AGRIBUSINESS DEVELOPMENT AGENCY

STRATEGIC PLAN
For the fiscal years 2016/17 - 2020/21

KwaZulu-Natal
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The Agribusiness Development Agency (ADA) has been in existence for just over five years to deal with supporting emerging black commercial farmers, especially in the land reform programme as the raison d’etre. A number of land reform farms were on the brink of collapse due to a number of reasons including lack of farming skills by the new owners and over-indebtedness. The period during which the ADA was established was also marked by unprecedented food price hikes and a world economy in recession. The ADA recorded some remarkable success during its first five years of existence, notwithstanding numerous challenges that were faced by the entity.

Recently the ADA and the Department of Agriculture and Rural Development (DARD) completed a clarification of roles exercise which has culminated in a revised (new) mandate for the ADA. The ADA has shifted its focus to on the whole value chain in the agriculture (commonly referred to as agribusiness) although the emphasis is on value-addition to primary agriculture products. The realignment process between DARD and the ADA came at an opportune time when the ADA had started drafting the new five year strategy which would place the entity squarely at the centre of agribusiness development in KwaZulu-Natal.

The ADA has crafted this strategy as a response to the needs of sector, having done an environmental scan and identified the niche that is intents satisfying. It should be noted that this strategy has been crafted by the ADA itself, albeit that some external assistance was sought to clarify and sharpen the strategy. It is in this regard that I would like to express my gratitude and appreciation to the ADA management and the staff at large. Lastly, I would like to thank members of the ADA Board of Trustees for their commitment in ensuring that this strategy is crafted accordingly and completed timely as this is one of the most important responsibility of the Board.

It is my pleasure to present this strategy and I believe that it will position the ADA as an expert organisation in the agribusiness par excellence in the province of KwaZulu-Natal and beyond.

Mr Cyril Xaba, MPL

MEC: Department of Agriculture and Rural Development
OFFICIAL SIGN-OFF

It is hereby certified that this strategic plan:

1. Was developed by the management of the Agribusiness Development ADA under the guidance of MEC Xaba.

2. Takes into account all the relevant policies, legislation and other mandates under the responsibility of the Agribusiness Development Agency.

3. Accurately reflects the performance targets which the Agribusiness Development ADA will endeavour to achieve given the resources made available in the period 2016/17-2020/21.

Thandeka Ngwenya  Signature:  
Chief Financial Officer

Phumla Vilakazi  Signature:  
Acting Chief Executive Officer

Mr Cyril Xaba, MPL

MEC: Department of Agriculture and Rural Development

Approved By:  Signature:  
1. MANDATE

ADA is a catalytic vehicle to facilitate the growth of a strong, transformed, diversified, dynamic, competitive and sustainable agribusiness industry in KwaZulu-Natal. Its main focus is agroprocessing and industrial crops.

It serves as an agent for facilitating agribusiness development in the province, through focusing on projects that are catalytic in nature and have the following attributes:

- Benefits beyond direct beneficiaries
- Economic Spinoffs
- Embrace the whole value chain
- Speed up development in the whole geographical area

2. VISION

“A diverse, deracialised, prosperous, and sustainable agribusiness sector in KwaZulu-Natal.”

3. MISSION

ADA strives to promote, establish, facilitate and support the growth of black owned and managed agricultural enterprises along agricultural value chains in KwaZulu-Natal through partnerships with individuals, communities, private sector and other public sector institutions in order to achieve a transformed agribusiness sector in KwaZulu-Natal.

4. ADA CORE VALUES

Organisational values define the key principles and associated behaviours that are required by employees when executing the strategy and functions of the organisation and state that the clients, customers and stakeholders can expect from the organisation. The values of the ADA are:

INTEGRITY

We commit ourselves to ensuring our purpose, practices and values are ethically sound, at all times.

ACCOUNTABILITY

We take accountability for all our actions in dealing with our Clients and Stakeholder and are mindful of possible consequences emanating from our decisions.
EXCELLENCE

We commit to providing quality services and products to all our clients at all times consistent with the spirit of Batho-Pele.

INNOVATION

We commit to strive for continuous improvements through innovation and promoting a learning organisational culture.

5. LEGISLATIVE AND OTHER MANDATES

The Agribusiness Development ADA derives its mandates from the following policy and legislative imperatives:

- Cabinet Resolution No. 79 of 29 July 2009 authorizing the establishment of an entity to support entrant commercial black farmers.

- The National Policy Governing the Comprehensive Agricultural Support Programme (CASP).

- Land Reform Policy Guidelines and the Department of Rural Development and Land Reform’s, Land Reform Recapitalisation Programme

- Amended Deed of Trust for the KwaZulu-Natal Agricultural Development Trust (trading as the Agribusiness Development ADA).

- Cabinet Resolution No. 245 of 11 November 2009 transferring the KwaZulu-Natal Development Trust from the Department of Agriculture, Environmental Affairs and Rural Development to the Department of Economic Development.

Therefore, ADA’s mandate in this regard is “To provide agri-business support services to entrant black commercial farmers who have acquired land through the Government’s Land Reform Programme and on a private basis”.

It is intended that the ADA will be established under provincial legislation as a Schedule 3 Public Entity. Consequently, the extent and nature of these mandates may be changed following the promulgation of this legislation establishing the ADA.

Further to the above, the ADA is guided by the following legislation in implementing its mandate.
<table>
<thead>
<tr>
<th>Name of Policy</th>
<th>Mandate</th>
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<tr>
<td>Constitution of the Republic of South Africa, 1996 Act 108 of 1996</td>
<td>The South African Constitution was adopted as the supreme law of the Republic so as to Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights. It laid the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law. The constitution improves the quality of life of all citizens and frees the potential of each person; and Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.</td>
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<tr>
<td>Public Finance Management Act, 1999 Act 1 of 1999</td>
<td>The object of this Act is to ensure transparency, accountability, and sound management of the revenue, expenditure, assets and liabilities of the institutions to which this Act applies.</td>
</tr>
<tr>
<td>National Treasury Regulations Gazette 23463</td>
<td>The Act promotes the objective of good financial management in order to maximise service delivery through the effective and efficient use of the limited resources. The key objectives of the Act may be summarized as being to: • Modernise the system of financial management in the public sector; • Enable public sector managers to manage, but at the same time be held more accountable; • Ensure the timely provision of quality information; and • Eliminate the waste and corruption in the use of public assets.</td>
</tr>
<tr>
<td>Labour Relations Act, 1995 Act 66 of 1995</td>
<td>The purpose of this Act is to advance economic development, social justice, labour peace and the democratisation of the workplace by fulfilling the primary objects of this Act, which are – • To give effect to and regulate the fundamental rights conferred by section 27 of the Constitution; • To give effect to obligations incurred by the Republic as a member state of the International Labour Organisation; • To provide a framework within which employees and their trade unions, employers and employers’ organisations; and • To promote – orderly collective bargaining, collective bargaining at sectoral level, employee participation in decision-making in the workplace; and the effective resolution of labour disputes.</td>
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<td>Promotion of Access to Information Act, 2000 Act 2 of 2000</td>
<td>This law aims to give effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith.</td>
</tr>
<tr>
<td>Basic Conditions of Employment Act, 1997 Act 75 of 1997</td>
<td>The purpose of this Act is to advance economic development and social justice by fulfilling the primary objects of this Act which are • To give effect to and regulate the right to fair labour practices; and • To give effect to obligations incurred by the Republic as a member state of the International Labour Organisation.</td>
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<tr>
<td>Name of Policy</td>
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<td>Companies Act, No. 3 of 2011</td>
<td>The New Act allows the board of directors of a company to make rules, in the prescribed manner, relating to the governance of the company, in respect of matters that are not addressed in the New Act. Any such rules made by the board will only be valid on an interim basis, until ratified by an ordinary resolution of the shareholders.</td>
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<tr>
<td>Occupational Health and Safety Act, 1993</td>
<td>The purpose of this Act is to provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith.</td>
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<tr>
<td>Equality and Prevention of Unfair Discrimination Act 4 of 20</td>
<td>This is a comprehensive South African anti-discrimination law. It prohibits unfair discrimination by the government and by private organisations and individuals and forbids hate speech and harassment. The act specifically lists race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth as &quot;prohibited grounds&quot; for discrimination, but also contains criteria that courts may apply to determine which other characteristics are prohibited grounds.</td>
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<tr>
<td>Integrated and Sustainable Rural Development Strategy (ISRDS)</td>
<td>Integrated and Sustainable Rural Development Strategy (ISRDS) is designed to realise a vision that will “attain social cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people, who are equipped to contribute to growth and development”. A strategic objective of the ISRDS is &quot;to ensure that by the year 2010 the rural would attain the internal capacity for integrated and sustainable development.&quot;</td>
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| National Development Plan, 2030                                               | The National Development Plan provides a broad strategic framework to guide key choices and actions while aiming to eliminate poverty and reduce inequality by 2030. The plan focuses on the critical capabilities needed to transform the economy and society. Given the complexity of national development, the plan sets out six interlinked priorities:  
  • Uniting all South Africans around a common programme to achieve prosperity and equity;  
  • Promoting active citizenry to strengthen development, democracy and accountability;  
  • Bringing about faster economic growth, higher investment and greater labour absorption;  
  • Focusing on key capabilities of people and the state;  
  • Building a capable and developmental state;  
  • Encouraging strong leadership throughout society to work together to solve problems. |
| Provincial Growth and Development Strategy, 2012                              | The aims of the PGDS are;  
  • To develop a framework for the future direction of policy and strategy development;  
  • To Outline strategic interventions, goals and targets to direct development and planning initiatives; and  
  • Ensure a common vision and co-ordinated action by government and partners in implementation.  
  The PGDS provides strategic direction based on key provincial priorities that address the social needs of the people and the realisation of the economic growth potential of the province. |
PART A
Strategic Overview
8. SITUATION ANALYSIS

8.1 AGRICULTURAL SECTOR ANALYSIS

The South African agricultural sector is diversified comprising many branches namely; dairy farming; agro-processing; fish farming; field crop husbandry; animal production; horticulture and game farming. There are 39 sub-sectors within these branches and are categorised according to agricultural and economic focus as follows: Source: AgriSETA.

Current statistical data review that primary agriculture is contributing about 3% of South Africa’s gross domestic product (GDP) and has increased its contribution to formal employment from 5% to 7%. A higher contribution of about 12% (GDP) has been attributed by the agro-industrial sector.

South Africa is ranked first in three products and is regarded as one of the top global exporters of some agricultural produce.

8.2 KWAZULU-NATAL AGRICULTURAL SECTOR

The KwaZulu-Natal province is the second largest economy in South Africa in terms of contribution to real Gross Domestic Product (GDP), weighing in at 16.6% second to Gauteng, which accounts for 36.1%, and ahead of the Western Cape at 14.9%. Agriculture is an important sector in KwaZulu-Natal economy, contributing 8.1% to the provincial real GDP for the period of 2002 to 2012, which represents more than 77% of the primary industries in the province. But despite this, the sector in the province has shed 11 689 jobs – juxtaposed with 141 087 jobs which were lost nationally – for the period of 2002-2012.

The agricultural sector in KwaZulu-Natal is diverse and is reflected in the patterns of its topography. About 4% of KwaZulu-Natal’s value added Gross Domestic Product results from agriculture and 3.6% of the province’s workers are employed in this sector. There is reliable rainfall and fertile soils which have contributed to the agricultural sector being extremely productive. With a total of 6.5 million hectares of land suitable for farming in KwaZulu-Natal, 18% regarded as arable land and 82% is suitable for livestock production. In 2011, the Gross Value Added (GVA) from agriculture in KwaZulu-Natal’s was some R12-billion, with an estimated potential of some R18 billion per annum. Government policies and regulations have encouraged foreign investment in South Africa.

AGRO PROCESSING SECTOR ANALYSIS

Definition of Agro processing

According to FAO (1997), “Agro-processing industry is a subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector. Agro-processing thus means transforming products that originate from agriculture, forestry and fisheries.”

There are two major categories which comprise agro-processing activities; primary and secondary operations. Primary processing operations involve activities such as shelling/threshing, crop drying, grading, cleaning, and packaging. These activities are mainly conducted at the farm and only transform the commodity into a slightly different form prior to storage, marketing or further processing.
Secondary processing operations entail increasing nutritional or market value of the commodity and the physical form or appearance of the commodity is often totally changed from the original. Some examples of secondary processing are grinding groundnuts into peanut butter, pressing juice out of fruit, making cheese out of milk and manufacturing of mincemeat, milling grain into flour, pressing oil out of vegetable seeds. Depending on type of commodity, equipment needed for primary processing is completely different from that used in secondary processing or major adjustments/modifications need to be done to suit either.

The Standard Industrial Classification also categorises the following divisions under the agro-processing industry:

- Food and beverages
- Paper and wood products
- Textiles and footwear
- Tobacco products
- Rubber products
- Leather products.

Agro-processing is suited to developing countries because processing plants are not always scale dependent—small operations can be as economically efficient as larger plants which benefit from economies of scale (FAO, 1997). Therefore, agro-processing could play an important role in supporting economic development and thus contribute to poverty reduction and economic inclusion. As a result of its potential to contribute to broad-based economic development, various strategies have been developed at a national level to optimise the impact of agro-processing. Source: FAO, 1997. The State of Food and Agriculture. Rome: FAO. Available online at: www.fao.org. Accessed on 3 June 2015.

Agro Processing Industry

South Africa and more specifically KwaZulu-Natal has unmatched resources and conditions to build one of the most important hubs in the Agro – Processing industry in Africa. The country offers good business environment, colloquial government support, advanced industrial measures and developed infrastructures which are essential to stimulate investment in the province.

There is a potential to become one of the fastest growing Agro – processing industries in Africa. Its 1.2million square kilometres of land and its distinct climatic regions favour the cultivation of a highly diverse range of agricultural products. South Africa’s Agro-processing sector is worth R49billion (USD4.6billion) and has been growing at a faster pace (+2% per year) than the whole South African manufacturing sector. The processing of perishable goods is vital to the Agro- processing sector.

Provinces such as Kwa-Zulu Natal Eastern Cape, Limpopo, North West, Mpumalanga and Northern Cape where agriculture is dominant have the opportunity for secondary business to set up processing activities and create employment through the entire value chain. The agro processing industry tends to have companies with large market share such as Tiger brands giving them a monopoly or power of production, thus the importance of building local processing businesses through availing funding and enabling environment becomes apparent.
Kwazulu-Natal (KZN) Opportunities In The Agro-Processing Industry

The Province offers good business environment which include the following; amongst others

- Developed infrastructures which are essential to stimulate investment in the province
- KZN has an important competitive advantage due to its proximity to Gauteng, Durban markets and busiest Port in Africa (Richards Bay and Durban). The Dube Trade Port offers opportunities for exports.
- Abundant in natural resources, it has the second highest level of industrialisation and the third highest export propensity in the country
- It has international borders with Mozambique, Swaziland and Lesotho, and national borders with the provinces of Mpumalanga, Free State and Eastern Cape. There is clearly an opportunity for international trade gaining access to a sizeable national market, using KwaZulu-Natal as a base.
- There is a good quality and extensive road network. Durban, is less than 600 km away from Gauteng, Africa’s richest economic area, and is connected to this Province via the N3 logistics corridor.

Constraints In The Agro-Processing Sector

Agro processing requires skills such as supply chain management, production management, engineering, quality control, marketing and financial management. Also, it requires certain technical skills specific to the food processing sector or its sub-sectors (such as food technologists and food processing machine operators). Many of these skills are in short supply in the South African labour market.

There is a lack of innovation and product development in the agro processing sector. For instance, while similar well established dairies in the region turn out at least four dairy products, the emerging black milk processors have not been able to diverse product range because of lack of technical knowhow and expertise in new product development.

Many studies purports that most black owned agro processing entrepreneurs lack appropriate processing technologies that are easy to operate and manage. As a result, these agro processing enterprises are composed of rudimentary technologies, which hamper their performance, efficiency and competitiveness. Therefore, access to the latest and appropriate processing technologies such as pulping, juicing, abattoirs and drying that are easy to operate and manage becomes crucial for the development of agro processing entrepreneurs.

Another challenge facing agribusiness is lack of consistency of supply of throughput with the right quantity as well as acceptable quality from primary production. The existing medium scale agro processing plants, lack consistent supply of raw materials of the desired quality and operate well below the installed capacity.

Weak linkage between producers and processors is one of the major constraints faced by medium scale processing establishments. An example is drawn from the fresh produce sector, where vegetable production rests with disorganised small scale producers, who have no formal relationship with the processors, resulting in unreliability of supply in terms of quantity
and quality. This ultimately translates into high operational costs that processors pass on to consumers. Furthermore, the majority of small scale food enterprises use poor processing methods, resulting in food products of poor quality.

Small scale food business operators often do not carry out market studies prior to the establishment of the enterprise. There is generally little effort to analyse market requirements and consumer expectations. As a result, production is not market oriented and products do not meet consumer expectations.

In order to create an enabling environment for stimulating agro-processing entrepreneurship, investment in infrastructure is crucial. There is unequal distribution of economic infrastructure with infrastructure investments mainly channelled towards corporate agro-processing players and metropolitans.

8.4 CONTEXTUAL ANALYSIS – THE OPERATING CONTEXT

The context within which ADA operates consists of macro-economic, local economic and market forces, commercial interests, political and social processes such as land restitution, redistribution and reform, the state of the natural environment, the state of play within the markets of the various commodities and various technological forces which influence the way agriculture is undertaken and therefore influence the possibilities for development of the agribusiness sector. The operation of ADA is also governed by the policy formulations of national and provincial government. In undertaking their strategy development exercise, ADA was concerned with doing things differently: shifting the focus from on-farm and direct farmer support towards an increasing focus on ADA’s agro processing support role. The aim of the strategy development exercise was to establish the relevant and appropriate direction and pathways within agro processing support services.

This contextual analysis presents a brief survey highlighting two main areas: the area of agro processing services within which ADA must occupy and demonstrate success; and the provincial and national policy scenarios.

The Operating Environment

The land reform and rural economic development environment in KwaZulu-Natal is characterized by many role players within both the public and private sectors. The provincial agrarian transformation and development agenda includes multiple provincial imperatives, such as land reform, development of commercial agriculture, and job creation within both primary and secondary agriculture. This creates considerable complexity and places agrarian transformation at risk of co-ordination failures. For example, failure to co-ordinate holistic planning and post-settlement support has been attributed to the failure of some land reform projects. Likewise, investment co-ordination failures have prevented the development of some profitable agro-processing enterprises.

Role players in agricultural transformation and development are:

- Government departments, parastatals and agencies
- Private sector commodity organisations and agribusinesses
- Farmers’ associations
- Farmer training institutions
Private sector project implementation agents

Non-governmental organisations.

Considerable capacity and willingness to further primary and secondary agricultural transformation and development exists outside of government, for example, in some commodity organisations, farmers’ associations and agribusinesses. It is clear that government should strategically harness such capacity by creating an enabling environment for these organisations. Government can also take a strategic role in building similar capacities in other willing commodity organisations, farmers associations and agribusinesses.

The Changing Global Agricultural Context

The agrifood system is changing rapidly. Structural changes are occurring throughout the system in response to the modernization of agriculture (globalization, coordination and concentration) and shifting consumer and societal demands for safer, better-quality and ready-to-eat food produced in a socially and environmentally responsible manner. In South Africa, this new scenario plays itself within a dichotomous agricultural landscape where well-developed commercial farming enterprises are juxtaposed with less-developed, resource-poor small-scale and subsistence farming.

This changing environment places increased pressure on the Department of Agriculture, Forestry and Fisheries (DAFF) and provincial departments of agriculture to engage in agribusiness and agro-industry development. This is also true for the KwaZulu-Natal Province. However, the question is to what extent is the Department of Agriculture and Rural Development (DARD) empowered and equipped to do so? DARD may have seen its mandate and functions expanded from a strictly productive dimension to a more holistic, farm-to-fork approach. This expansion should be reflected in the provision of an increased scope of public goods and services to deal with post-production issues. The agricultural sector in KwaZulu-Natal, led by DARD, is also faced with the challenge of mainstreaming relatively new approaches such as the design and implementation of value chain programmes; climate-smart agriculture; the use of contract farming; public–private partnerships and other private sector engagement models; and agribusiness programmes with a territorial dimension (e.g. agricultural growth corridors and clusters).

The Policy Framework

The National Development Plan (NDP) identifies the need for a more inclusive and integrated rural economy and the fact that rural areas are marked by poverty and joblessness with the agriculture sector currently playing a limited role in the rural economy. The NDP further identifies that there is a need for successful land reform, job creation and rising agricultural production. Central to this are an emphasis on irrigation schemes, effective land reform and in the development of industries such as agro-processing.

The Provincial Growth and Development Strategy and Plan (PGDS&P) advocates for the unleashing of the agricultural potential in KwaZulu-Natal in order to assist in addressing the triple challenges of unemployment, poverty and inequality that have bedevilled the country before the dawn of democracy to date. The agricultural sector is expected to contribute substantially to job creation. However, the sector has been shedding jobs annually due a number of structural reasons. Juxtaposed with the ever-dwindling resources with which the public sector has to deliver services due to budgetary deficits, the depreciating rand, adverse balance of payment, inter alia, the picture looks bleak. The challenge of meeting ever-increasing demands with diminishing resources calls for the tightening of the proverbial belt and increased efficiency in resource allocation in the order to maximise the “bang for each available buck”.

PROMOTING AGRIBUSINESS THROUGH PARTNERSHIPS & KNOWLEDGE
The Provincial Growth Development Strategy & Plan recognises the importance of the agricultural value chain and the impact that changes in primary production have on the downstream processing in sectors such as the food, beverages, wood and paper sectors.

On the other hand, The IPAP and the NGP come amidst a renewed drive and focus on job creation, reducing inequality, and fostering poverty alleviation through restructuring of the economy. As indicated above, the NGP advocates for an economy that performs better in terms of labour absorption as well as composition and rate of growth. It identifies both areas within economic sectors and in cross-cutting activities where employment creation is possible on a large scale through both macro- and micro-economic interventions. It is premised on some of the key departure points of the IPAP 2, and adds a number of interventions in rural development, agriculture, science and technology, education and skills development, labour, mining and beneficiation, tourism, social development and other areas. Its success will be tested by means of four main indicators namely, jobs (number and quality), economic growth (rate, labour intensity and composition), equity (lower income inequality and poverty), and environmental concerns.

One of the sectors identified in both the IPAP and NGP as potentially capable of creating jobs on a large scale is agro-processing. This is validated by the fact that agro-processing (notably food processing as the largest sub-component thereof) is one of the sectors with the highest employment multipliers in the economy. The NGP forecasts creation of 145 000 jobs in agro-processing by 2020 (IPAP 2 has a more conservative estimate of 66 180 jobs to be created in agro-processing over the next ten years). The central challenge that remains is how the potential that has been identified could be unearthed and how the set targets could be met in practice.

The Department of Agriculture, Forestry and Fisheries (DAFF) Agro-processing Strategy indicates that South Africa is a net importer of processed agriculture, forestry and fisheries products. This presents an opportunity for the country to explore possibilities to develop the local processing industry to be more significant both in terms of its economic contribution as well as equity and inclusivity of previously marginalised. As the country explores opportunities to grow its agro-food processing industry, it should look at expanding the contribution of marginalised groups and rural areas as well as SMEs. Localisation of processing opportunities is likely to generate spin-off effects in terms of lower distribution costs and therefore more affordable food. A proper understanding of supply-side challenges faced by smallholder farmers will enable better exploration of backward linkages, and therefore multiplier effects in terms of job creation, better rural incomes, and enhanced rural livelihoods.

It is crucial that, as downstream processing opportunities are being promoted through up scaled and better-coordinated support to SME agro processors, a steadily growing base of supply of raw materials in the form of primary produce/commodities is ensured. In other words, a growing Agro-processing sector depends on a strong and productive primary sector.

8.5 ORGANISATIONAL ENVIRONMENT ANALYSIS

SWOT

The following strengths, weaknesses, opportunities and threats are analysis and comment gathered at internal workshops. Both the strengths and weaknesses are a reflection on the wide range and depth of expectations of the organisation in its relatively short life-span. The tenor of discussions was about “getting it right” and matching effort to impact. The comments on weaknesses are positively matched in the targets set for Programme 1: Administration – which respond to the weaknesses identified here. Overall the comments show the staff members understanding of the sector and the type of organisational response required.
<table>
<thead>
<tr>
<th>Organisation Strengths</th>
<th>Organisation Weaknesses</th>
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<tbody>
<tr>
<td>• Good skills mix</td>
<td>• No standardised framework for planning and managing projects in terms of the new mandate</td>
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<tr>
<td>• Sound administration and financial control</td>
<td>• Implementation of projects on re-assignment to ADA - poses a threat to project progress because of previous expectations and outside influence</td>
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<tr>
<td>• Institutional policies in place</td>
<td>• Inadequate planning &amp; monitoring of projects</td>
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<tr>
<td>• Governance institutions established</td>
<td>• Lack of Baseline data</td>
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<tr>
<td>• Seamless collaborative engagement between SCM and Project Unit</td>
<td>• Project funding delays</td>
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<td>• Risk management</td>
<td>• Inability to attract service providers</td>
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<td>• Well established relationships within the agricultural sector</td>
<td>• Unsuitable funding model and inaccurate budgeting</td>
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<tr>
<th>External Environment – Opportunities</th>
<th>External Environment – Threats</th>
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<tr>
<td>• Rural development is a government priority</td>
<td>• “Inherited projects” vs a targeted portfolio of projects</td>
</tr>
<tr>
<td>• Opportunity for packaging of development programs with skills development &amp; employment – enables contributing to government targets.</td>
<td>• Threat to job creation possibilities: Minimum wage vs productivity. Juxtaposed against commercial push for mechanisation &amp; policy to subsidise mechanisation.</td>
</tr>
<tr>
<td>• Government institutions present funding windows for enterprise development for our target groups. ADA facilitates access to these funding windows.</td>
<td>• Inherited projects – shareholder is ambivalent about ADA’s control &amp; operations in the project. Disruptive to ADA operations.</td>
</tr>
<tr>
<td>• ADA should develop own portfolio of programmes.</td>
<td>• Disjuncture between expectation &amp; budget allocation.</td>
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<tr>
<td>• Structure B-BBEE deals</td>
<td>• Problematic conception and practise of land reform.</td>
</tr>
<tr>
<td>• Community – private sector partnerships</td>
<td>• Some funding models are not supportive of the beneficiaries. Loan vs Grant.</td>
</tr>
<tr>
<td>• Enterprise development of black farmers</td>
<td>• Lack of support from institutions.</td>
</tr>
<tr>
<td>• Need for intermediaries whose core business feeds into supply chain.</td>
<td>• ADA must be aware of risk in new enterprise development models.</td>
</tr>
<tr>
<td>• Linkages between producers &amp; retailers</td>
<td>• ADA cannot manage each and every project. ADA needs strategy for dealing with the various target groups on a programmatic basis and sub-contract out to resource people or organisations.</td>
</tr>
<tr>
<td>• Equity held by producers</td>
<td></td>
</tr>
<tr>
<td>• Facilitate finance access &amp; commercial deal making.</td>
<td></td>
</tr>
<tr>
<td>• The breadth and depth of issues require serious partnership-central co-ordination will have to be strong.</td>
<td></td>
</tr>
<tr>
<td>• Linkages to counteract historical imbalances in business networks</td>
<td></td>
</tr>
<tr>
<td>• Develop responses to counteract market imbalances &amp; manipulation of value chain.</td>
<td></td>
</tr>
<tr>
<td>• ADA input into policy – especially regarding land reform support.</td>
<td></td>
</tr>
<tr>
<td>• Use ADA expertise to develop programs that overcome barriers to entry</td>
<td></td>
</tr>
</tbody>
</table>
The threats and opportunities identified in the environmental scan were also the result of staff workshops. As such staff show a good understanding of the dynamics in the external environment and the rationale for more high impact and focussed programmes is clear to staff. This is an important consideration when going towards a change-management period – as it is expected ADA will refine its programme delivery very soon.

The ADA has been operating for four years, so it is a relatively young organisation with a demanding mandate and a challenging set of expectations from shareholders, beneficiaries and indeed from staff and board as well. Internal reflection and analysis by the organisation’s leadership and feedback from beneficiaries and shareholders – come to an overall positive description: that the organisation has achieved well. The overview of achievements in the preceding pages attests to this. So on the one hand there is a sense of achievement which can be built on.

On the other hand, the organisation recognises the imperative to broaden and deepen the impact of its work. This is borne of the experience and knowledge of the ADA stakeholders (staff, board, shareholders) who feel compelled and duty-bound to respond appropriately based on its understanding of

- How agricultural markets could work in best practice scenarios and comparatively, their understanding of the weaknesses inherent in the current agricultural value chains

- The fact that production capacity is underlined by the capacity of human capital and by infrastructural capacity

- How job growth and wealth creation result from the interplay of the two factors above

- The pivotal role (potentially) played by agricultural support organisations to create the enabling environment in which the various factors of production and markets to operate optimally.

9. DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

The following process was followed in developing this 5 year strategic plan.
10. STRATEGIC OUTCOME ORIENTED GOALS OF THE INSTITUTION

The Agribusiness Development Agency’s strategic goals can be summarised as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Strategic Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Financially productive and self–sustaining black agribusiness enterprises in the KZN Province</td>
</tr>
<tr>
<td>2.</td>
<td>Increased incomes along the agribusiness value chain</td>
</tr>
<tr>
<td>3.</td>
<td>Improved market access in the agribusiness sector</td>
</tr>
<tr>
<td>4.</td>
<td>Strengthen the capacity of the agribusiness entrepreneurs, institutions and the agribusiness sector to perform optimally</td>
</tr>
<tr>
<td>5.</td>
<td>An effective and efficient administration that promotes sound corporate governance and responsive service delivery</td>
</tr>
</tbody>
</table>

### Strategic Outcome Oriented Goal 1
**Financially productive and self–sustaining black agribusiness enterprises in the Province**

**Goal Statement**
To expedite the development of 100 successful business oriented Black owned enterprises throughout the value chain in order to transform and improve the agribusiness sector in the province by 2020.

**Baseline**
- Not available

**Justification:**
- To promote the entry and participation of black owned agro processing enterprises in the Province
- To develop competitive and prosperous agro processing sector

**Links**
- IPAP
- APAP
- NDP (2030)
- MTSF (2030)

### Strategic Outcome Oriented Goal 2
**Increased incomes along the agribusiness value chain**

**Goal Statement**
To promote and support the development of agribusiness along value chain through investing 70% of the total budget of ADA in income (i.e. turnover, wages, jobs opportunities) inducing developments by 2020.

**Baseline**
- Not available

**Justification:**
- Economic inclusion
- Curb urban migration
- Rural development
- Agri-village model support

**Links**
- IPAP
- APAP
- NDP (2030)
- MTSF (2030)
## Strategic Outcome Oriented

### Goal 3

**Improved market access in the agribusiness sector**

<table>
<thead>
<tr>
<th>Goal Statement</th>
<th>Justification:</th>
</tr>
</thead>
</table>
| To invest 60% of the total budget of ADA incrementally in the provision of market development and logistics supportive infrastructure in rural KZN by 2020 | • Economic inclusion  
• Curb urban migration  
• Rural development  
• Agri-village model support |

<table>
<thead>
<tr>
<th>Baseline</th>
<th>Justification:</th>
</tr>
</thead>
</table>
| • Average 60% of budget investment for primary production infrastructure and inputs | • Economic inclusion  
• Curb urban migration  
• Rural development  
• Agri-village model support |

<table>
<thead>
<tr>
<th>Links</th>
<th>Justification:</th>
</tr>
</thead>
</table>
| • IPAP  
• APAP  
• NDP (2030)  
• MTSF (2030) | • Economic inclusion  
• Curb urban migration  
• Rural development  
• Agri-village model support |

### Goal 4

**Strengthen the capacity of the entrepreneurs, institutions and the agribusiness sector to perform optimally**

<table>
<thead>
<tr>
<th>Goal Statement</th>
<th>Justification:</th>
</tr>
</thead>
</table>
| To develop a comprehensive capacity building programme with the involvement of stakeholders in the sector for adoption by year 2016 | • To capacitate the sector  
• To induce knowledge and professionalism within the sector  
• To influence policy |

<table>
<thead>
<tr>
<th>Baseline</th>
<th>Justification:</th>
</tr>
</thead>
</table>
| Currently there is no coordinated institutional capacity development programmes geared towards agro processing sector improvement | • To capacitate the sector  
• To induce knowledge and professionalism within the sector  
• To influence policy |

<table>
<thead>
<tr>
<th>Links</th>
<th>Justification:</th>
</tr>
</thead>
</table>
| • National Development Plan 2030  
• Provincial Growth and Development Strategy (PGDS)  
• Provincial Growth and Development Plan (PGDP)  
• Provincial Spatial Economic Development Strategy (PSEDS) | • To capacitate the sector  
• To induce knowledge and professionalism within the sector  
• To influence policy |

### Goal 5

**An effective and efficient administration that promotes sound corporate governance and responsive service delivery**

<table>
<thead>
<tr>
<th>Goal Statement</th>
<th>Justification:</th>
</tr>
</thead>
</table>
| An effective and efficient administration that promotes sound corporate governance and responsive service delivery to achieve 100% of its service delivery targets and consistent clean audit annually | • To ensure improved service delivery  
• Foster integrated administration  
• Sound corporate governance |

<table>
<thead>
<tr>
<th>Baseline</th>
<th>Justification:</th>
</tr>
</thead>
</table>
| • 65% of service delivery targets and unqualified audit opinion.        | • To ensure improved service delivery  
• Foster integrated administration  
• Sound corporate governance |

<table>
<thead>
<tr>
<th>Links</th>
<th>Justification:</th>
</tr>
</thead>
</table>
| • National Development Plan 2030  
• Provincial Growth and Development Strategy (PGDS)  
• Outcome 5 of the MTSF | • To ensure improved service delivery  
• Foster integrated administration  
• Sound corporate governance |
PART B
Strategic Objectives
11. PROGRAMME 1: FINANCE AND ADMINISTRATION

11.1 PURPOSE

The purpose of this programme is to ensure good governance and effective management and administration. Its main thrusts are the provision of finance, office management, marketing and communication, human resources management, information technology, monitoring and evaluation and legal services.

It is made up of the following units:

<table>
<thead>
<tr>
<th>UNITS</th>
<th>SUB UNITS</th>
<th>FUNCTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of the CEO</td>
<td>• Planning, Monitoring &amp; Evaluation</td>
<td>• Provides strategic leadership, accountability and ensures compliance and performance</td>
</tr>
<tr>
<td></td>
<td>• Internal Audit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Board Secretary</td>
<td></td>
</tr>
<tr>
<td>Office of the CFO</td>
<td>• Financial Management</td>
<td>• Provides sound financial services.</td>
</tr>
<tr>
<td></td>
<td>• Supply Chain Management</td>
<td></td>
</tr>
<tr>
<td>Legal and Corporate Services</td>
<td>• Marketing and Communication</td>
<td>• Provides efficient and effective corporate services support</td>
</tr>
<tr>
<td></td>
<td>• Human Resources Management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Information Technology</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Office Management</td>
<td></td>
</tr>
</tbody>
</table>

11.2 ALIGNMENT OF STRATEGIC GOALS AND OBJECTIVES

<table>
<thead>
<tr>
<th>No.</th>
<th>STRATEGIC OBJECTIVE</th>
<th>LINKAGE TO STRATEGIC GOALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>A fully capacitated human resources able to deliver on its mandates</td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Sound and stringent financial management and control to achieve a clean audit opinion annually</td>
<td>Goal 5</td>
</tr>
<tr>
<td>1.3</td>
<td>Promote good governance and legally sound organisation</td>
<td></td>
</tr>
<tr>
<td>1.4</td>
<td>Promote inclusive agribusiness in the province</td>
<td>Goal 4</td>
</tr>
</tbody>
</table>

Strategic Objective 1.1: A fully capacitated human resources able to deliver on its mandates

Objective Statement: To provide a fully capacitated human resource and appropriate allocation of skills mix, aligned to the strategic plan of the organisation.

Baseline: • Organogram to be aligned with the new strategic direction
• 37 permanent staff

Justification: • To ensure availability of skilled staff
• Creating and sustaining a workforce that is skilled, informed, efficient, developed, healthy and representative

Links: • Government mandates
• HR Legislation and Policies
• Labour relations Act
• PFMA
• ADA Legislation and Policies
### Strategic Objective 1.2
**Sound and stringent financial management and control to achieve a clean audit opinion annually**

**Objective Statement**
Effective and efficient administration and management of organizational finances in line with the Public Finance Management Act resulting in a clean audit.

**Baseline**
- Unqualified audit opinion

**Justification**
- Ensure value for money
- Ensure adequate project funding and;
- Increase revenue

**Links**
- PFMA
- Treasury guidelines
- SCM policy

---

### Strategic Objective 1.3
**Promote good governance and legally sound organisation**

**Objective Statement**
To institute and review 100% of all systems of governance, legal frameworks, policies and structures compliant with government legislative environment

**Baseline**
- Board and its committees in place
- Draft ADA legislation
- Some policies approved by the board

**Justification**
- Sound policies and procedures
- Integrated planning
- Improved service delivery
- Legislative compliance

**Links**
- King III report on Governance
- Companies Act
- Trust Deed
- ADA legislation
- Corporate Governance on Public Entities
- PFMA

---

### Strategic Objective 1.4
**Promote inclusive agribusiness in the province**

**Objective Statement**
To establish a women and youth desk to advise and mainstream youth issues in the agribusiness sector by 2020

**Baseline**
- 5

**Justification**
- Transformation

**Links**
- South African national policy framework for women’s empowerment and gender equality
- South African local government gender policy framework
- National development plan 2030

---

### 12.3 RISK MANAGEMENT

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>IDENTIFIED RISK</th>
<th>RISK MITIGATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCE AND ADMINISTRATION</td>
<td>Appropriately skilled human</td>
<td>Review organogram</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reskilling of staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Matching and placing</td>
</tr>
<tr>
<td></td>
<td>Lack of baseline data</td>
<td>Establish formal relationships with research institutions</td>
</tr>
<tr>
<td></td>
<td>Inability to attract service providers</td>
<td>Database of service providers developed</td>
</tr>
</tbody>
</table>
12. PROGRAMME 2: COMPREHENSIVE CAPACITY BUILDING

12.1 PURPOSE

To enhance the knowledge base and capacity of the agribusiness sector to perform optimally through training, policy advocacy, leverage of funding and partnerships.

12.2 LINKING STRATEGIC OBJECTIVES TO GOALS

<table>
<thead>
<tr>
<th>No.</th>
<th>Strategic Objective</th>
<th>Linkage to Strategic Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Improve the knowledge and skills base of commercial farmers, agribusiness entrepreneurs, professionals and other stakeholders within the Sector</td>
<td>Goal 4</td>
</tr>
<tr>
<td>2.2</td>
<td>Forge partnerships and networking relationships within the agribusiness value chain</td>
<td></td>
</tr>
<tr>
<td>2.3</td>
<td>Strengthen Institutional Capacity within government and across the Agribusiness sector</td>
<td></td>
</tr>
<tr>
<td>2.4</td>
<td>Lobbying and providing evidence based policy briefing to policy makers through research</td>
<td></td>
</tr>
<tr>
<td>2.5</td>
<td>Implement a programme to empower black suppliers in the agricultural industry as part of transformation</td>
<td></td>
</tr>
<tr>
<td>2.6</td>
<td>Identify and secure potential investors, funders and business opportunities to advance the ADA initiatives and ongoing activities to help facilitate transformation in the agribusiness landscape</td>
<td></td>
</tr>
</tbody>
</table>

Strategic Objective 2.1

**Objective Statement**

To facilitate training, mentorship, capacity building and skills development to 500 agro-processing entrepreneurs, professionals and other stakeholders within the sector by 2020.

**Baseline**

Current capacity building initiatives are not targeted at agro processing thus the baseline is nil.

**Justification**

- To capacitate the sector
- To invest in skills and knowledge
- To establish networking relationships

**Links**

- PGDS
- National Development Plan
- National Growth Path
### Strategic Objective 2.2
**For the partnerships and networking opportunities within the agribusiness sector**

<table>
<thead>
<tr>
<th>Objective Statement</th>
<th>To influence the establishment and enhancement of all structures that would benefit the development of black agribusiness entrepreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>Nil</td>
</tr>
</tbody>
</table>
| Justification       | • To capacitate the sector  
                     • To invest in skills and knowledge  
                     • To establish networking relationships |
| Links               | • PGDP  
                     • NGP  
                     • IPAP  
                     • APAP  
                     • NDP  
                     • Agro processing Strategy |

### Strategic Objective 2.3
**Strengthen institutional capacity within government and across the agribusiness sector**

<table>
<thead>
<tr>
<th>Objective Statement</th>
<th>To design a focussed programme to strengthen institutional capacity within Government and Across the Agribusiness sector to be rolled out in April 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>Nil</td>
</tr>
<tr>
<td>Justification</td>
<td>To improve the ability of government to take the lead in innovation, research and development and appropriate extension services appropriate for the development of sustainable agribusiness enterprises</td>
</tr>
</tbody>
</table>
| Links               | • PGDP  
                     • NGP  
                     • IPAP  
                     • APAP  
                     • NDP  
                     • Agro processing Strategy |

### Strategic Objective 2.4
**Contribute to thought leadership and policy development in agribusiness**

<table>
<thead>
<tr>
<th>Objective Statement</th>
<th>To create an overarching unit with the resources and authority to drive and coordinate lobbying, research, policy and advocacy to change the agribusiness landscape by September 2016.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>Nil</td>
</tr>
</tbody>
</table>
| Justification       | • To influence policy  
                     • To compile policy briefs  
                     • To conduct research |
| Links               | • PGDP  
                     • NGP  
                     • IPAP  
                     • APAP  
                     • NDP  
                     • Agro processing Strategy |
Strategic Objective 2.5 | Implement a programme to empower black suppliers in the agricultural industry as part of transformation
--- | ---
Objective Statement | Develop a supplier development programme to support black suppliers in the agricultural industry by April 2017
Baseline | Nil
Justification | Most black suppliers in the agricultural industry do not have the requisite skills and financial muscle to ensure consistent and quality supply to the industry. As a result, a majority of them are middle men and have not been empowered to be the owners of capital resources
Links | Emerging Supplier Development Programme

Strategic Objective 2.6 | Identify and secure potential investors, funders and business opportunities to advance the ADA initiatives and ongoing activities to help facilitate transformation in the agribusiness landscape.
--- | ---
Objective Statement | To leverage a minimum of 5% of the ADA total budget in the 2016/17 financial up to 15% incrementally by 2020/21.
Baseline | Nil
Justification | To leverage funding.
Links | • PGDP
• NGP
• IPAP
• APAP
• NDP
• Agro processing Strategy

12.2 RISK MANAGEMENT

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>IDENTIFIED RISK</th>
<th>RISK MITIGATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive capacity building programme</td>
<td>Lack of support from institutions</td>
<td>Approach institutions globally</td>
</tr>
</tbody>
</table>
### 13. PROGRAMME 3: ENTERPRISE AND VALUE CHAIN DEVELOPMENT

#### 13.1 PURPOSE

Create through institutional reforms, investments and incentives, an environment which is favourable for farmers and agribusiness entrepreneurs to unlock business opportunities upstream and downstream the value chain and to access markets.

#### 13.2 STRATEGIC OBJECTIVES

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Linkage to Strategic Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Promote the development and investment in strategic value chains where the Province has potential comparative advantage</td>
<td>Goal 1,2,8,3</td>
</tr>
<tr>
<td>3.2 Improve access to markets and enhanced export capacities, import substitution and linkages across priority value chains</td>
<td></td>
</tr>
<tr>
<td>3.3 Facilitate and promote investments in the agribusiness sector to foster transformation</td>
<td></td>
</tr>
<tr>
<td>3.4 Foster the adoption of relevant industry standards by agribusiness enterprises</td>
<td></td>
</tr>
<tr>
<td>3.5 To create and sustain jobs directly and indirectly along the agricultural value chain</td>
<td></td>
</tr>
<tr>
<td>3.6 Develop and attract youth entrepreneurs to the agribusiness sector to foster sustainability</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic Objective 3.1</th>
<th>Promote the development and investment in strategic value chains where the Province has potential comparative advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective Statement</td>
<td>To increase the number of black owned agribusiness enterprises in the agricultural value chain systems to 150 by 2020</td>
</tr>
</tbody>
</table>
| Justification           | • Province has a comparative advantage due to its natural resources as well as infrastructure development  
                          | • The sector has a potential of making jobs in downstream and upstream industries  
                          | • There are very few Blacks in the targeted sector |
| Baseline                | To be established |
| Links                   | • PGDP  
                          | • NGP  
                          | • IPAP  
                          | • APAP  
                          | • NDP  
                          | • Agro processing Strategy |
### Strategic Objective 3.2

**Objective Statement**

To establish mechanisms that would increase the demand and facilitate sustainable linkages for 100 agribusiness enterprises with appropriate markets across the globe by 2020.

**Justification**

- Globalisation process has the potential of developing emerging economies
- To increase market access
- Market efficiency
- Expand marketing opportunities
- Consistent supply of quality produce

**Baseline**

Nil

**Links**

- PGDP
- NGP
- IPAP
- APAP
- NDP
- Agro processing Strategy

### Strategic Objective 3.3

**Objective Statement**

To accelerate the rate of participation by the previously disadvantaged individuals in the Agro-industry through acquisition and warehousing of shares in 5 large established enterprises along the value chain by 2020.

**Justification**

- Transform the sector
- Accelerate development
- Eliminate institutional barriers to entry

**Baseline**

Nil

**Links**

- PGDP
- NGP
- IPAP
- APAP

### Strategic Objective 3.4

**Objective Statement**

Ensure that 15 agribusiness enterprises have adopted relevant industry standards by 2020 in order to achieve improved efficiencies and enhance productivity.

**Justification**

- Traceability
- Food Safety
- Quality of food
- Responding to Consumer demands
- Environmental sustainability

**Baseline**

Nil

**Links**

- PGDP
- NGP
- IPAP
- APAP
- NDP
- Agro processing Strategy
Strategic Objective 3.5  To create and sustain jobs directly and indirectly along the agricultural value chain

Objective Statement
Increase employment by 1000 in the agribusiness sector and create 1500 new employment opportunities indirectly in the agribusiness and services sector by 2020

Justification
- Enhance food security
- Improve livelihoods of people;
- Job Creation
- Economic and social development

Baseline
N/A

Links
- PGDP
- NGP
- IPAP
- APAP
- NDP
- Outcome 4: MTSF

Strategic Objective 3.6  Develop and attract youth entrepreneurs to the agribusiness sector to foster sustainability

Objective Statement
To promote and support the establishment of 20 youth led agribusiness enterprises by 2020 so that they become self-sufficient

Justification
- Transformation
- Sustainability
- Economic Development
- National Food Security

Baseline
1

Links
- PGDP
- NGP
- IPAP
- APAP
- NDP
- Agro processing Strategy

13.3 RISK MANAGEMENT

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>IDENTIFIED RISK</th>
<th>RISK MITIGATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise and value</td>
<td>Threat to job creation possibilities: minimum wage vs</td>
<td>Management of labour</td>
</tr>
<tr>
<td>chain development</td>
<td>productivity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disjuncture between expectation and budget allocation</td>
<td>Leverage of funding</td>
</tr>
<tr>
<td></td>
<td>Problematic conception and practice of land reform</td>
<td>Close working relationship with DRDLR</td>
</tr>
<tr>
<td></td>
<td>Funding models that are not supportive of beneficiaries. Loan vs grant</td>
<td>Funding strategy developed</td>
</tr>
<tr>
<td></td>
<td>Risks in new enterprise development</td>
<td>Project Management</td>
</tr>
</tbody>
</table>
14. PROGRAMME 4: INFRASTRUCTURE DEVELOPMENT

PURPOSE

To release the physical constraints to the sectors development through provision of physical infrastructure at the appropriate scale and time.

STRATEGIC OBJECTIVES

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Linkage to Strategic Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Facilitate the provision of market development and logistics supportive infrastructure</td>
<td>Goal 1,2&amp;3</td>
</tr>
<tr>
<td>4.2 Provide technical support to all infrastructure development projects</td>
<td></td>
</tr>
<tr>
<td>4.3 To facilitate investment in agribusiness infrastructure and development</td>
<td></td>
</tr>
<tr>
<td>4.4 To diversify the agribusiness industry in KZN through establishing industrial crops and new industries</td>
<td></td>
</tr>
</tbody>
</table>

**Strategic Objective 4.1 Facilitate the provision of market development and logistics supportive infrastructure**

**Objective Statement**
To facilitate the provision of appropriate agro-processing technology and infrastructure to 100 agribusinesses by 2020

**Justification**
- To capacitate the enterprises
- Innovation

**Baseline**
To be determined

**Links**
- PGDP
- NGP
- IPAP
- APAP
- NDP
- Agro processing Strategy

**Strategic Objective 4.2 To provide technical support to all infrastructure development projects**

**Objective Statement**
To provide infrastructure planning and support to all projects assisted with infrastructure development

**Justification**
In developing infrastructure, projects need
- Engineering designs
- EIAs
- Infrastructure planning etc.

**Baseline**
To be determined

**Links**
- PGDP
- NGP
- IPAP
- APAP
- NDP
- Agro processing Strategy
**Strategic Objective 4.3** To facilitate investment in agribusiness infrastructure and development

<table>
<thead>
<tr>
<th>Objective Statement</th>
<th>To facilitate R600 million investment in agribusiness infrastructure projects for the next five years</th>
</tr>
</thead>
</table>
| Justification       | • To capacitate the enterprises  
                      • Innovation                                                                         |
| Baseline            | To be determined                                                                     |
| Links               | • PGDP  
                      • NGP  
                      • IPAP  
                      • APAP  
                      • NDP  
                      • Agro processing Strategy                                                             |

**Strategic Objective 4.4** To diversify the agribusiness industry in KZN through establishing industrial crops and new industries

<table>
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<tr>
<th>Objective Statement</th>
<th>To establish 100ha of industrial crops by 2020.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Justification</td>
<td>• To diversify the agribusiness industrial sector</td>
</tr>
<tr>
<td>Baseline</td>
<td>Nil</td>
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</table>
| Links               | • PGDP  
                      • NGP  
                      • IPAP  
                      • APAP  
                      • NDP  
                      • Agro processing Strategy  
                      • 9 point plan                  |

**14.3 RISK MANAGEMENT**

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<th>RISK MITIGATION</th>
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<td>Infrastructure Development</td>
<td>Poorly constructed infrastructure</td>
<td>Sound SCM processes</td>
</tr>
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<td></td>
<td>Social Conflict due to ownership dynamics</td>
<td>Proper project planning</td>
</tr>
<tr>
<td></td>
<td>Suitable Land Availability</td>
<td>Good Intergovernmental Relations</td>
</tr>
<tr>
<td></td>
<td>Qualified Companies not bidding for infrastructure projects</td>
<td>Database of service Providers</td>
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Annexure A:
Agribusiness Development Agency Strategy
For the Fiscal Years 2016/20
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ACRONYMS

ADA  Agribusiness Development Agency (KwaZulu-Natal)
APAP  Agricultural Policy Action Plan
CASP  Comprehensive Agricultural Support Programme
DARD  Department of Agriculture and Rural Development (KwaZulu-Natal)
DFI  Development Finance Institution
EC  Eastern Cape Province of South Africa
EDTA  Economic Development Tourism and Environmental Affairs Department (KwaZulu-Natal)
GVA  Gross Value Addition
ICT  Information and Communications Technology
IGR  Inter- Governmental Relations
IPAP  Industrial Policy Action Plan
ISRDS  Integrated Sustainable Rural Development Strategy
KPI  Key Performance Indicator
KZN  KwaZulu-Natal Province of South Africa
MEC  Member of the Executive Council of the Province of KwaZulu-Natal
NDP  National Development Plan
NGO  Non-Government Organisation
PGDS  Provincial Growth and Development Strategy
PSEDS  Provincial Spatial Economic Development Strategy
SPV  Special Purpose Vehicle
GLOSSARY OF TERMS

Agribusiness

Agribusiness enterprises include firms or business entities that produce or provide inputs, produce raw materials and fresh products, process or manufacture food or other agricultural products, transport, store or trade agricultural products, or retail such products” (FAO, 2014).

Agricultural Processing

Agro-processing industry is a subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector. Agro-processing thus means transforming products that originate from agriculture, forestry and fisheries.

Agricultural Value Chains

A value chain describes the full range of activities required to bring a product or service through the different phases of production, including physical transformation, the input of various producer services, and response to consumer demand. (Kaplinsky & Morris, 2000)

Entrepreneurship

The capacity and willingness to develop, organize and manage a business venture along with any of it’s risks in order to make a profit” (www.businessdictionary.com)

"Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business” (Global Entrepreneurship Monitor)

Development Finance

Development Finance is the provision of finance and investment in areas where, typically, commercial investors/banks would not. The finance provided by the DFI is also intended to act as a catalyst, which helps to attract and mobilise the involvement of other private investors.

Development Finance Institutions

DFI’s are now generally expected to address broader development policy objectives – not only limited to addressing market failures, such as private sector development, employment creation, income redistribution, import substitution, the development of poor groups or regions, as well as developing new industrial sectors or boosting weak ones (UN, 2005, cited in Gumede, Govender & Mosthidi).

Outsourcing

A practice used by different companies to reduce costs by transferring portions of work to outside suppliers rather than completing it internally. (Source: http://www.investopedia.com/terms/o/outsourcing)
EXECUTIVE SUMMARY

The Agribusiness Development Agency (ADA) has reached the end of its first five - year period of its strategic plan. As it embarks on the next phase of its existence, the MEC for Agriculture and Rural Development (DARD) has directed that the strategy for the period 2015/6 to 2020 be reviewed. A critical aspect of the revised strategy will be to position the ADA within the framework of the Provincial Growth and Development Strategy as a catalyst for agricultural business development focusing on black entrepreneurs along the agricultural value chain. Furthermore, the work of the ADA in future will need to complement the work of the Department of Agriculture and Rural Development within the framework and vision for “A United, Sustainable and Vibrant Agricultural Sector with Thriving Rural Communities in Balance with Nature”. Over the past five years, the ADA has successfully worked with the DARD to provide business rescue support for distressed farmers and land reform projects. The ADA through its Trust Deed is positioned to deliver services that extend beyond this function.

The ADA in the next few years will seek to promote, establish, facilitate and support the growth of black owned and managed agricultural enterprises along agricultural value chains in KwaZulu-Natal through partnerships with individuals, communities, private sector and other public sector institutions in order to achieve a transformed Agribusiness Sector in KZN. To achieve this mission, the ADA will need to enhance existing capacity for business support with development finance and related capabilities. The ADA will further leverage intergovernmental relationships, stakeholder partnership arrangements and public private partnerships to deliver products and services and achieve:

- an increase in the numbers and levels of participation of black entrepreneurs in the agribusiness sector in KZN;
- an increase in numbers of enterprises still in business for at least 4 years following ADA support (e.g. increase in business turnover; increased income levels; number and nature of jobs created);
- an increase in the numbers of employed and self-employed black people, youth and women in the areas of operations.

The ADA is cognizant of its role and potential to contribute to rural development and poverty eradication in KwaZulu-Natal and will therefore ensure that through its actions and interventions it quantifies impact on number of entrepreneurs engaged through workshops, advisory services provision, training, joint or supported activities; record and enhance how changes in socio-economic conditions in the areas of activity impact the relative position of black, female and young entrepreneurs who have developed as an outcome of the impact of ADA and linked activities.

The strategy calls for change in the mind-set within the ADA to a commercial yet compassionate organisation that upholds the principles of efficiency, effectiveness and economy so as to enable it to achieve the vision of “A diverse, deracialised, prosperous, and sustainable agribusiness sector in KwaZulu-Natal.”
ORGANISATIONAL PROFILE

1. BACKGROUND

In 2009, the Provincial Legislature of KwaZulu-Natal approved establishment of “Special Purpose Vehicle” (SPV) to provide for inter-governmental support for commercial land reform projects. This SPV was to be named the Agribusiness Development Agency. This SPV was established through a conversion of KwaZulu-Natal Development Trust, originally established as a Public, Private, Partnership Trust in 1999 to act as a conduit for funding from overseas governments, international donor agencies and private sector to specific agricultural development projects. The Provincial Treasury had in 2003 duly approved the Trust to be a Public Entity listed as a Provincial Entity and a process of enactment of legislation was to be embarked upon.

The Agribusiness Development Agency (ADA) is an entity of the Department of Agriculture and Rural Development (DARD) since 2013 after the former was moved from the Department of Economic Development, Tourism and Environmental Affairs (EDTEA). ADA is wholly funded by DARD through the equitable share for operations and the Comprehensive Agricultural Support Programme (CASP) for projects. Since inception, due to the initial raison d’etre of supporting distressed farmers and nature of funding, ADA has been largely implementing primary agricultural projects. The projects that the ADA had (and continues to have) on its portfolio when the move to DARD occurred created tension between the two organizations with regard to roles and responsibilities within the KwaZulu-Natal agricultural and agribusiness sector. The existence of overlaps and duplication of functions have been raised by numerous stakeholders, including the ADA and the shareholder. Furthermore, DARD, under the leadership of MEC Xaba, has also developed a new strategy and this requires the ADA to be aligned to this strategy with a distinct yet complementary role. This expectation has added impetus to need for the review of the strategic focus of the ADA and its operations. This process coincides with the completion of an external review linked to the fact that the ADA had also just completed a new five-year strategy. It is expected that the process to revise the strategy will see the entity focusing more on agribusiness and agro-processing as opposed to primary agriculture production.

2. THE CONTEXT FOR CHANGE

Statistics SA (2011) suggest that that almost two thirds of agricultural activities in South Africa are found are in KZN (24,4%), EC (20,7%) and LP (16,3%) combined. In KZN primary agriculture contributes to about 4.4% of the provincial GVA and over 30% of the manufacturing sector in the province is attributable to food, beverages and tobacco (DARD, 2015). Consequently, Agriculture and Rural Development have been identified within the KZN Provincial Growth and Development Plan strategic drivers for socio-economic transformation and strategic contributors to inclusive economic growth and job creation. The Department of Agriculture and Rural Development has the mandate to promote through partnerships, sound agricultural practices that promote economic growth, food security and advancement of rural communities within the province of KwaZulu-Natal.

The ADA has been identified as the Agency that will focus on the development of agribusiness sector to support the growth of black commercial farmers and a viable agro-processing sector. Through the amendment of the Trust Deed in May 2013 the ADA was given the mandate to:

• Coordinate support to commercial farmers;
• Create business rescue systems and support for distressed commercial farmers;
• Provide historically disadvantaged commercial farmers with opportunities of direct or indirect acquiring shares or interests
in agricultural commercial enterprises;

• Contribute in the Creation of employment opportunities;

• Encourage and promote investments and meaningful economic participation by previously disadvantaged commercial farmers in the agricultural value chain

• Promote and support agribusiness ventures pioneered and run by historically disadvantaged persons;

• Employ such schemes, businesses and enterprises in agricultural sector as may be necessary to achieve object of the Trust.

In the first five years of its existence the ADA focused its attention on providing support to Land Reform Programmes determined by the DARD. They achieved success in facilitating planning and construction of irrigation and on-farm infrastructure, the planting of sugar cane, vegetables, training interventions, business rescue and project management support. The overall picture of performance has been erratic in that whilst it has performed well in terms of technical assistance, it has not been effective in terms of leveraging funding, partnerships and the development of enterprises and value chains (DNA Economics, 2015).

Initiatives to clarify the respective yet complementary roles of the DARD and the ADA have resulted in a set of in-principle agreements that are reflected in a signed Memorandum of Agreement1. Further actions will be taken to refine the areas of distinct and joint responsibility, design tools and processes to ensure effective alignment between the two institutions.

The implications of the changed context are that the ADA has revised its vision, mission and strategy for the period 2015 – 2020. Once the strategy has been approved by the MEC it will be phased in with the objective of full implementation from 2016 onwards. The revised strategic framework is presented below. In the absence of the promulgation of an “ADA Act”2, the mission of the ADA is derived from the founding Trust Deed (2012 as amended by the Board in May 2013). The Trust Deed further enables the ADA to mobilise and manage financial resources from sources other than that appropriated from the Legislature and manage investments in commercial agriculture. It also provides for a board of trustees to ensure governance and execution in terms of the Trust Deed.

3. LEGISLATIVE AND OTHER MANDATES

The Agribusiness Development ADA as an entity of the Department of Agriculture and Rural Development derives its mandates from the following legislative and policy imperatives:

• Cabinet Resolution No. 79 of 29 July 2009 authorizing the establishment of an entity to support entrant commercial black farmers.

• The National Policy Governing the Comprehensive Agricultural Support Programme (CASP).

1 See Memorandum from Board Chairperson to the Honourable MEC VC Xaba titled “Alignment Process between Agribusiness Development Agency and the Department of Agriculture and Rural Development and the ADA’s new Mandate”

2 Draft legislation based on the founding Trust Deed has been developed and certified by the State Law Advisers however has not been promulgated to date.
• Land Reform Policy Guidelines and the Department of Rural Development and Land Reform’s, Land Reform Recapitalisation Programme

• Amended Deed of Trust for the KwaZulu-Natal Agricultural Development Trust (trading as the Agribusiness Development ADA).

• Cabinet Resolution No. 245 of 11 November 2009 transferring the KwaZulu-Natal Development Trust from the Department of Agriculture, Environmental Affairs and Rural Development to the Department of Economic Development.

Therefore, ADA’s mandate is “To provide agri-business support services to entrant black commercial farmers who have acquired land through the Government’s Land Reform Programme and on a private basis”. It is intended that the ADA will be established under provincial legislation as a Schedule 3 Public Entity. Consequently, the extent and nature of these mandates may be changed following the promulgation of this legislation establishing the ADA.

Further to the above, the ADA is guided by the following legislation in implementing its mandate.

<table>
<thead>
<tr>
<th>NAME OF POLICY</th>
<th>MANDATE</th>
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<tr>
<td>Constitution of the Republic of South Africa, 1996 Act 108 of 1996</td>
<td>The South African Constitution was adopted as the supreme law of the Republic so as to Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights. It laid the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law. The Constitution improves the quality of life of all citizens and frees the potential of each person; and Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.</td>
</tr>
<tr>
<td>Public Finance Management Act, 1999 Act 1 of 1999</td>
<td>The object of this Act is to secure transparency, accountability, and sound management of the revenue, expenditure, assets and liabilities of the institutions to which this Act applies.</td>
</tr>
<tr>
<td>National Treasury Regulations Gazette 23463</td>
<td>This Act promotes the objective of good financial management in order to maximise service delivery through the effective and efficient use of the limited resources. The key objectives of the Act may be summarized as being to:</td>
</tr>
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<td>• Modernise the system of financial management in the public sector;</td>
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<td>• Enable public sector managers to manage, but at the same time be held more accountable;</td>
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<td>• Ensure the timely provision of quality information; and</td>
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<td>• Eliminate the waste and corruption in the use of public assets.</td>
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<tr>
<td>Labour Relations Act, 1995 Act 66 of 1995</td>
<td>The purpose of this Act is to advance economic development, social justice, labour, peace and the democratisation of the workplace by fulfilling the primary objects of this Act, which are —</td>
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<td>• To give effect to and regulate the fundamental rights conferred by section 27 of the Constitution;</td>
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<td>• To give effect to obligations incurred by the Republic as a member state of the International Labour Organisation;</td>
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<td>• To provide a framework within which employees and their trade unions, employers and employers’ organisations; and</td>
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<td>• To promote orderly collective bargaining, collective bargaining at sectoral level, employee participation in decision-making in the workplace; and the effective resolution of labour disputes.</td>
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<tr>
<td>Promotion of Access to Information Act, 2000 Act 2 of 2000</td>
<td>This law aims to give effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith.</td>
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### Name of Policy

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<tr>
<th>NAME OF POLICY</th>
<th>MANDATE</th>
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| Basic Conditions of Employment Act, 1997 Act 75 of 1997 | The purpose of this Act is to advance economic development and social justice by fulfilling the primary objects of this Act which are -  
- To give effect to and regulate the right to fair labour practices; and  
- To give effect to obligations incurred by the Republic as a member state of the International Labour Organisation. |
| Companies Act, No. 3 of 2011 | The New Act allows the Board of Directors of a company to make rules, in the prescribed manner, relating to the governance of the company, in respect of matters that are not addressed in the New Act. Any such rules made by the Board will only be valid on an interim basis, until ratified by an ordinary resolution of the shareholders. |
| Occupational Health and Safety Act, 1993 Act 85 of 1999 | The purpose of this Act is to provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith. |
| Equality and Prevention of Unfair Discrimination Act 4 of 2010 | This is a comprehensive South African anti-discrimination law. It prohibits unfair discrimination by the government and by private organisations and individuals and forbids hate speech and harassment. The act specifically lists race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth as “prohibited grounds” for discrimination, but also contains criteria that courts may apply to determine which other characteristics are prohibited grounds. |

The following are strategic frameworks of direct relevance to the work of the ADA. These are derived from electoral mandates and generally reflect the desired long-term expectations for socio-economic development outcomes.

### Policy or Strategic Framework

<table>
<thead>
<tr>
<th>POLICY OR STRATEGIC FRAMEWORK</th>
<th>STRATEGIC OBJECTIVES</th>
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| National Development Plan, 2030 | Integrated and Sustainable Rural Development Strategy (ISRDS) is designed to realize a vision that will “attain social cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people, who are equipped to contribute to growth and development”. A strategic objective of the ISRDS is “to ensure that by the year 2010 the rural would attain the internal capacity for integrated and sustainable development. The ADA has identified the following outcomes as area where it shall make its contribution: -  
- Decent employment through inclusive economic growth (outcome 4)  
- A skilled and capable workforce to support an inclusive growth path (outcome 5)  
- Vibrant, equitable and sustainable rural communities with food security for all (outcome 7) and 8 Environmental assets and natural resources that are well protected and continuously enhanced (outcome 10) |
The National Development Plan provides a broad strategic framework to guide key choices and actions while aiming to eliminate poverty and reduce inequality by 2030. The plan focuses on the critical capabilities needed to transform the economy and society. Given the complexity of national development, the plan sets out six interlinked priorities:

- Uniting all South Africans around a common programme to achieve prosperity and equity;
- Promoting active citizenry to strengthen development, democracy and accountability;
- Bringing about faster economic growth, higher investment and greater labour absorption;
- Focusing on key capabilities of people and the state;
- Building a capable and developmental state;
- Encouraging strong leadership throughout society to work together to solve problems.

The Provincial Government has developed its own Growth and Development Strategy, which is closely aligned to both the Millennium Development Goals and National Development Goals. The PGDS provides strategic direction based on key provincial priorities that address the social needs of the people and the realisation of the economic growth potential of the province. The aims of the PGDS are:

- To develop a framework for the future direction of policy and strategy development;
- To Outline strategic interventions, goals and targets to direct development and planning initiatives; and
- Ensure a common vision and co-ordinated action by government and partners in implementation.

The PSEDS is essentially a tool through which the provincial government can address the legacy of the apartheid space economy, promote sustainable development and ensure poverty eradication and employment creation. In view of the recent adoption of the Sustainable Development Goals (2015) it is envisaged that there will be an adjustment to these goals that would then require alignment of the ADA targets.

The Agricultural Policy Action Plan (APAP) seeks to translate the high-level responses offered in the IGD, into tangible, concrete steps. APAP seeks to assist in the achievement of Outcome 4, Decent Employment through Inclusive Growth, and that of Outcome 7, Comprehensive Rural Development and Food Security. APAP is planned over a five-year period and will be updated on an annual basis.

IPAP is a product of the Economic Cluster of Government. It is published annually as a way of openly sharing with all stakeholders the thinking processes that underpin the ongoing adjustment and strengthening of government plans and the modification of its focus areas and instruments.
The agricultural sector is seen as a primary driver of the KZN economy, given the strategic advantage that the Province has in terms of land and its natural resources. The Agrarian Transformation approach for KwaZulu-Natal seeks to implement radical change for the commercialisation of agriculture by implementing a series of new programmes; namely:

- Land Reform Support,
- Inclusive Agri-village Development,
- River Valley Catalytic and
- Communal Estates Programme.

The programmes are supported on four building blocks; namely, strong scientific research and extension services, a commodity approach, a specific business model for commercial agriculture, and growth in the agro-processing sector. Through these programmes and their associated projects, the agricultural sector will contribute largely to the development of rural areas.

Operation Phakisa is a new approach adopted by government to foster speedy implementation of government initiatives. This approach embodies among others a requirement to focus on revitalising agriculture and the agro-processing value chain. The KZN Province has made use of this methodology to develop plans for Poverty Eradication and Makhathini Development.

STRATEGIC OVERVIEW: REVISED ADA STRATEGY – 2016 - 2020

4. VISION

“A diverse, deracialised, prosperous, and sustainable agribusiness sector in KwaZulu-Natal.”

5. MISSION STATEMENT

ADA strives to promote, establish, facilitate and support the growth of black owned and managed agricultural enterprises along agricultural value chains in KwaZulu-Natal through partnerships with individuals, communities, private sector and other public sector institutions in order to achieve a transformed Agribusiness Sector in KZN.

6. OUR VALUES

Organisational values define the key principles and associated behaviours that are required by employees in when executing the strategy and functions of the organisation and state that the clients, customers and stakeholders can expect from the organisation. The values of the ADA are:

INTEGRITY

We commit ourselves to ensuring our purpose, practices and values are ethically sound, at all times.

ACCOUNTABILITY

We take accountability for all our actions in dealing with our Clients and Stakeholder and are mindful of possible consequences emanating from our decisions.
EXCELLENCE

We commit to providing quality services and products to all our clients at all times consistent with the spirit of Batho-Pele.

INNOVATION

We commit to strive for continuous improvements through innovation and promoting a learning organisational culture.

The ADA will embed these values through demonstrated leadership and programmes and supporting systems that develop, recognise and reward the desirable behaviours. In the light of the recommended change of emphasis in the revised strategy it will be necessary for a leadership driven change management process to be implemented as part of the strategy.

7. OUR STRATEGIC OBJECTIVES

The strategic objectives of ADA for the next five (5) years are to:

1. Promote and support the commercial development of entrepreneurs along the agricultural value chain in KZN;

2. Mobilise and disburse development finance to entrepreneurs along the agricultural value chain in KZN;

3. Facilitate the provision of market development and logistics supportive infrastructure in rural KZN;

4. Facilitate capacity building of individuals, groups and organisations along the agricultural value chain;

5. Contribute to thought leadership and policy development in agribusiness.

Through these interventions and collaboration with its key partners in the public, private and community sectors, the ADA believes we will contribute significantly to food security and poverty eradication. The critical indicators of success in the realisation of these objectives in the next five years will be:

• An increase in the numbers and levels of participation of black entrepreneurs in the agribusiness sector in KZN

• An increase in numbers of enterprises still in business for at least 4 years following ADA support (e.g. increase in business turnover; increased income levels; number and nature of jobs created)

• An increase in the numbers of employed and self-employed black people, youth and women in the areas of operations.

• The level (number, quantum in Rand terms and return) of investments achieved over the five year period;

Additionally, the ADA will be monitoring socio-economic indicators including:

• number of entrepreneurs engaged through workshops, advisory services provision, training, joint or supported activities;
• changes in socio–economic conditions in the areas of activity and the relative position of black, female and young entrepreneurs who have developed as an outcome of the impact of these activities.

• publication of Policy Briefs, Issues Reports and Case Studies that contribute to policy making in the province and country.

The ADA will develop a comprehensive, multiple-level, set of indicators, systems for recording monitoring and evaluating performance of the organisation and in the sector and province. Evidence based reporting shall for the basis for review and reporting to DARD and the Provincial Growth and Development Plan.

8. OUR PRODUCTS AND SERVICE OFFERINGS

We have developed products and services according to four broad areas in support agri-business development. These product and service categories are:

• Knowledge and Information Services – these includes design and dissemination of agri-business models, agribusiness training modules and business leadership development;

• Financial Resources Mobilisation - these include targeted development finance and investments;

• Agri-business Facilitation Services – these include connecting agribusiness entrepreneurs to information, innovations, technologies and markets;

• Agri-Business Market Infrastructure Services – these include agri-business capacity and systems development and investments in infrastructure.

In the short-term the ADA will continue to provide business rescue advice and support to agricultural land reform settlement projects of DARD. In the medium to long term the organisations service delivery model will evolve from a project to a facilitated service with a suite of agribusiness support products and services supporting a broad range of entrepreneurs through investments in hard and soft infrastructure and support systems.

9. OUR SERVICE DELIVERY MODEL

We at ADA are conscious of the fact that our mission can best be achieved through partnerships and a realistic analysis of what our internal capacities are. A well-conceived service delivery model is thus critical as part of our overall strategy. We have therefore developed a service delivery model that articulates our mode of delivery. The service delivery model takes into to consideration the following aspects:

• The finite nature of any public resources to fund development interventions as well as our own optimum institutional capacity;

• Capacity of other Public Sector Institutions that potentially impact Agribusiness development in Kwa Zulu Natal.

• South Africa’s positive reputation among international institutions that have the experience, capacity and interest to partner with South Africa in transforming its economic outlook through agribusiness development; and
• The roles and responsibility of private sector institutions in development as responsible corporate citizens.

Facilitator-driven models are found in many countries where a developed agro-industry coexists alongside marginalized producers living at subsistence levels and the costs of organizing and training small producers can be deemed too high to be assumed by commercial companies. As a result, intermediation by development organizations, including non-governmental organizations (NGOs) and government agencies, facilitates opportunities for integrating smallholder producers into commercial value chains, and financing has become a commonplace feature of such linkage arrangements. With the goal of long-term sustainability, facilitation is ideally time-bound and includes a clear exit strategy. With proper organization and training, the incomes of all participants in the value chain can be increased.

The ADA Service Delivery Model will be based on its role as a facilitator of development and premised on three critical pillars – direct services provision; leveraging partnerships and outsourced services.

THE ADA SERVICE DELIVERY MODEL

Figure 1 – ADA Market Driven Facilitator Service Delivery Model

Source: ANSANO (2015)

DIRECT SERVICES PROVISION

The ADA will be repositioned to provide direct services such as but not limited to development finance, agribusiness models and business development support services. Consideration will be given to the extent to which the ADA will operate on a project based or service provision organisation. Notably funding may be project linked however in making this distinction clear the ADA will be able to define its core required competencies and develop partnerships and outsourcing. The shift from providing non-recoverable grant monies to recoverable funds will require a review of the internal capabilities of the organisation and a strengthening of the development financing skills, competencies (including systems) and experience. A critical enabler for the efficient delivery of supply driven information and business support services will require requisite ICT infrastructure and support and communication and relationship management skills and competencies with diverse language abilities.
Delivery Through Partnerships

Partnerships are essential to the success of the Service Delivery Model consequently the requisite capability to develop, manage, nurture and ensure accrual of benefits will be developed internally. This will include establishing the principles for collaboration, developing the necessary tools, internal competencies, systems and processes to support the new way of working. ADA currently has a range of established partnerships with the DARD and KwaNALU3. As part of the pre-implementation planning phase existing partnership agreements will be reviewed to ensure consistency with our mandate and model of delivery. Key elements of successful partnership models requires that there is clarity on ownership of the natural, physical, human capital financial and intellectual property aspects; transparency and information availability to all concerned parties, platforms for equitable participation by all in the planning, decision making, value creation and benefit sharing, monitoring and evaluation process and shared risk management (Nhantumbo, 2011). As part of its approach to investments in agribusiness development the ADA will facilitate and support the development of partnerships with like-minded and specialised institutions to consolidate the service delivery model.

Leveraging Outsourced Capacity

The third pillar of the delivery model for the ADA strategy will require the outsourcing of demand driven specialised activities. Outsourcing is used when an organisation realises it is more efficient and effective to buy the services of another company rather than build up in-house capacity. Outsourcing does not imply the ADA will not be accountable for the services, rather the ADA will take responsibility for setting the norms and standards for delivery of a particular capacity building activities such as business management skills, organisational governance and market analysis. As a development finance institution the ADA will be positioned to facilitate infrastructure provision, institutional capacity building and provide leadership in development coalitions as envisaged for DFI’s in South Africa (Gumede, Govender & Mosthidi, 2011). Some these services can be provided within the IGR Framework others may be on long or short term contracts. The implications for the ADA is the requirement to build a capable and efficient procurement system with quick turnaround times and controls. Outsourcing is not without risk therefore the Board shall determine policy on the make or buy decisions within the relevant government policy frameworks and the resource constraints of the organisation.

10. FROM STRATEGY TO ACTION: THE IMPLEMENTATION ROAD MAP

A major shortcoming of the activities of the ADA in the past 5 years has been the absence of clear indicators on the expected outcomes from the ADA interventions (DNA Economics, 2015). The new strategy requires the establishment of requisite capability – systems, processes and competences to ensure the collection of data to support the analyses of its impacts in areas of operation.

During the first five years of its existence the ADA has been dedicated to providing support services to DARD with a special focus on business rescue of distressed farms that benefited from the Land Reform Programme. With our new mandate we will evolve into a market-driven organisation where our most distinctive capabilities will be the mastery of market sensing and customer linking capabilities (Day, 1994). The success of our market driven model will highly depend upon our competencies, processes and organisational culture. In order to achieve this change there will be a need to reorient the organisation, consolidate the mandate, vision, mission, values and service delivery model and reposition the organisation in the eyes of the stakeholders. A critical principle in our funding and partnership programmes will be to ensure interventions are time bound, have measurable KPIs and impacts and have a clear exit strategy for the ADA. The Board and Management will lead the process and ensure that it is inclusive and empowering for the broader staff.

3 The full list of partnerships will be provided by the ADA.
The ADA Revised Strategy once approved by the Board and the MEC for Agriculture and Rural Development in Kwa-Zulu Natal will guide future work of the organisation. The initial transition period leading up to April 2016 will require an assessment of the capability of the organisation (human resources, policy frameworks, legal instruments, financial resources and organisational support systems) to implement its strategy. Several areas will require new policies to be development to ensure the governance systems are strengthened especially with respect to the requirements of a development financing institution. The detailed operational plan will be finalised and approved by the Board and timelines set and agreed for new ways of working from 2016 onwards. Progress against the strategy will be reviewed on an annual basis and the performance of the organisation in the sector will be reviewed every 5 years.

11. CONCLUSION

As the ADA begins a new five-year trajectory of its existence, it has consciously resolved to position itself to fulfil the full mandate that was envisaged for at its inception. More attention will be given to assist broadening participation of black entrepreneurs across the entire value-chain of agribusiness. This new vision is intended to contribute significantly to the business of Department of Agriculture and Rural Development. The Strategy document therefore frames the content of the Agribusiness Development Agency Strategic Plan and Annual Performance Plan yet to be produced in line with the National Treasury Guidelines Framework for Strategic Plans and Annual Performance Plans.
REFERENCES


Annexure B: Financing Strategy
For the Fiscal Years 2016/20
1. INTRODUCTION

1.1 This document outlines how the Board of the Agribusiness Development Agency plans to finance the strategic plan. The main purpose of this financing strategy is to ensure that our core work is maintained and sustained and that we make effective use of all financial support received. The overriding consideration of ADA in its financing strategy is the pursuit of self-sustainability mechanisms. This will ensure that ADA does not entirely rely on grants from the provincial or national allocations. The strategy is designed taking into account the funding sources, current income streams and then matching these to projected funding requirements of the entity. The requirements currently are for operations, projects and programmes.

2. CURRENT SITUATION

2.1 Project Pipeline

2.1.1 At present, most ADA projects are received either from Departments or financiers. This is mainly attributable to the current funding streams. However, in future ADA will move to a stage where ADA can initiate and conceptualise projects. This will go a long way towards ensuring the attainment of the mandate.

2.1.2 The plan is to put together high impact projects along the whole value chains that would transform the agribusiness sector in the Province. Furthermore, referral from financiers will still form part of the project pipeline for the ADA because of the assistance required by distressed farmers. Potential beneficiaries who want to access the services of ADA will be encouraged to apply; however, funding of these projects will be limited unless there is a significant change in the funding environment. Lastly, ADA wants to move to a stage where it receives very few top down projects from government.

Figure 1: Project Pipelines
2.2 Funding

2.2.1 Historically, ADA has been allocated funding through the shareholder department for both operational and project costs. The funds are received from the equitable share and a conditional grant called Comprehensive Agricultural Support Program (CASP, a national conditional grant). In this arrangement ADA serves as a funding conduit for transfer of funds to projects with the Agency having little input in the design of the projects and therefore compromising the project standards as set out by ADA.

2.2.2 The equitable share is used for operational costs and CASP for project implementation. The use of CASP for project funding has proved to be inappropriate as the DARD and ADA were competing for the same funding source, which resulted in double reporting and the conditions of CASP are geared towards primary production.

2.2.3 A third funding stream was project specific transfers from the Department of Rural Development and Land Reform. This funding model is not sustainable because it is dependant on the mercy of the Department whether funding is available.

2.2.4 Furthermore, this multiple funding arrangement does not support the long term stability of the ADA and the ability of the ADA to ensure multi-year project planning & support. The current model is too reliant on external project specific funding without the ADA being able to develop the expertise for a core set of internal programmes which are focused on high impact interventions. There has been some improvement over the years which saw the DARD approving a three-year projects list.

![Figure 2 Funding Structure](image-url)
3. STRATEGY

The ADA proposes that its funding be structured thus

3.1 DARD Allocation for Operational Funding

3.1.1 Budget for operations is utilised to fund items such as utilities, compensation of employees, building and maintenance, travelling etc. Government should continue allocating this funding for the foreseeable future to allow the ADA to subsist. The ADA has started charging a project management fee to those departments or organisations that use it to implement projects on their behalf. Furthermore, interest accumulated is invested back to fund the operations of the organisation.

Proposed Funding Model for Operations

<table>
<thead>
<tr>
<th>Category</th>
<th>Government Allocation from the Equitable Share through DARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
<td>• DARD or Shareholder Department</td>
</tr>
<tr>
<td>% of funding</td>
<td>• 40% of total funding or as per the proposed budget</td>
</tr>
<tr>
<td>Duration of funding</td>
<td>• 3 years with annual reviews</td>
</tr>
<tr>
<td>Payment method</td>
<td>• Linked to operational needs of the entity</td>
</tr>
<tr>
<td></td>
<td>• Tranches as per Service Level Agreement</td>
</tr>
<tr>
<td>Reporting and Accountability</td>
<td>• Departmental HOD Committee</td>
</tr>
<tr>
<td>Programmes</td>
<td>• Finance and Administration</td>
</tr>
</tbody>
</table>

3.2 DARD Allocation for Project/ Programmes Based Funding

3.2.1 This will be funding that is allocated towards projects and other programmes to be undertaken by the ADA to fulfil its mandates. For high impact projects this would include set-up costs, project infrastructure and working capital requirements. This funding will also include technical support, research and development, capacity building, policy advocacy and other programmes that the ADA will undertake to unlock agribusiness potential in KZN.
Proposed Funding Model for Projects/Programmes

<table>
<thead>
<tr>
<th>Category</th>
<th>Government Allocation from the Equitable Share through DARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
<td>• DARD or Shareholder Department</td>
</tr>
<tr>
<td>% of funding</td>
<td>• 2016/17 – 2019/2020 – 55%</td>
</tr>
<tr>
<td></td>
<td>• 2020/2021 – 2023/2024 – 50%</td>
</tr>
<tr>
<td>Duration of funding</td>
<td>• 3 years with annual reviews</td>
</tr>
<tr>
<td>Project/Programme Identification</td>
<td>• ADA identifies project using its projects approval process and presents them to the Finance and Projects Board Committee. The Committee recommends projects to the Board for approval. Budget is negotiated with DARD through the normal DARD budget process until it is passed by the Legislature.</td>
</tr>
<tr>
<td>Payment method</td>
<td>• Linked to related programmes/projects</td>
</tr>
<tr>
<td></td>
<td>• Tranches as per Service Level Agreement</td>
</tr>
<tr>
<td></td>
<td>• ADA and DARD agree on projects, programmes, activities and districts</td>
</tr>
<tr>
<td></td>
<td>• Tranches as per Service Level Agreement</td>
</tr>
<tr>
<td>Reporting and Accountability</td>
<td>• Departmental HOD Committee</td>
</tr>
<tr>
<td>Programmes</td>
<td>• Finance and Administration</td>
</tr>
</tbody>
</table>

3.3 Leverage of Funding

3.3.1 The ADA recently approved the Fundraising strategy and the Partnership policy in its efforts to increase its revenue base and to reduce dependency on government. The need to have the ability to raise its own revenue was highlighted during the establishment of the ADA. It is therefore crucial that the ADA inter alia

- source external revenue sources for identified high impact projects;
- leverage funding from Development Finance institutions and other funding sources for these projects;
- act as a donor linkage portal for the co-ordination and deployment of funding,
- generate dividend income through equity stake in projects; and
- facilitate PPP’s with community and private sector.
3.3.2 The ADA has not vigorously pursued this route of funding in the past. The funding sources being considered would include other state entities, parastatal institutions and the private sector. This scenario involves ADA partnering with other grant and loan making entities. The ADA has not capitalized on the opportunities that are available from programs such as the Jobs Fund and the Gijima Program. ADA has accessed limited private sector project funds to-date. Opportunities include Corporate Social Investment Funds (CSI), such as working with the Masisizane Fund and the Mondi Zimele Scheme.

<table>
<thead>
<tr>
<th>Category</th>
<th>Leverage of funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
<td>DFIs, Government Departments, Development Agencies, Donor Organisations</td>
</tr>
<tr>
<td>% of funding</td>
<td>2016/17 – 2019/2020 – 5%</td>
</tr>
<tr>
<td></td>
<td>2020/2021 – 2023/2024 – 15%</td>
</tr>
<tr>
<td>Duration of funding</td>
<td>Funder dependant</td>
</tr>
<tr>
<td>Project/Programme Identification</td>
<td>ADA and Funder</td>
</tr>
<tr>
<td>Payment method</td>
<td>Linked to related programmes/projects</td>
</tr>
<tr>
<td></td>
<td>Tranches as per Service Level Agreement</td>
</tr>
<tr>
<td>Reporting and Accountability</td>
<td>Funder dependant</td>
</tr>
<tr>
<td>Programmes</td>
<td>Comprehensive Capacity Building Programme</td>
</tr>
<tr>
<td></td>
<td>Infrastructure Development</td>
</tr>
<tr>
<td></td>
<td>Enterprise and Value Chain Development</td>
</tr>
</tbody>
</table>

4. **CONCLUSION**

The financing strategy for ADA has to take into consideration the premise used to establish it. The Provincial Cabinet envisaged a lean and mean entity that is able to deliver consistently, quickly at maximum impact. Funding should not hinder ADA to meet the expectations of the Executive. This strategy therefore is an attempt to ensure that ADA is funded adequately, efficiently, effectively and in a manner that is consistent with the expected outcome.
Annexure C:
The 5 year Implementation Plan
For the Fiscal Years 2016/20
SECTION A

Strategic Overview
1 VISION

“A diverse, deracialised, prosperous, and sustainable agribusiness sector in KwaZulu-Natal.”

2. MISSION

ADA strives to promote, establish, facilitate and support the growth of black owned and managed agricultural enterprises along agricultural value chains in KwaZulu-Natal through partnerships with individuals, communities, private sector and other public sector institutions in order to achieve a transformed Agribusiness Sector in KZN.

3. OUR VALUES

Organisational values define the key principles and associated behaviours that are required by employees in when executing the strategy and functions of the organisation and state that the clients, customers and stakeholders can expect from the organisation. The values of the ADA are:

- **INTEGRITY**: We commit ourselves to ensuring our purpose, practices and values are ethically sound, at all times
- **ACCOUNTABILITY**: We take accountability for all our actions in dealing with our Clients and Stakeholder and are mindful of possible consequences emanating from our decisions
- **EXCELLENCE**: We commit to providing quality services and products to all our clients at all times consistent with the spirit of Batho-Pele.
- **INNOVATION**: We commit to strive for continuous improvements through innovation and promoting a learning organisational culture.

The ADA will embed these values through demonstrated leadership and programmes and supporting systems that develop, recognise and reward the desirable behaviours. In the light of the recommended change of emphasis in the revised strategy it will be necessary for a leadership driven change management process to be implemented as part of the strategy.
4. LOCUS OF OPERATION

In keeping with the outcome of the alignment process between DARD and ADA, ADA will focus mainly in the agro-processing sector. However, it will also be involved in strategic interventions in the whole value chain in order to create an enabling environment for agribusiness development in the Province. This will include interventions in primary production of industrial crops to diversify the sector.
5. THEORY OF CHANGE FOR THE ADA

The ADA has developed a diagrammatical representation of the logic for the new strategic interventions. The above diagram shows the identified organisational needs, key programmes and links these to outcomes. This model is useful in terms of conceptualizing the need that each programme is designed to address.
• Outcomes and impact: The implementation plan of the ADA interventions is aligned with this theory of change. Central to the Agency’s mission is creating an enabling environment that provides access to black farmers and agribusiness entrepreneurs whilst also supporting the growth of the agricultural sector. ADA seeks to contribute to increased incomes for farmers, agribusiness entrepreneurs and their workers. The Agency also aims to contribute to economic growth and development through the creation of self-sustaining agribusiness enterprises throughout KZN. Outcomes can be divided into intermediate outcomes, which occur during or after the delivery of the outputs; and long-term outcomes, which arise as a result of these intermediate outcomes.

• Outputs: Currently, the ADA's proposed theory of change suggests that the outputs for an agribusiness development programme should consist of: increased human and physical capital, access to markets, and stable formal entities that are able to access to non-grant funding.

• Activities: ADA activities will in the main consists of the following:
  i. Promote and support the commercial development of entrepreneurs along the agricultural value chain;
  ii. Mobilise and disburse development finance to entrepreneurs along the agricultural value chain;
  iii. Facilitate the provision of market development and logistics supportive infrastructure in rural KZN;
  iv. Facilitate capacity building of individuals, groups and organisations along the agricultural value chain;
  v. Contribute to thought leadership and policy development in agribusiness.

• Inputs: The main funding sources for ADA would be government and funds raised through funding efforts. The financing strategy has been developed which outlines the model to be used in funding ADA.

The key performance indicators to measure the extent to which this theory of change is yielding the desired result which are reflected in the ADA strategy are as follows;

• An increase in the numbers and levels of participation of black entrepreneurs in the agribusiness sector in KZN

• An increase in numbers of enterprises still in business for at least 4 years following ADA support (e.g. increase in business turnover; increased income levels; number and nature of jobs created)

• An increase in the numbers of employed and self-employed black people, youth and women in the areas of operations.

• The level (number, quantum in Rand terms and return) of investments achieved over the five year period;

6. OUR PRODUCTS AND SERVICE OFFERINGS

We have developed products and services according to four broad areas in support agri-business development. These product and service categories are:

• Knowledge and Information Services – these includes design and dissemination of agri-business models, agribusiness training modules and business leadership development;

• Financial Resources Mobilisation - these include targeted development finance and investments;

• Agri-business Facilitation Services – these include connecting agribusiness entrepreneurs to information, innovations, technologies and markets;

• Agri-Business Market Infrastructure Services – these include agri-business capacity and systems development and investments in infrastructure.
In the short-term the ADA will continue to provide business rescue advice and support to agricultural land reform settlement projects of DARD. In the medium to long term the organisation’s service delivery model will evolve from a project to a facilitated service with a suite of agribusiness support products and services supporting a broad range of entrepreneurs through investments in hard and soft infrastructure and support systems.

7. THE ADA VALUE PROPOSITION

The ADA’s value proposition is depicted in the figure below;
8. PROGRAMME 1: FINANCE AND ADMINISTRATION

8.1 PURPOSE

The purpose of this programme is to ensure good governance and effective management and administration. Its main thrusts are the provision of finance, office management, marketing and communication, human resources management, information technology, monitoring and evaluation and legal services.

8.2 ALIGNMENT OF STRATEGIC GOALS AND OBJECTIVES

<table>
<thead>
<tr>
<th>No.</th>
<th>Strategic Objective</th>
<th>Linkage to Strategic Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>A fully capacitated human resources able to deliver on its mandates</td>
<td>Goal 5</td>
</tr>
<tr>
<td>1.2</td>
<td>Sound and stringent financial management and control to achieve a clean audit opinion annually</td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Promote good governance and legally sound organisation</td>
<td></td>
</tr>
</tbody>
</table>

8.3 PROGRAMME OUTLINE

| RATIONALE FOR THE PROGRAMME | The aim of the programme is offer administrative support to the organisation to enable it to achieve its mandate. Its interventions are directed at sharpening the organisational machinery for an effective and efficient response to the expectations of all its clients and stakeholders. |
| CONSTRAINTS | ADA is in a season of transition, which is characterised by a plethora of changes which are meant to catapult it into a more focused direction that aligns clearly with the Department of Agriculture and Environmental Affairs. This change in direction is resulting in a situation in which at the beginning of 2015/16 financial year, ADA could not table its 5 year Strategic Plan at the Legislature. Furthermore, this administrative cycle also begins with a lot of uncertainty in terms of the operational environment. The first quarter of the 2015/16 financial year closed without any clarity on the projects to be implemented by the Agency. Furthermore, key leadership position remain vacant at the Agency including the CEO. The long awaited ADA legislation has been put on hold pending the finalisation of the refinement process. The revision of the mandate, although in the longer term is going to yield desired results, has at this period left the organisation hamstrung. |
| OPPORTUNITIES | The period of transition offers a window of opportunity for ADA to accomplish a number of things that it had set out to achieve since its inception. The following opportunities present themselves;  
• Retooling of staff to align with the mandate  
• Reviewing of the funding model to ensure adequate resources to support the new direction  
• Reviewing the organogram and come with a more focused structure  
• Improved working relationship with the Department and the possibility of synergising efforts and thus achieve more with less.  
• Leverage of funding  
• Improved supply management processes and systems |
KEY FOCUS AREA

• Streamlined planning within the organisation
• Improved project management framework and implementation
• Enhance Monitoring and Evaluation of Projects
• Organisational Service Delivery Improvement Plan
• Financing and Funding
• Governance and Legislative Environment compliance

PILLARS OF ACTION

• Capacitated human resources
• Understanding of the policy and regulatory framework for the agro processing sector
• Performance Management, Information System
• Organisational culture

STRATEGIC INTERVENTIONS

• Strengthen administration and finance to support the core business towards the achievement of the strategic objectives and improve organisational performance and culture.
• Improve knowledge management and ICT capacity for optimal ADA service delivery in support of NDP, IPAP, and APAP.
• Ensure a safe and secure environment.
• Improve financial services.
• Improve and align M&E systems in ADA, Provincial Department of Agriculture, State owned entities and monitor economic and service delivery performance of the sector.
• Organogram review
• Financial sustainability
• Policy and Procedure Review
• SCM policy review to respond to the new strategic direction

10. PROGRAMME 2: COMPREHENSIVE CAPACITY BUILDING

10.1 PURPOSE

To enhance the knowledge base and capacity of the agribusiness sector to perform optimally through training, policy advocacy, leverage of funding and partnerships.
10.2 LINKING STRATEGIC OBJECTIVES TO GOALS

<table>
<thead>
<tr>
<th>No.</th>
<th>Strategic Objective</th>
<th>Linkage to Strategic Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Improve the Knowledge and Skills Base of Commercial Farmers, Agribusiness Entrepreneurs, Professionals and other Stakeholders within the Sector</td>
<td>Goal 4</td>
</tr>
<tr>
<td>2.2</td>
<td>Revitalize agribusiness development education at all levels of the education sector</td>
<td></td>
</tr>
<tr>
<td>2.3</td>
<td>Forge partnerships and networking relationships within the agribusiness value chain</td>
<td></td>
</tr>
<tr>
<td>2.4</td>
<td>Strengthen Institutional Capacity within government and across the Agribusiness sector</td>
<td></td>
</tr>
<tr>
<td>2.5</td>
<td>Lobbying, Research, Policy and Advocacy to Change the Agribusiness Landscape</td>
<td></td>
</tr>
<tr>
<td>2.6</td>
<td>Implement a programme to empower black suppliers in the agricultural industry as part of the transformation imperative</td>
<td></td>
</tr>
</tbody>
</table>

PROGRAMME OUTLINE

Rationale for the Programme

This programme provides entrepreneurs with the organisational frameworks necessary to develop agro processing commercial linkages and function optimally; strengthen the entities in the sector charged with the development of productive technologies, applied knowledge and imparting this knowledge to entrepreneurs and lastly promote enterprise development. Furthermore, it is designed to strengthen the capacity of government and key stakeholders in the sector to perform optimally. ADA will influence government to develop a clear framework within which private sector initiatives can play their role and it needs to provide leadership through carefully crafted interventions that will catalyse private actions.

Entrepreneurship is a key factor for the survival of emerging black agro processing entrepreneurs in an ever-changing and increasingly complex global economy. Entrepreneurs operate in a complex and dynamic environment. They are part of a larger collection of people including other entrepreneurs, suppliers, traders, transporters, processors and many others. Each of these has a role to play in processing products and moving them through to the market-through the value chain. Each one needs to be an entrepreneur. They also need to respect each other and work together to make the whole system work better and be more profitable.

Constraints

There are many challenges that these agro-processing and agribusiness entrepreneurs face including; social barriers, economic barriers, regulations, access to finance and information, and their own management capacity to cope with risks and changes and to seize opportunities. Furthermore, they have to contend with the following;

- Lack of access to information – healthy, profitable business need a wide range of information. Information needs to be organised, packaged and communicated in ways that are helpful to agro-entrepreneurs.
- Vulnerability to economic shocks – Emerging agribusiness entrepreneurs are vulnerable to sudden economic changes
- Lack of skills – Most emerging black agro processing entrepreneurs and land reform beneficiaries lack the requisite skills business management and production skills to make their ventures a success.
- Lack of access to commodity expertise

On the other hand, government which is a driver of agribusiness development also faces a number of constraints in its endeavour to propel the sector forward including;

- Poor coordination of available resources
- Many players in the sector within government
- Silo mentality amongst various actors in government
- Procurement system not farmer driven
### Opportunities

- Access to value-chain
- Comprehensive Agricultural Support Programme
- Training Institutions that have specialisation in agriculture
- Land reform Programme

### Key Focus Area

a) Improve the knowledge and skills base of agro processing and agribusiness entrepreneurs in the sector

Building capacity for entrepreneurship involves a combination of efforts which includes but is not limited to:

- Knowledge transfer between commodity organisations, agro processing associations and agribusinesses to strengthen their capacities to partner government in agricultural transformations and development through shared learning experience.
- Knowledge transfer from established agro processing entrepreneurs to new agro processing entrepreneurs through mentoring programmes as well as assisting new entrepreneurs to become integrated into their agribusiness communities,
- Formal training programmes
- Non formal capacity building programmes
- Awareness raising workshops
- Provision of extension and entrepreneur advisory services to commercial farms. This includes private sector extension and entrepreneur advisory services to complement those provided by the state,
- Use of expert technical knowledge from commodity organisations to compile and/or assess business plans for new secondary agricultural developments,
- The establishment of demonstration agro processing, either directly or indirectly through for example, “agro processing entrepreneur-of-the-year-awards” for entrepreneurs that can act as demonstration farms and encourage new entrepreneurs to adopt similar farming practices

b) Revitalise agribusiness development education at all levels of the education sector

The training programme should be comprehensive from primary to postgraduate level. These can be achieved through, inter alia

- Formal education-Basic education is crucial to the process of developing future agribusiness entrepreneurs. It is for this reason that ADA interventions should start at this level of education. The school education system is an important contributor to the process of developing entrepreneurial skills.
- At tertiary level there is need to work with the universities to influence their curriculum development to ensure that they produce graduates that are going to drive development of the sector.
- Furthermore, there is need to ensure that programmes are developed to encourage
- youth to participate in agribusiness development
c) Forging Partnerships and Networking Relationships

In the changing agricultural environment, entrepreneurs need reliable and economic supplies or raw materials, production inputs and equipment and must ensure they have sufficient products of appropriate quality to capture better markets. Partnerships and networks have to be developed among entrepreneurs with other role-players in the value chain.

Commodity organizations play an important role amongst their membership in sharing information and know-how, linking the businesses across the value-chain in that sub-sector and possibly in sharing resources like machinery. In the enterprise development and investment facilitation function, the relationship with commodity organizations would depend on the reach and capacity of the individual commodity organizations. This needs to be worked out in well-structured discussions with each commodity organisation in the short term. The commodity processing organisations for grain, poultry, citrus and pig-farming were identified as “first stop” for this activity as they were relatively well-organised and could be of benefit to ADA’s roll-out of programmes.

Entrepreneur organisations (organised agriculture such as KwaNalu and NAFU) are the networks in which emerging entrepreneurs should be embedded for their knowledge and skills development and get access to networks up and downstream of agro processing activities.

In addition it was discussed that time and resources spent on building the capacity of commodity organizations would be strategic in that these are the organisations that would become crucial in rolling out and supporting ADA in both its farmer support and its enterprise development functions. If the commodity organisations have national and international links they would assist with identifying investment partners, as well.

<table>
<thead>
<tr>
<th>Pillars of Action</th>
<th>Strategic interventions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pillar 1: Rigorous Selection Process of Project Participants</td>
<td></td>
</tr>
<tr>
<td>Pillar 2: Mapping of agribusinesses</td>
<td></td>
</tr>
<tr>
<td>Pillar 3: Strong partnerships with the Academia, Department of Education and other government institutions and Agencies</td>
<td></td>
</tr>
<tr>
<td>Pillar 4: Social Capital</td>
<td></td>
</tr>
<tr>
<td>Pillar 5: Well designed and packaged projects</td>
<td></td>
</tr>
<tr>
<td>a) Young agribusiness entrepreneurs development programme</td>
<td></td>
</tr>
<tr>
<td>A synchronized action for professional training should identify what is feasible with the view to preparing the youth for future agribusiness opportunities. ADA will use this programme to expose youth to educational opportunities that would prepare them to excel in the sector. This includes the exchange programme, bursary schemes and partnerships with universities to design focussed programmes for the youth.</td>
<td></td>
</tr>
<tr>
<td>b) Agribusiness School</td>
<td></td>
</tr>
<tr>
<td>This should provide a recognised agribusiness qualification in a few months and it should be provided by a university specialising in those kinds of programmes. As well as providing intensive classroom work it should include site visits to successful cases of small enterprises in the country and where necessary abroad. Students should be selected on the basis of ability and motivation from the pool of applicants and a requirement for graduation would be the preparation of a detailed business plan for an enterprise a student would like to create. The business plans would be judged by a panel of national and international experts, and those who qualify should be eligible for start-ups from participating banks.</td>
<td></td>
</tr>
<tr>
<td>f) Investment in institutional capital</td>
<td></td>
</tr>
<tr>
<td>This includes both research to develop robust organisational and institutional arrangements for land ownership and commercial enterprise development on new farm businesses, as well as provision of social facilitation and legal expertise necessary to restructure business entities with weak organisational and institutional arrangements. This includes engaging legal processes to protect owners’ property rights, benefit rights and voting rights in their commercial enterprises.</td>
<td></td>
</tr>
</tbody>
</table>
### ACTION PLAN

<table>
<thead>
<tr>
<th>Interventions</th>
<th>Districts Targeted</th>
<th>Model of Delivery</th>
<th>Outputs</th>
<th>Activities</th>
<th>Time frames</th>
<th>Institutional arrangements</th>
<th>Resource requirements</th>
<th>Estimated cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Young agribusiness entrepreneurs development programme</td>
<td>All within KZN</td>
<td>Partial Exchange Programme</td>
<td>No. of people trained</td>
<td>Identification of suitable candidates</td>
<td>Annually</td>
<td>• Collaboration with suitable training institutions</td>
<td>Tuition/funding</td>
<td>R45M</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Innovation Competitions</td>
<td>No. of students involved</td>
<td>Competitions</td>
<td></td>
<td>• Identify farms to obtain hands on training</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Intern placement programme</td>
<td></td>
<td>Annual competitions on innovations</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Incubation</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Brand development programme</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Technology commercialisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Agribusiness School</td>
<td>All within KZN</td>
<td>Both Theoretical and practical training</td>
<td>No. of people trained</td>
<td>Identification of suitable candidates</td>
<td>Annually</td>
<td>• Collaboration with suitable training institutions</td>
<td>Tuition/funding</td>
<td>R5M</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Identify farms to obtain hands on training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Leadership and strategic management</td>
<td>All within KZN</td>
<td>Workshops/ Seminars/ Forums</td>
<td>No. of people exposed to the programmes</td>
<td>Identification of suitable participants/ Topics</td>
<td>Annually</td>
<td>• Collaboration with relevant experts</td>
<td>Funding &amp; sponsorship of sessions</td>
<td>R2M</td>
</tr>
<tr>
<td>d) Strategic partnerships</td>
<td>Global</td>
<td>MoUs / SLAs</td>
<td>No of partnership agreements</td>
<td>Identification of Strategic partners</td>
<td>Annually</td>
<td>• Collaboration with strategic partners</td>
<td>Funding and transaction advisory capacity</td>
<td>R500k</td>
</tr>
<tr>
<td>e) Commodity Organisations</td>
<td>Global</td>
<td>MoUs/ SLAs</td>
<td>No of partnerships with commodity organisations</td>
<td>Identification of commodity organisation</td>
<td>Annually</td>
<td>• Collaboration with Commodity Organisations</td>
<td>Funding and transaction advisory capacity</td>
<td></td>
</tr>
<tr>
<td>f) A chair at a strategically selected university funded</td>
<td>KZN</td>
<td>Partnership agreements with institution</td>
<td>Appointment of Chairman</td>
<td>Negotiations with institutions</td>
<td>Annual</td>
<td>• Collaboration with institution/s</td>
<td>Funding and appropriate personnel</td>
<td>R5M</td>
</tr>
</tbody>
</table>
### ACTION PLAN CONTINUED

<table>
<thead>
<tr>
<th>Interventions</th>
<th>Districts Targeted</th>
<th>Model of Delivery</th>
<th>Outputs</th>
<th>Activities</th>
<th>Time frames</th>
<th>Institutional arrangements</th>
<th>Resource requirements</th>
<th>Estimated cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Establishment of a virtual library</td>
<td>KZN</td>
<td>ICT and partnerships with market</td>
<td>Virtual Library</td>
<td>Establishment of infrastructure</td>
<td>Annual</td>
<td>Collaboration with various institutions</td>
<td>Infrastructure and funding</td>
<td>R1M</td>
</tr>
<tr>
<td>b) A chair at a strategically selected university funded</td>
<td>KZN</td>
<td>Partnership agreements with institution</td>
<td>Appointment of Chairman</td>
<td>Negotiations with institutions</td>
<td>Annual</td>
<td>Collaboration with institution/s</td>
<td>Funding and appropriate personnel</td>
<td>R5M</td>
</tr>
<tr>
<td>c) Reviving agribusiness training in Basic Education</td>
<td>KZN</td>
<td>Partnership agreement</td>
<td>Programme for reviving agriculture in schools</td>
<td>Annual Partnership with institution</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>R10 m (donor funding)</td>
</tr>
<tr>
<td>d) Non Formal Training</td>
<td>KZN</td>
<td>Facilitation</td>
<td>Demonstrations</td>
<td>Annual As per programme structure</td>
<td>Human resources</td>
<td>Partnership with institutions</td>
<td>None</td>
<td>R5m</td>
</tr>
<tr>
<td>e) Annual Agribusiness forum</td>
<td>KZN</td>
<td>Dialogue</td>
<td>Forums</td>
<td>Annual One annually</td>
<td>Collaboration with external and internal stakeholders</td>
<td>Funding and sponsorship</td>
<td>R3M</td>
<td></td>
</tr>
<tr>
<td>f) Remote digital communication tool for sharing key industry information with clients – see G above</td>
<td>KZN</td>
<td>Software applications</td>
<td>Digital apps</td>
<td>Develop apps</td>
<td>2017</td>
<td>Collaboration with Universities</td>
<td>Department of Science and technology, ADA and DARD</td>
<td>R3m</td>
</tr>
<tr>
<td>g) Emerging Supplier development programme</td>
<td>KZN</td>
<td>Training, Workshops and Seminars</td>
<td>No of suppliers developed</td>
<td>Identifying intended recipients</td>
<td>Annual</td>
<td>Collaboration with external and internal stakeholders</td>
<td>Funding and Sponsorship</td>
<td>TBA</td>
</tr>
<tr>
<td>h) Women in Agribusiness Development Programme</td>
<td>KZN</td>
<td>Training, Workshops and Seminars</td>
<td>No of Women in Agribusiness developed</td>
<td>Identify women in Agribusiness</td>
<td>Annual</td>
<td>Collaboration with external and internal stakeholders</td>
<td>Funding and Sponsorship</td>
<td>TBA</td>
</tr>
</tbody>
</table>
11. PROGRAMME 3: ENTERPRISE AND VALUE CHAIN DEVELOPMENT

11.1 PURPOSE

Create through institutional reforms, investments and incentives, an environment which is favourable for farmers and agribusiness entrepreneurs to unlock business opportunities upstream and downstream the value chain and to access markets.

11.2 STRATEGIC OBJECTIVES

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Linkage to Strategic Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Promote the development and investment in strategic value chains where the Province has potential comparative advantage</td>
<td>Goal 1,2&amp;3</td>
</tr>
<tr>
<td>3.2 Improve access to markets and enhanced export capacities, import substitution and linkages across priority value chains</td>
<td></td>
</tr>
<tr>
<td>3.3 Facilitate the provision of appropriate agro-processing technology and infrastructure to boost production levels.</td>
<td></td>
</tr>
<tr>
<td>3.4 Facilitate and promote Investments in the agro-processing sector to foster transformation</td>
<td></td>
</tr>
<tr>
<td>3.5 Foster the adoption of relevant industry standards by agribusiness enterprises</td>
<td></td>
</tr>
<tr>
<td>3.6 To create and sustain jobs directly and indirectly along the agricultural value chain</td>
<td></td>
</tr>
<tr>
<td>3.7 Develop and attract the youth to the agro processing sector to foster future sustainability.</td>
<td></td>
</tr>
</tbody>
</table>

11.3 PROGRAMME OUTLINE

| Rationale | The core objective of the program is to improve value chain competitiveness for previously disadvantaged entrepreneurs in key high potential subsectors of agribusiness. Existing value chains are about traceability, consumer demand, standards, established brands and brand awareness, bulk, uniformity and surety of supply. |
| Constraints | The agro processing sector faces the following constraints:  
  • lack of appropriate technologies  
  • lack of technological capability  
  • the unreliable supply of raw materials  
  • lack of management skills  
  • poor product quality control  
  • Limited access to working capital  
  • Lack of sufficient experience and entrepreneurial capacity in the area of marketing and agro processing within the target beneficiaries  
  • Inadequate infrastructure for postharvest and agro-processing  
  • Inadequate research on non-traditional crops |
### Opportunities

The Province offers good business environment which include the following:

- Developed infrastructures which are essential to stimulate investment in the province

- KZN has an important competitive advantage due to its proximity to Gauteng, Durban markets and busiest Port in Africa (Richards Bay and Dubetradepor)

- Abundant in natural resources, it has the second highest level of industrialisation and the third highest export propensity in the country

- It has international borders with Mozambique, Swaziland and Lesotho, and national borders with the provinces of Mpumalanga, Free State and Eastern Cape. There is clearly an opportunity for international trade gaining access to a sizeable national market, using KwaZulu-Natal as a base.

- There is a good quality and extensive road network. Durban, is less than 600 km away from Gauteng, Africa’s richest economic area, and is connected to this Province via the N3 logistics corridor.

- Rise of pro-poor businesses and supermarkets e.g. SAB, McCain, Spar

- The growth of the food retail industry

### Key Focus Areas

**Enterprise Development**

Enterprise development involves programmes intended to assist and accelerate development and financial sustainability of agro-processors. Particular forms of enterprise development lie within the broad activity of investment facilitation. ADA intends promoting business linkages and developing enterprises to facilitate investment. This will be done through developing business between small and large agro pro processing enterprises. The large enterprises may be South African companies (distributors, retailers, processors) or transnational companies. Business between small and large enterprises, particularly transnational corporations, can contribute both to the competitiveness of the enterprises involved and to the growth and development of the host countries. A critical mass of sustainable linkages does not happen automatically as a direct consequence of the presence of large multi-national enterprises, but requires the participation of all stakeholders: Governments through supportive policies, government agencies to facilitate the linkage, as well as the large and SMME’s through their vision and commitment. The literature shows that a number of countries have deepened the development impact of foreign direct investment (FDI) through measures that stimulate large and small enterprises to work together (Organisation for Economic Co-operation and Development, UN Conference on Trade and Development, UN Food and Agriculture organisation).

**Industry Research and Transfer of Technology**

It is envisaged by most studies that most black owned agro processing entrepreneurs lack appropriate processing technologies that are easy to operate and manage. As a result, these agro processing enterprises are composed of rudimentary technologies, which hamper their performance, efficiency and competitiveness. Therefore, access to the latest and appropriate processing technologies such as pulping, juicing, abattoirs and drying that are easy to operate and manage becomes crucial for the development of agro processing entrepreneurs.

The ADA will facilitate and support the transfer of appropriate processing technologies and related support services such as the technical skills needed to operate and maintain the technology to agro-processors. Support by the ADA will also be geared towards research on the area of technological development that is suitable for the agro processors. In order to accelerate the growth and better positioning of the agro processing entrepreneurs in the competitive global environment, it is the role of the ADA to identify the best practices models to support agro-processing activities, exploring the issues and challenges facing and promoting evidence-based interventions to enhance their participation.
Infrastructure Investment

In order to create an enabling environment for stimulating agro-processing entrepreneurship, investment in infrastructure is crucial. There is unequal distribution of economic infrastructure with infrastructure investments mainly channelled towards corporate agro-processing players and metropolitans. The ADA will stimulate and promote investment through the public private partnerships (PPPs) towards the development of rural based agro-processing industries to enable the establishment of viable and competitive enterprises. The ADA will facilitate infrastructural investment in the areas where there is need to enable thriving agro processing business.

Partnership and Leverage Funding

Innovation in building inclusive markets is greatly enhanced when business actors within the market chain engage along the whole chain, together with indirect businesses (input suppliers, etc.). ADA will facilitate and coordinate innovative partnerships to promote market development. Furthermore, it will leverage funding from sources outside government in order to increase the funding pool and thus accelerate the level of development.

Investment Packaging and Facilitation

This refers to the complex set of activities which culminates in new investments. ADA would engage with international manufacturers and commodity organisations to assess potential for new local or foreign investment in the industry that would beneficiate agricultural production in the wood, sugar, sub-tropical fruit and meat products and/or that would grow the production capacity of these commodities.

The intelligence provided would encompass what product to process, what to beneficiate, what markets to serve and all the issues relating to logistics, financing and transaction structuring for new investments in the sector. Investment facilitation would see ADA proactively undertaking prioritization of those opportunities – feasibility studies for large-scale investments – across the range of commodities and across the province. The core of the organisation’s work would then be to facilitate linkages, packaged in various ways, focused on beneficiation opportunities.

Supplementary Investment Facilitation Functions

In this, the scope of work would include market interventions – with ADA packaging and facilitating government grant support for investment and subsidies. And ADA would be seen facilitating take-off agreements between public sector institutions and benefitting agro processing entrepreneurs. Thus this component posits a research – project-packaging role with a transaction advisory unit focused on financial feasibility, including all the sourcing of finance, development of transactions and the legal aspects.

As an intelligence centre, ADA would host sector-specific investment seminars and conferences for key role-players in private and public sectors. The aim is partly information sharing on investment potential (supply chain dynamics) as well as the opportunity it provides for role-players and interested parties to network with each other.

Investment facilitation and acquisition of shareholding

ADA would take a percentage shareholding and hold that on behalf of government or community beneficiaries for a specified period of time. During that time however, ADA could retain dividends and from that shareholding and use the dividends for its own financial sustainability.
### Pillars

- Relationship management
- Industry Research and Transfer of Technology
- Infrastructure Investment
- Business linkages
- Enterprise development
- Investment facilitation
- Well designed and packaged projects

### Strategic Interventions

**Investment facilitation and acquisition of shareholding**

ADA should link black agribusiness entrepreneurs with large agribusiness to develop business models that are beneficial to both parties in the value chain. Successful procurement from smallholders farmers have often involved working with specialised intermediaries. It is therefore crucial that we find strategies that cur the middleman as they are more likely to be sustainable. Contract farming and vertical integration programme

- Collaborate with academic institutions and research agencies to conduct research into value chains
- Programmes for promoting brand development
- Create a suitable mechanism for making venture capital investments in post-harvest, agro processing and export marketing. The cost sharing and joint ownership agreements may be made with the private sector for investment purposes
- Marketing support across the value chain through agribusiness market identification and entry strategies, export promotion and market development. Promote market access through measures over and above provision of transport infrastructure, such as:
  - Promoting agricultural production under recognized quality labels/standards and food traceability,
  - Develop product certification arrangements that are suited to the circumstances of target farmer populations,
  - Promoting BEE procurement of agricultural produce by agro-processing firms, Encouraging cooperation amongst agro processing entrepreneurs in marketing of produce, e.g., the establishment of producer marketing cooperatives
  - Assisting agro processing entrepreneurs to network within the value chains in which they operate,
- Encouraging diversification of the rural economy, such as:
  - Coordination of investment in agro-processing ventures (i.e., investment to ensure a supply of produce coordinated with investment to ensure a market for that produce),
  - Identify and develop non-agricultural enterprises in rural areas to stimulate rural economies and increase local demand for food, e.g. tourism opportunities, child day care centers, etc.
  - Agri-hub
  - Market access strategy
  - Export planning
### ACTION PLAN

<table>
<thead>
<tr>
<th>Interventions</th>
<th>Districts Targeted</th>
<th>Model of Delivery</th>
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<th>Timeframes</th>
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<th>Resource requirements</th>
<th>Estimated cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) To increase the number of black owned agribusiness entrepreneurs in the agricultural value chain systems by 25 by 2020</td>
<td>KZN</td>
<td>Agripark/Agrihub</td>
<td>Development of new agribusinesses</td>
<td>Provision of knowledge (training, mentorship), Provision of equipment</td>
<td>5 per annum</td>
<td>• Management Service, Technical Support</td>
<td>Partnerships, Engineers, Infrastructure</td>
<td>R12m per business spread over 5 years</td>
</tr>
<tr>
<td>b) To establish mechanisms that would increase the demand and facilitate sustainable linkages for 100 agribusiness enterprises with appropriate markets across the globe by 2020</td>
<td>KZN</td>
<td>To link the enterprises to the businesses under objective 1</td>
<td>Increased market access through linkages</td>
<td>Develop a mechanism of co-ordination between the farmer and processor</td>
<td>4 per business(20 per annum)</td>
<td>• Management Service, Technical Support</td>
<td>Partnerships, Engineers, Infrastructure</td>
<td>R2m per enterprise(R40m per annum)</td>
</tr>
<tr>
<td>c) To facilitate the provision of appropriate agribusiness technology and infrastructure to 25 agribusinesses by 2020</td>
<td>KZN</td>
<td>Agripark/Agrihub</td>
<td>Provision of technology and infrastructure</td>
<td>Provision of logistics infrastructure, packaging</td>
<td>5 per annum</td>
<td>• Management Service, Technical Support</td>
<td>Partnerships, Engineers, Infrastructure</td>
<td>R10m per annum</td>
</tr>
<tr>
<td>d) To accelerate the rate of participation by the previously disadvantaged individuals in the Agro-industry through acquisition and warehousing of shares in 5 established enterprises along the value chain by 2020</td>
<td>KZN</td>
<td>Acquisition</td>
<td>Shareholding purchased</td>
<td>Conduct due diligence, Structure the deal, Effect purchase</td>
<td>1 per annum</td>
<td>Transaction Advisor, Audit Services</td>
<td>Transaction Advisor, Audit Services</td>
<td>R22,5m per annum</td>
</tr>
<tr>
<td>e) Ensure that 15 agribusiness enterprises have adopted relevant industry standards by 2020 in order to achieve improved efficiencies and enhance productivity</td>
<td>KZN</td>
<td>Appropriate certification</td>
<td>Acquire certification services</td>
<td>3 per annum</td>
<td>• Management Service, Technical Support, Certification Agent</td>
<td>Management Service, Technical Support, Certification Agent</td>
<td>R10.5m per annum</td>
<td></td>
</tr>
<tr>
<td>f) Increase employment by 300 in the agribusiness sector and create 1000 new employment opportunities indirectly in the agribusiness and services sector by 2020</td>
<td>KZN</td>
<td></td>
<td></td>
<td>60 per annum - direct, 200 per annum - indirect</td>
<td>Management Service, Technical Support</td>
<td>Management Service, Technical Support</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>g) To promote and support the establishment of 20 youth led agribusiness enterprises by 2020 so that they become self-sufficient</td>
<td>KZN</td>
<td>Agripark/Agrihub</td>
<td>Development of new agribusinesses</td>
<td>Provision of knowledge (training, mentorship), Provision of equipment</td>
<td>4 per annum</td>
<td>• Management Service, Technical Support</td>
<td>Partnerships, Engineers, Infrastructure</td>
<td>R12m per business spread over 5 years</td>
</tr>
</tbody>
</table>
PROGRAMME 4: INFRASTRUCTURE DEVELOPMENT

12 PURPOSE

To release the physical constraints to the sectors development through provision of physical infrastructure and inputs.

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Linkage to Strategic Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Facilitate the provision of market development and logistics supportive infrastructure</td>
<td>Goal 1,2&amp;3</td>
</tr>
<tr>
<td>4.2 Provide technical support to all infrastructure development projects</td>
<td></td>
</tr>
<tr>
<td>4.3 To facilitate investment in agribusiness infrastructure and development</td>
<td></td>
</tr>
<tr>
<td>4.4 To diversify the agribusiness industry in KZN through establishing industrial crops and new industries</td>
<td></td>
</tr>
</tbody>
</table>

12.1 PROGRAMME OUTLINE

Rationale

Currently, ADA is focussing most of its resources in this programme because of the nature of funding received from government. ADA recognises that this programme is going to play a major role to unlock agriculture in the Province and therefore should not be abandoned. However, ADA is advocating for a renewed approach to implementing this programme in order to extend its reach. The constraints that lead to the establishment of ADA are still a reality and the entity is therefore challenged to come up with sustainable interventions that increase production and productivity in agriculture.

Constraints

There are many challenges that hamper agricultural production and productivity and ADA was established to respond to them. These include:

- Poor co-ordination of available resources;
- Poor and unco-ordinated financial support;
- Supply of inappropriate technology; and
- Limited access to inputs and technical support services at the appropriate time.
- Limited water resources
- Lack of infrastructure
- Lack of risk and mitigation capacity
- Extreme climatic conditions and droughts
- Quantities, consistency, safety and traceability of produce supplied to formal market

Land reform is starting to have unintended consequences, including declining production on commercial farms. Failure to deal with these challenges could result in the collapse of projects, the repossession of farms, and the decline of local economies of many existing rural towns that rely on commercial agriculture for their livelihoods, and the loss of jobs and livelihoods.

Opportunities

- Revised Land Reform Policy
- Receptive business sector – Retail
### Key focus area
- Market development and logistic supportive infrastructure
- Technical Support
- Industrial crops

### Pillars
- Promoting innovation and new technologies
- Sector coordination
- Developing sustainable supply and distribution systems for inputs
- Conducive public policies and programmes
- Good research, extension and support service
- Growing human resource capacity on farms
- Planning for increased capacity on farms
- Well designed and packaged projects

### Strategic Interventions
- Facilitating investment in physical capital and infrastructure by providing key infrastructural support
- Facilitating investment in new agribusiness enterprises by facilitating provision of expert advice for compiling business plans, and by linking prospective investors to suitable sources of funding, including government grants, loans, venture capital and prospective co-investors. More complex investment facilitation packages would also be appropriate depending on the scale of investment sought. This would see entail the packaging of investment opportunities to include land-legal arrangements and bulk infrastructure and logistics facilities.
- AgriHub Model and Agriparks- The “agri-hubs” concept has been adopted as a methodology which would provide stimulus to markets and around which business support programmes would cohere – work together. The agri-hubs concept (in all its variations) provides a vehicle for planning market interventions.
- Corridor Development according to different commodities
- Product development – drawing on institutions which currently undertake this work
- Risk management strategies
### ACTION PLANS

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<th>Resource requirements</th>
<th>Estimated cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of agro-processing facility</td>
<td>KZN</td>
<td>Agrihub, Agripark</td>
<td></td>
<td></td>
<td>60 per annum - direct, 200 per annum - indirect</td>
<td>Management Service, Technical Support</td>
<td>Management Service, Technical Support</td>
<td>n/a</td>
</tr>
<tr>
<td>Facilitate development of logistics supportive infrastructure</td>
<td>KZN</td>
<td>Partnerships</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase the number of successful (making enough money to pay tax) youth owned agribusiness enterprises as a result of ADA facilitated initiatives to 20 by 2020</td>
<td>KZN</td>
<td>Agripark/Agrihub</td>
<td>Development of new agribusinesses</td>
<td>Provision of knowledge (training, mentorship), Provision of equipment</td>
<td>4 per annum</td>
<td>Management Service, Technical Support</td>
<td>Partnerships, Engineers, Infrastructure</td>
<td>R12m per business spread over 5 years</td>
</tr>
<tr>
<td>Increase the value of investment in market oriented agricultural infrastructure through ADA facilitated initiatives to R1 billion by 2020</td>
<td>KZN</td>
<td>Agrihub/Agrihub</td>
<td>Well designed and packaged projects</td>
<td>Infrastructure assessment, Engineering designs, Construction and Commission</td>
<td>R200 m per annum</td>
<td>Transfer Agreements, Management Service, Technical Support</td>
<td>Additional Personnel</td>
<td>R200 m per annum</td>
</tr>
<tr>
<td>Scale up the number of black commercial farms and agribusinesses who are participating in the ADA agricultural input and mechanisation programmes to 25 by 2020.</td>
<td>KZN</td>
<td>Agrihub/Agrihub</td>
<td>Consistent supply of affordable and quality inputs and mechanisation for black commercial farmers</td>
<td>Enterprise development of suppliers; Finalisation of specification</td>
<td>5 per annum</td>
<td>Define development programme, Technical Support</td>
<td>Management Service, Technical Support</td>
<td>R12m per business spread over 5 years</td>
</tr>
<tr>
<td>Establish industrial crops</td>
<td>KZN</td>
<td>Cluster model</td>
<td>100 ha (essential oils, fiber crops, caster oil, bave rages and medicinal plants)</td>
<td>Technical support, input supply, planting</td>
<td>20 ha per annum</td>
<td>Management Service, Technical Support</td>
<td>Partnerships, Engineers, Infrastructure</td>
<td>4 million per yaer</td>
</tr>
</tbody>
</table>

### VALUE CHAIN COMMODITIES TO BE DEVELOPED IN VARIOUS DISTRICTS AS PER THE AGRARIAN TRANSFORMATION PLAN

The Agrarian Transformation Implementation Plan identifies commodities to be developed in various districts of the Province. The ADA will align its interventions in terms of agribusiness development and more particularly infrastructure investments with the strategy.
### Promoting Agribusiness through Partnerships & Knowledge

#### uThungulu
- Beans
- Sugarcane
- Vegetables
- Aquaculture

#### Zululand
- Maize
- Beans
- Vegetables
- Piggery

#### UMgungundlovu
- Maize
- Poultry
- Wood Sheep
- Soya Beans

#### Harry Gwala
- Dairy
- Maize
- Amarula
- Beef

#### UMkhanyakude
- Vegetables
- Groundnuts
- Beans
- Dairy

#### Umzinyathi
- Goats
- Vegetables
- Beef
- Grapes

#### eThekwini
- Poultry
- Potatoes
- Grapes

#### uThukela
- Maize
- Beef
- Grapes

#### Ilembe
- Sugarcane
- Piggery
- Poultry

#### uGu
- Sugarcane
- Vegetables
- Soya Beans

#### Amajuba
- Maize
- Groundnuts
- Dairy

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PROMOTING AGRIBUSINESS THROUGH PARTNERSHIPS & KNOWLEDGE
SECTION C

Models
12. MODELS OF DELIVERY

The factors that are presented affect the macro business environment of any firm as maintained by Porter, 2004. In its approach to develop the agribusiness sector, ADA will come up with delivery business models aimed at making the business environment conducive for the sector and in particular, the clients of ADA.

Figure 18: The microeconomic business environment. (From Porter, 2004.)

CLUSTER MODEL

Clustering of development interventions is central to overcoming the costs associated with dispersion of producers, diseconomies of scale, poor access to information, technology and finance, inconsistent volume and quality, lack of traceability and management of risk. In this regard, ADA is adopting the cluster model as an approach to the development of agribusiness enterprises. This is also to ensure that the enterprises that have benefitted from ADA also give back to the cluster below them. The cluster will be made of a group of agribusiness enterprises which are in the same integrated value chain and in geographic proximity to each other linked by commonalities and complementarities. ADA will package interventions for all clusters, but the main focus would be at the entrant level players within that cluster.
The characteristics of the cluster will be as follows;

- Integrated Value Chain (e.g., Red meat integrated value chain: the red meat industry is a complex integrated value chain with different commodities (especially yellow maize) feeding into the different red meat sectors, namely beef, sheep and goat meat, and pork.

- Regional economic activity located at all levels: community, geographical are and global

- Includes both vertical links as supplier-manufacture-dealer-customer chain or horizontal production links as in sectors of the same industry

- Enterprises are in competition but through specialisation contribute to the cluster development

Each Cluster will have its own strategy for development based on its needs and aspirations. In doing this, the Cluster may come up with key targeted programmes which may include;

- Investment and growth programme – The cluster would facilitate investments in capital equipment and innovation to enhance competitiveness

- Operational Excellence programme – The Cluster would support member enterprises with compliance, industry standards and value chain competitiveness

- Skills and transformation programme – This would entail sharing of knowledge and expertise

The advantages of this model are as follows;

- Increased local market for products and services

- Reduced transport costs

- Offers degree of specialisation in products and services

- Greater cooperation between cluster members

- Creates workforce pool that has experience

- Facilitate exchange of knowledge and ideas
In terms of this model, ADA will establish an Agribusiness Excellence Platform which would serve as a coordination centre to intervene in order to grow a particular value chain in an area. This platform is not physical, but a virtual platform that brings together various players to facilitate appropriate responses by relevant actors at the exact time of the need. It assumes that various public institutions will sign up to become participants of this platform and will assign adequate resources towards the achievement of the goals of that platform. It also requires that the beneficiaries organise themselves into a formal structure/cooperatives that will work together with the actors in the platform. ADA will drive and connect all the actors. In instances where part of the chain is missing, ADA will ensure that it is established. For instance, if there is no logistics and distribution company, ADA will organise beneficiaries and establish secondary cooperatives that would fulfil that purpose. All the interventions will be driven by business principles.
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