irrigation Schemes

Many constraints experienced by small scale farmers arise because they are situated in remote rural areas with poor infrastructural development (Clover and Darroch, 2005). Inadequate physical infrastructure in rural areas, particularly in the former homeland areas, remains a major obstacle to smallholder agricultural growth in South Africa (Machethe, 2004). Infrastructural development should be available at all levels of the food chain (primary production, processing, logistics and marketing)

Good infrastructure is a requirement for achieving higher levels of agricultural productivity and profitability. Chaminuka *et al.* (2008) mentioned that good infrastructural services are necessary for agriculture and rural development. Business activities such as

transportation of goods and storage depend upon infrastructural availability. Storage facilities which involve holding and preserving goods from the time they are produced until they are needed for consumption are essential to ensure a continuous flow of goods in the market. Through proper storage facilities, some products may be stored and sold later when required. Because fresh produce tends to have a limited shelf life, proper storage facilities are vital in ensuring quality maintenance for perishable agricultural produce. Quality suffers as a result of a lack of suitable storage facilities. Therefore, the absence of proper storage facilities puts farmers at risk of losing the produce, quality of the produce and customers and hence the ability of earning a higher final consumer price. It is therefore of vital importance that infrastructural development is prioritized at all levels of the food value chain. Such infrastructure development may include irrigation systems, fencing, storage facilities, and so forth. Government needs to be advised in terms of what infrastructure to develop, how, and for whom.

#### VI. Commission 6: Food and Nutrition Security

- Household food security and livelihood
- Food production self sufficiency

The basic definition of food security is that it refers to the ability of individuals to obtain sufficient food on a day-to-day basis (Du Toit, 2011). *“Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life”* (Food and Agriculture Organization, 2006: 1). According to Baiphethi and Jacobs (2009), increased subsistence production has the potential to improve the food security of poor



households both in rural and urban areas by increasing food supply, and by reducing dependence on purchasing food in a context of high food price inflation. Subsistence production contributes directly to household food security through supply of food and enables households to divert income to meet household's food and other requirements (Aliber and Hart, 2009).

Hendriks (2003) suggested that subsistence production renders two distinct nutritional benefits; in the form of whatever food is being produced for own consumption, and in terms of spending up income on even more nutritious foods that the household might not be able to produce themselves. People's diets can be enriched by promoting growth of certain crops and income be spent on purchasing nutritious food that smallholder farmers cannot produce.

Research has found that most of the world's hungry people live in rural areas. It is also known that most of the smallholders are found in rural communities. The commission should try to provide solutions to questions such as; what efforts can be initiated to achieve food security in our province especially in rural communities? Since the majority of black agricultural households are involved in agriculture as a main or extra source of food; what support is needed to assist them and how can that support be provided in an efficient manner.

## 5.5 Invitations

It is the responsibility of the organizing committee to see to it that invitations are crafted as per the required format. The committee is advised on ensuring that protocol is adhered

to in sending out invitations; i.e. invitations to dignitaries should be issued out by the Office of the Premier.

## 6. Conclusion

The successful hosting of the summit will be measured by the development of a coherent Masterplan which will be used as a strategic instrument to coordinate and facilitate the development of the agricultural sector within the Province of KwaZulu-Natal. The District Roadshows and consultation engagements currently conducted by the Honourable MEC for Agriculture and Rural Development have amongst others created a conducive environment especially in igniting an interest from a wide range of stakeholders in the development of the Agricultural Masterplan. The hosting of the summit will therefore serve as the epitome in soliciting and consolidating inputs from all interested and affected parties.