

The District AgriParks Management Council (DAMC) Governance and Management Systems: An Agency Theory Approach.

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Outline of Presentation

- **Introduction**
 - Definitions
 - Governance and Management Systems –
An overview
- **Aims and Objectives**
- **Methodology**
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INTRODUCTION

- A well-functioning AgriParks management (APM) system is considered to be a critical pillar of governance efficiency.
- It is, therefore, unfortunate that there is inadequate institutional research on the design of APM systems, especially on the theoretical side.

DEFINITIONS

- **Agri-Parks:** farmer-controlled entities that serve as a catalyst around which rural industrialization will take place. They serve to provide a network of contacts between producers, markets and processors while also providing physical infrastructure required for processing of agricultural products (DRDLR: 2015).

DEFINITIONS

- **The District Agri-Parks Management Council (DAMC):** is a multi-stakeholder entity composed of actors involved in agricultural activity value-chains, acting primarily as the ‘voice’ of key stakeholders in the relevant districts and tasked with leveraging support for the Agri-Park developments (DRDLR 2017: 3).

DEFINITIONS (Contd.)

- **Corporate governance:** the exercise of ethical and effective leadership by the governing body and comprises of three elements: practices, principles and governance outcome (King IV: 2017).

DEFINITIONS (Contd.)

- **Stakeholder:** any person or organization with a declared or conceivable interest or stake in a policy or a project, or whose interests may be affected positively or negatively by execution of a policy or a project (Lee 2007: 6).

DEFINITIONS (Contd.)

- The Department of Rural Development and Land Reform (DRDLR);
- The Department of Agriculture, Forestry and Fisheries (DAFF);
- The Economic Development Department (EDD);
- The Department of Trade and Industry (DTI);
- The Department of Science and Technology (DST);
- The Department of Small Business Development (DSBD);
- The Department of Water and Sanitation (DWS);

DEFINITIONS (Contd.)

- The Department of Environmental Affairs (DEA);
- The Department of Co-operative Governance (DCoG)
- Organised Agriculture at a national and local level;
- Commodity organisations, like the Livestock Associations, etc.;
- Agri businesses;
- District and local municipalities, and
- Various relevant non-governmental organizations (NGOs) (DRDLR 2015a).

DEFINITIONS (Contd.)

- **Distinctive competencies:** is a firm's strengths that cannot be easily matched or imitated by competitors and building competitive advantages involves taking advantage of distinctive competencies (David 2015: 93).

DEFINITIONS (Contd.)

- **A competitive advantage:** is an advantage over competitors which is gained when an organization is able to provide greater services, benefits and values at higher prices or providing the same value as its competitors but at lower prices (Riley 2012).

AIM AND OBJECTIVES

- To apply the corporate governance principles to streamline the governance and management systems of the District AgriParks Management Councils (DAMCs).
- **To explore:**
 - what defines good governance;
 - what are the main governance models in the rural development sector;
 - what are the fundamental problems of governance, and how these problems should be addressed.

METHODOLOGY

- Theoretical discussion, using the review of literature and comparison of the governance and management models and systems
 - academic journals;
 - books, and
 - conference proceedings.

AGENCY THEORY – An Overview

- Agency theory relates to situations in which one individual (called the agent) is engaged by another individual (called the principal) to act on his/her behalf based upon a designated fee schedule.
- Since both individuals are assumed to be utility maximizer, and motivated by pecuniary and non-pecuniary items, incentive problems may arise, particularly under the condition of uncertainty and informational asymmetry.

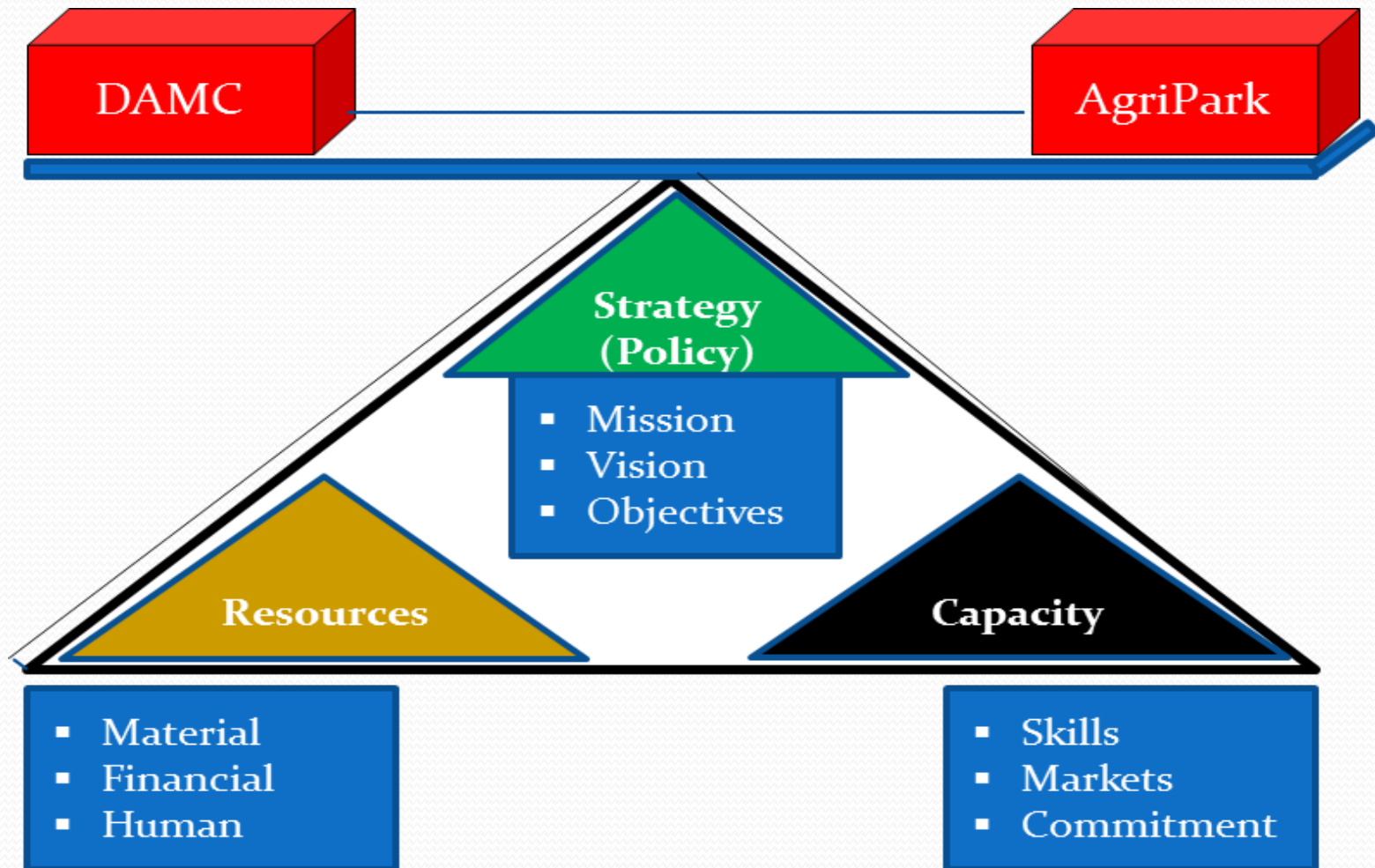
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AGENCY THEORY – An Overview (Contd.)

- There are no clearly-defined roles for DAMC members – whether they are agents or principals inasmuch as the roles and responsibilities for ‘supporting staff’ are ancillary than direct.
- There are no measurable service levels which would be used to

Model for Sustainable DAMC-AgriParks Development



CRDP MANAGEMENT CYCLE – PROGRAMME/PROJECT APPROVAL PROCESS

EXECUTIVE AUTHORITY:

Final decision-making

NJSC:

All projects submitted for consideration and recommendation to the Executive Authority

PSSCs and PJTCs:

All projects submitted for recording and referral to NJSC for information purposes

DJOCs:

All projects submitted for recording, alignment, budgeting and referral to PJTCs

LAND USE RIGHTS COMMITTEES (Remaining 87%):

COUNCIL OF STAKEHOLDERS (13% Traditional Land):

Source: Archary (2017)

COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME

THE CRDP MANAGEMENT SYSTEM

THE PRESIDENT: NATIONAL CHAMPION
 MINISTER OF RURAL DEVELOPMENT AND LAND REFORM
 DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM
 Programme Development, policy and legislation development and Coordination (responsible for setting of norms and standards)

OFFICE OF THE PREMIER: PROVINCIAL CHAMPION
 CRDP Political Champion: MEC with rural development function - district co-ordination and institutional support

District Executive Mayors: Implementation, co-ordination and institutional support to local municipalities.
Local Municipal Mayors: One Household One Hectare, One Household Two Dairy Cows, Land Rights Management Committees, and One Rural Ward One Integrated Development Centre

COUNCIL OF STAKEHOLDERS: programme and projects initiation, planning and preparation, recommendation for approval by government; and, monitoring and evaluation.
COMPOSITION: Organs of civil society, public entities, **business, co-operatives**, beneficiaries (incl. trusts and CPAs), workers, community development workers, traditional institutions, etc.

Household Co-operatives & other enterprises (groups of 20)

DISTRICT MAYORS:
 Political champions of the Agri-Parks

LOCAL MAYORS:
 Political champions of the 4 Programmes

Stakeholder commitments

Stakeholder commitments

Conditionalties, code of conduct & disciplinary panel

TRADITIONAL LEADERS:
 Chairperson of the CoS (or his/her nominee)

SOCIAL COHESION AND INTEGRATED DEVELOPMENT

Communities

- Food
- Health
- Education
- Shared Economic Growth
- Social Cohesion
- Development
- Satisfaction

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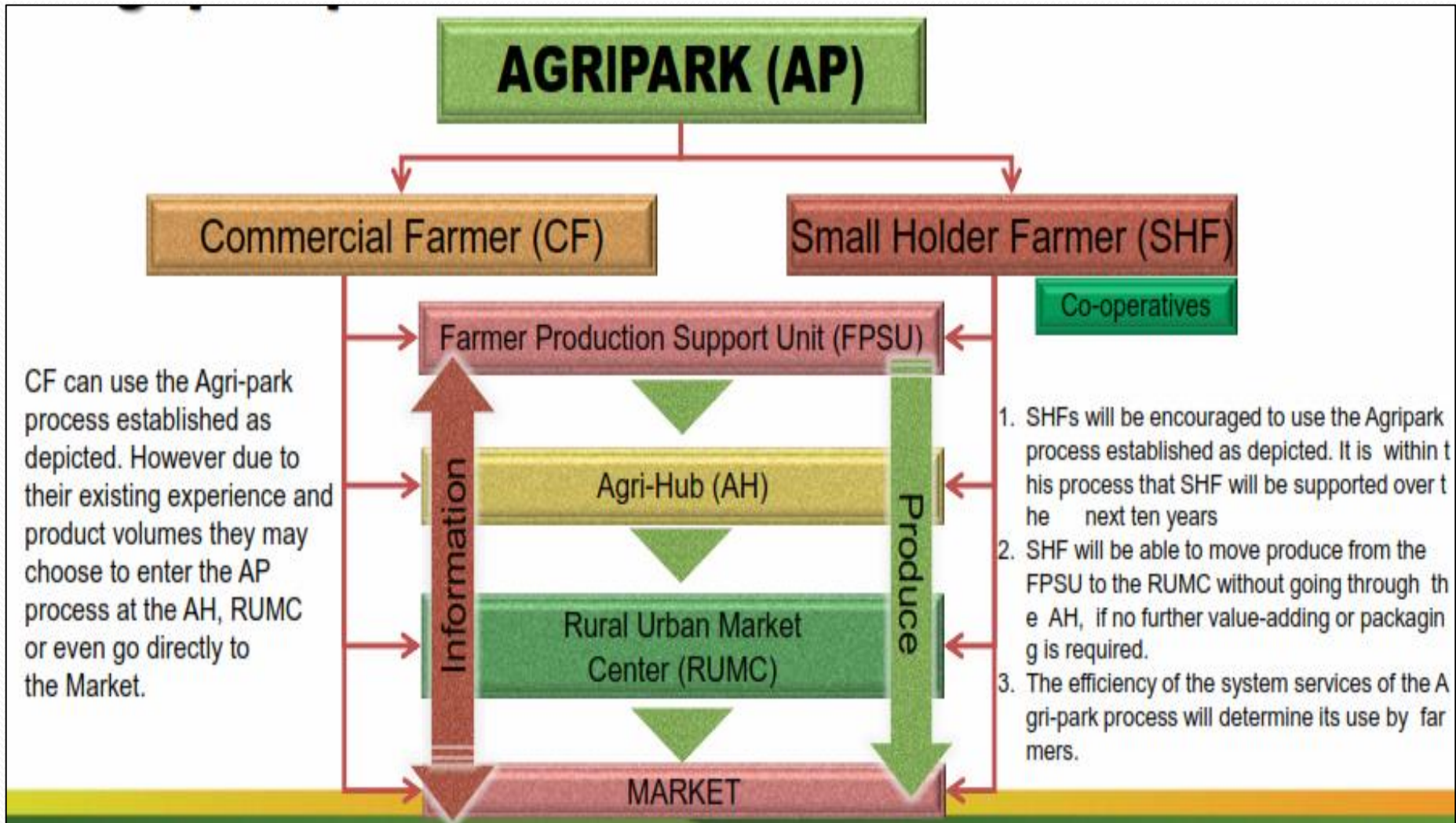
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Human Solidarity/Ubuntu Development:

- Shared growth and prosperity;
- full employment;
- relative income equality;
- cultural progress

AGRIPARK PRODUCE AND INFORMATION FLOWS



CONCLUSIONS AND RECOMMENDATIONS

- There will always be conflict of interest arising from the expectations of all parties involved; and without providing the clear lines of responsibility, the principal/agent interrelations gap will not be narrowed.
- Corporate structure of the Agri Parks have not been fully developed yet – a top-heavy bureaucratic governance system dominated by government could pose a risk if they are not accountable to the businesses in the Agri Park.

CONCLUSIONS AND RECOMMENDATIONS (Contd.)

- Without sufficient resources (material, financial & human), the success of the governance and management of AgriParks will have limited impact.
- The Agri-Park approach must:
 - Conduct governance and management training of DAMCs members;
 - Include the selection and training of small-holder farmers;
 - also the selection of farms for placement, and
 - incubation and training of unemployed agricultural graduates and other agro-entrepreneurs.

CONCLUSIONS AND RECOMMENDATIONS (Contd.)

- The DAMCs and Agri-Parks are the engines that have the potential to drive:
 - sustainable land reform (agrarian transformation);
 - improved food security;
 - small-holder farmer development and support (technical, financial, infrastructure) for agrarian transformation;
 - growth of sustainable rural enterprises and industries characterised by strong rural-urban linkages, increased investment in agro-processing, trade development and access to markets and financial services;
 - reduction of rural unemployment, and
 - improved integration and coordination of rural development

CONCLUSIONS AND RECOMMENDATIONS (Contd.)

- Develop capacity of the DAMC membership so that they can be able to effectively manage processes which fall within their area of responsibility.
- Provide comprehensive support to small-holder farmers and co-operatives to ensure increased productivity (DAFF 2015: 15).
- Invest in increased training and skills development for the DAMC membership, as well as to all support staff.
- Strengthen the alignment amongst government departments, the Agri-Parks, and DAMCs concepts.
- Streamline commodity organisations so that those who are producing the same commodity can cluster and produce in compliance with the demand and specifications in terms of both quantity demanded and quality required by market.

CONCLUSIONS AND RECOMMENDATIONS (Contd.)

- Include all main stakeholders (Organs of civil society, public entities, SMMEs, co-operatives, small-holder farmers, beneficiaries (including trusts and CPAs), workers, community development workers, traditional institutions, etc.) as recommended by the CRDP Management System (Archary 2017: 1).
- Establish a combined training and skills development programme in partnership with relevant accredited training institutions, Department of Agriculture and Rural Development, a District Municipality to train and develop DAMC members in governance and management.
- Streamline the functions of the Land Use Rights and Council of Stakeholders such that the two entities do not operate in silos.

THE DAMC COMPOSITION

Previous		Current		Proposed	
Women in agriculture and rural development (WARD)	2	Women in agriculture	2	Women in agriculture	2
Military veterans	2	Military veterans	2	Military veterans	2
Youth in agriculture and rural development (YARD)	2	Youth in agriculture	2	Youth in agriculture	2
Landless peoples movements	2	Farm dwellers and labour tenants	2	Farm dwellers and labour tenants	2
Farm dwellers and labour tenants	2	Relevant NGOs	2	Relevant NGOs	2
Agricultural graduates	2	Agricultural graduates	2	Agricultural graduates	2
Traditional council representatives	2	Traditional council representatives	2	Traditional council representatives	2
Common Property Institutions	2	Representatives from Common Property Institutions	2	Representatives from Common Property Institutions	2
People with disabilities	2	People with disabilities	2	People with disabilities	2
Farmers (one commercial, one small-holder)	2	Farmers (one commercial, one black small-holder farmer)	2	Commercial farmers	2
Khoi and San	2	Khoi and San	2	Khoi and San	2
Rural Women Organisations	2	Rural Women Organisations	2	Rural Women Organisations	2
SANACO	2	-		Co-operative sector	2
Arts and Crafts Co-operatives	2	-		Black small-holder farmers	2
-		-		SMME sector	2
TOTALS	28		24		30

SOURCE: Adapted from Archary (2017) and DRDLR (2017)



I THANK YOU

NGIYABONGA