



agriculture, land reform  
& rural development

Department:  
Agriculture, Land Reform and Rural Development  
REPUBLIC OF SOUTH AFRICA

# **National Policy on Comprehensive Producer Development Support (NPCPDS)**

**Cabinet Approved**

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## TABLE OF CONTENTS

LIST OF ACRONYMS AND ABBREVIATIONS .....	iv
DEFINITION AND INTERPRETATION.....	vi
1. CONTEXT AND BACKGROUND .....	1
1.1 State of agriculture producers in South Africa .....	1
1.2 Sustainable Development Goals.....	4
1.3 Agenda 2063: The Africa We Want.....	4
1.4 Reversing the Legacy of the Past .....	4
1.5 The Constitution .....	5
1.6 National Development Plan (Vision 2030) .....	5
1.8 The Green Paper on Land Reform .....	6
1.9 White paper on agriculture .....	6
1.10 Land Donation Policy.....	7
1.11 Beneficiary Selection and Land Allocation Policy .....	7
1.12 Summary .....	7
2. PROBLEM STATEMENT .....	8
3. OBJECTIVES OF THE POLICY .....	12
3.1 Main Objective.....	12
3.2 Specific objectives.....	12
4. LEGISLATIVE FRAMEWORK .....	13
5. STRATEGIC SIGNIFICANCE OF THE POLICY .....	14
6. GUIDING PRINCIPLES AND CONDITIONS FOR PRODUCER SUPPORT .....	14
7. CATEGORIES OF PRODUCERS AND THEIR SUPPORT REQUIREMENTS FOR TARGETED CLIENTELE .....	17
7.1 Targeted clientele .....	17
7.2 Categories of producers.....	17
7.2.1 Household Producer (Vulnerable) .....	17
7.2.2 Household Producer (Subsistence) .....	17
7.2.3 Smallholder Producer .....	18
7.2.4 Medium Scale Commercial Producer .....	18
7.2.5 Large Scale Commercial Producer .....	18
7.2.6 Mega/Corporate Producer .....	18
7.3 Exclusions .....	18
7.4 Support requirements for producers .....	20
8. POLICY IMPLEMENTATION MODALITIES .....	24

8.1	Implementation approaches.....	24
8.1.1	Comprehensive Electronic Producer Register System: .....	24
8.1.2	E-Voucher System:.....	25
8.1.3	Grant Holding Account: .....	25
8.1.4	Blended Funding Scheme:.....	25
8.1.5	Negotiable warehouse receipts: .....	26
8.1.6	Producer Support Centres.....	26
8.2	Intervention measures.....	26
8.2.1	Component 1: Reduce inequality and improve the participation of Black Producers along the agriculture value chains .....	26
8.2.1.1	Access to finance.....	27
8.2.1.2	Access to markets.....	27
8.2.1.3	Increase economic participation of Black Producers .....	28
8.2.1.4	Access to water resources.....	28
8.2.1.5	Mainstreaming of youth, women, and persons with disabilities in agriculture .....	28
8.2.1.6	Access to Land .....	28
8.2.2	Component 2: Design support measures to increase agriculture productivity .....	29
8.2.2.1	Technical and Advisory Services .....	29
8.2.2.2	Provision of Needs Based Training and Capacity Building .....	29
8.2.2.3	Agro-climatic solutions for efficient production system.....	30
8.2.2.4	Provision of suitable on- and off-Farm Infrastructure including Mechanisation .....	30
8.2.3	Component 3: Promote sustainable management and utilisation of natural resources .....	32
8.2.3.1	Investment in research and programme for natural resource management .....	32
8.2.3.2	Promote disaster risk reduction measures including post disaster recovery and rehabilitation.....	32
8.2.4	Component 4: Strengthen institutional mechanisms for better coordination of producer support in the sector .....	33
9	IMPLEMENTATION PLAN.....	34
9.1	Introduction .....	34
9.2	Institutional mechanism .....	34
9.3	Oversight on the implementation of the policy .....	36
9.4	Administration of producer support for agriculture .....	36
10	ROLES AND RESPONSIBILITIES.....	36
10.1	The role of national government .....	36
10.2	The role of provincial government.....	38

10.3	The role of local government .....	39
10.4	The role of State-Owned Entities in agriculture.....	39
10.5	The role of the private sector, including the industry (Commodity Organisation) .....	39
10.6	The role of Civil Society .....	40
10.7	The role of development partners.....	40
10.8	The role of international community.....	40
10.9	The role of producers .....	40
11	ENABLERS FOR COMPREHENSIVE PRODUCER DEVELOPMENT SUPPORT .....	41
11.1	Information, Communication and Awareness Creation .....	41
11.2	Cooperative Governance .....	42
11.3	Research and Innovation .....	42
11.4	Funding mechanism for producer support and development .....	42
11.4.1	Innovative Financing Models .....	42
	<i>i) Blended Finance for Producer Support.....</i>	<i>43</i>
	<i>ii) Value Chain Financing.....</i>	<i>43</i>
11.4.2	Sources of finance for producer support and development .....	43
	<i>i) Government funding .....</i>	<i>43</i>
	<i>ii) Public-Private Partnerships .....</i>	<i>43</i>
	<i>iii) Producers' Own Contribution .....</i>	<i>44</i>
	<i>iv) Donor Funding.....</i>	<i>44</i>
	<i>v) Other sources of funding.....</i>	<i>44</i>
12	RISK MITIGATION AND MANAGEMENT .....	44
12.1.1	Insurance .....	44
12.1.2	Building Capacity of Producer .....	45
12.1.3	Credit Guarantees.....	45
13	COMMUNICATION PLAN.....	45
14	MONITORING AND EVALUATION (M&E).....	46
15	POLICY REVIEW .....	46
16	CONCLUSION .....	46
17	DOCUMENT INFORMATION .....	47
18	REFERENCES.....	48
	ANNEXURE A: THEORY OF CHANGE FOR COMPREHENSIVE PRODUCER DEVELOPMENT SUPPORT.....	51
	ANNEXURE B: Thresholds for producer support.....	52

## LIST OF ACRONYMS AND ABBREVIATIONS

AAP	:	Assistant Agricultural Practitioner
AGOA	:	Africa Growth and Opportunity Act
AgriBEE	:	Agricultural Broad Based Black Economic Empowerment
AAMP	:	Agriculture and Agro-processing Master Plan
APAP	:	Agricultural Policy Action Plan
APSA	:	Agricultural Product Standard Act
BAAC	:	Bank for Agriculture and Agricultural Cooperatives
BEE	:	Black Economic Empowerment
BBBEE	:	Broad-Based Black Economic Empowerment
BPCP	:	Black Producer Commercialisation Programme
BRICS	:	Brazil, Russia, India, China and South Africa
CARA	:	Conservation of Agricultural Resources Act
CASP	:	Comprehensive Agricultural Support Programme
CPPP	:	Community, Public-Private Partnerships
CRDP	:	Comprehensive Rural Development Programme
CRDP	:	Comprehensive Rural Development Programme
CSO	:	Civil Society Organisations
DALRRD	:	Department of Agriculture, Land Reform and Rural Development
DAPOTT	:	District Agri-Parks Operations Task Team
DCU	:	District Coordinating Unit
DP	:	Development Partners
DTIC	:	Department of Trade, Industry and Competition
DWS	:	Department of Water and Sanitation
EFSF	:	Emerging Farmers Support Facility
EXCO	:	Executive Committee
FAO	:	Food and Agriculture Organization of the United Nations
FSAR	:	Food Security and Agrarian Reform
GDP	:	Gross Domestic Product
IADFPF	:	Integrated Agricultural Development Finance Policy Framework
ICT	:	Information and Communications Technology
IDC	:	Industrial Development Corporation
IDP	:	Integrated Development Plan
IGDP	:	Integrated Growth and Development Plan
IPAP	:	Industrial Policy Action Plan
IPCC	:	Intergovernmental Panel on Climate Change
LDS	:	Land Development Support
LRAD	:	Land Redistribution for Agricultural Development
M&E	:	Monitoring and Evaluation
MAFISA	:	Micro-Agricultural Financial Institutions of South Africa
MANCO	:	Management Committee of DALRRD
MLRA	:	Marine Living Resources Act
MTSF	:	Medium Term Strategic Framework
NAMC	:	National Agricultural Marketing Council
NAP	:	National Coordinating Unit
NAPPOTT	:	National Agri-Parks Operations Task Team
NDP	:	National Development Plan
NEMA	:	National Environmental Management Act
NEPF	:	National Evaluation Policy Framework
NGP	:	New Growth Path
NLAACC	:	National Land Acquisition and Allocation Control Committee

NPCPDS	:	National Policy on Comprehensive Producer Development Support
NPSC	:	National Programme Steering Committee
NVFFA	:	National Veld and Forest Fire Act
ODA	:	Official Development Assistance
PAPOTT	:	Provincial Agri-Parks Operations Task Team
PCU	:	Provincial Coordinating Unit
PDAs	:	Provincial Departments of Agriculture
PEPs	:	Politically Exposed Persons
PES	:	Presidential Employment Stimulus Initiative
PLAS	:	Proactive Land Acquisition Strategy
PMTT	:	Project Management Task Team Committee
POS	:	Point of Sale
PPECB	:	Perishable Products Export Control Board
PPI	:	Producer Price Index
PSE	:	Producer Support Estimate
PSSC	:	Provincial Shared Services Centre
PPSC	:	Provincial Programme Steering Committee
PRN	:	Producer Register Number
PTC	:	Provincial Technical Committee
R&D	:	Research and Development
RSA	:	Republic of South Africa
SARS	:	South African Revenue Service
SCM	:	Supply Chain Management of the Department
SIP	:	Strategic Integrated Project
SLA	:	Service Level Agreement
SLAG	:	Settlement Land Acquisition Grant (SLAG)
SMS	:	Short Message Service
SOPs	:	Standard Operating Procedures
SPLAG	:	Settlement Planning Land Acquisition Grant
Stats SA	:	Statistics South Africa
USSD	:	Unstructured Supplementary Service Data
WTO	:	World Trade Organization

## DEFINITION AND INTERPRETATION

The meaning of words or terms that are defined in this document are operative only in the context of this document and shall supersede any other meaning provided elsewhere. Any citation of a law without the words, "*as amended*", refers to the latest version of that law, including any amendments thereto. In this Policy, unless inconsistent with or otherwise indicated by the context, the following words and expressions shall have the following meanings and cognate expressions shall have corresponding meanings:

**"Act 126"** means The Land Reform: Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993).

**"Adaptation"**: "In human systems, the process of adjustment to actual or expected climate and its effects, in order to moderate harm or exploit beneficial opportunities. In natural systems, the process of adjustment to actual climate and its effects; human intervention may facilitate adjustment to expected climate."

**"Agricultural Enterprise"** is an enterprise engaged in activities relating to agricultural production and/or plantation, livestock production, agricultural services, hunting, trapping and/or game propagation, forestry and/or logging, inland fishing, and **"Farming Enterprise"** shall have a corresponding meaning.

**"Agricultural Value-chain"** refers to the full range of activities implemented by various entities (including but not limited to primary producers, processors, traders and service providers) that provides inputs, utilise basic agricultural products, from the stage of raw production to final consumption, and which entities add value to the agricultural products at each respective stage.

**"Agriculture"**: Involves the sustainable and productive utilisation of natural resources and other inputs by people for plant and/or animal production purposes, either for own consumption or for marketing.

**"Black Producers"** means a Black Person (Africans, Coloureds and Indians) who is 18 years or older and who conducts an Agricultural Enterprise and is a farmer. The definition of "Black people" now includes South African Chinese people as per the Pretoria High Court ruling on the 18<sup>th</sup> of June 2008", and **"Land Reform Farmers"** shall have a corresponding meaning.

**"Black Producer Commercialisation Programme"** means a programme initiated by Government aimed at leveraging the states capacity to support investment that will unlock and enhance agricultural production by Black Producers through deliberate, targeted and well-defined financial and non-financial interventions.

**"Blended finance"**: is a financial instrument combining public, philanthropic and private funds in order to improve access and the affordability of finance and to lessen the current reliance on state grants only. It is a combination of grants (from the state), donor funds and commercial loans (from financial institutions) which complement each other.

**"Child Headed Household"**: A household of children only headed by an individual under the age of 18.

**"Commercially Viable and Sustainable Enterprise"** means an Agricultural Enterprise which generates sufficient profit to enable the enterprise to meet all of its commitments and reinvest for the future without ongoing financial assistance from government or charitable organisations.

**“Commodity Organisation”** means an organisation of producers of a particular agricultural commodity committed to developing that commodity that brings a wide spectrum of interest groups related to a particular commodity including partnering with government to advance agrarian transformation.

**“Conservation Agriculture”:** Refers to an agricultural management system based on the simultaneous application of three principles: minimum mechanical soil disturbance, an organic soil cover throughout the year and the use of crop diversity, including rotations and associations. It utilises natural resources in a manner that is environmentally, economically and socially sustainable.

**“Constitution”** means the Constitution of the Republic of South Africa, 1996.

**“Development”** means providing support to Black Farmers in terms of human capacity development, infrastructural development and operational inputs on land acquired or leased by such Black Farmer.

**“Development Partners”** means a partnership where a mutually-beneficial relationship is built on trust, sharing of knowledge and integration, with its partners regarding development of Black Farmers.

**“Development Support”** means the capital and non-capital renewal and restructuring of constrained Agricultural Enterprises conducted by Black Producers.

**“Director-General”** means the Director-General of the Department.

**“Disability”:** A condition imposed by a society when a person with a physical, psycho-social, intellectual, neurological and or sensory impairment is denied access to full participation in all aspect of life, and when society fails to uphold the rights and specific needs of individuals with impairments.

**“Double-dipping”:** Is defined as an act of getting multiple financial supports from the same or different institutions for the same purpose.

**“Effectiveness”:** An aggregate measure of (or judgment about) the merit or worth of an activity, i.e., the extent to which an intervention has attained, or is expected to attain, its major relevant objectives efficiently in a sustainable fashion and with a positive institutional development impact.

**“Efficiency”:** A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into outputs.

**“e-voucher”:** It is a voucher in an electronic form (debit card or SMS) which has a stored value which can be redeemed by beneficiaries via Point of Sale (POS) or on-line.

**“Farm dweller”** any person, other than the farm owner or person in charge who is living on a farm this include farm workers living on farms (who may or may not be working on a farm where they live), farm workers spouses, partners, or family members, occupiers and long-term occupiers in terms of Extension of Security Tenure Act (ESTA), labour tenant and associations.

**“Farm Worker”:** a person who works on a farm regularly whether full time, part time or seasonal including general worker on a farm, all domestic workers who work in a house on a farm and also a security guard (not employed in the private security industry) who is employed to guard the farm

and areas where farming activities takes place. A farm worker is not necessarily a farm dweller as some do not live in the farm.

**“Household Producer (Vulnerable)”** Is defined as a producer or entity that produces primarily for household consumption<sup>1</sup> and has limited resources and skills to operate a market-oriented production system. This category includes child headed households & households producing in communal land and commonages that are registered as indigents or they meet the criteria for registration as indigents with their municipality. These fall within schedule 1 water use authorization in terms of the National Water Act (No. 36 of 1998).

**“Household Producer (Subsistence)”** Is defined as a producer or entity that produces primarily for household consumption. These producers are not or would not be classified as indigents by their municipality. They may market limited surplus production with an annual turnover of less than **R50 000**. These fall within schedule 1 water use authorization in terms of the National Water Act (No. 36 of 1998).

**“Juristic person”:** Is defined is a social entity, a community or an association of people which has an independent right of existence under the law.

**“Large Scale Commercial Producer”:** Is defined as an individual or entity that produces and sell agricultural commodities for the purpose to make a profit. These are established enterprises producing for market to make a profit with an annual turnover ranging from **R10 000 001 – R50 million**. Requires a water use licence authorization in terms of section 40 of the NWA as defined in section 21 of the NWA, except those which fall under existing lawful use.

**“Medium Scale Commercial Producer”:** Is defined as an individual or entity that produces and sell agricultural commodities for the purpose to make a profit. These are established enterprises producing for market to make a profit with an annual turnover ranging from **R1 000 001 – R10 million** and are eligible for VAT registration. Requires a water use licence authorization in terms of section 40 of the NWA as defined in section 21 of the NWA, except those which fall under existing lawful use.

**Mega/Corporate Producer:** Is defined as an individual or entity, that produce and sell agricultural commodities for the purpose to make a profit. These are established enterprises producing for the market to make a profit with an annual turnover above R50 million. Requires a water use licence authorization in terms of section 40 of the NWA as defined in section 21 of the NWA, except those which fall under existing lawful use.

**“Mitigation”:** "Mitigation" means a human intervention to reduce the sources or enhance the sinks of greenhouse gases (GHGs). This report also assesses human interventions to reduce the sources of other substances which may contribute directly or indirectly to limiting climate change, including, for example, in agriculture the sequestration of atmospheric CO<sub>2</sub> in plant tissue through photosynthesis and its storage in soil organic matter, the reduction in direct emissions from fossil fuel usage and energy intensive inputs.

**“Monitoring”:** A systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds.

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<sup>1</sup> The word household consumption include own use of non-edible agricultural products such as cotton etc.

**“Own contribution”:** refers to the resources that an applicant should contribute into the process to form part of the whole capital package, viz. own contribution + grant. This can be in monetary, in kind (e.g. property, machinery, equipment and livestock) or through the use of own labour.

**“Politically Exposed Persons”:** The Financial Intelligence Centre (FIC) defines Politically Exposed Persons (PEPs) as an individual who is or has in the past been entrusted with a prominent public function in a particular country.

**“Producer”:** Is an individual or entity that engages in agricultural activities along the value chain either on a full-time or on a part-time basis but who derives the majority of his income from these activities.

**“Producer Register”:** A compilation of Registered Producers maintained by the Department and/or its provincial counterparts.

**“Registered Producer”:** A producer who has voluntarily registered himself/herself with the government Producer Register System and has been issued with a unique producer register number (PRN).

**“Persons with disabilities”:** Refers to persons who have perceived and or actual physical, psychosocial, intellectual, neurological and/or sensory impairments which, as a result of various attitudinal, communication, physical and information barriers, are hindered in participating fully and effectively in society on an equal basis with others.

**“Resilience”:** “The ability of a system and its component parts to anticipate, absorb, accommodate, or recover from the effects of a hazardous event in a timely and efficient manner, including through ensuring the preservation, restoration, or improvement of its essential basic structures and functions.”

**“Rights to land”:** Means any real or personal right in land, including a right to cropping and grazing land.

**“Smallholder Producer”:** Is defined as a producer or entity that produces (at primary, secondary, and tertiary level) for household consumption and markets, therefore farming is consciously undertaken in order to meet the needs of the household and derive a source of income. These are usually the new entrants aspiring to produce for market at a profit with a maximum annual turnover **ranging from R50 001 to R1 million per annum**. Smallholder Producer falls within the General Authorisation (GA) as per Government Gazette Notice 398 of 26 March 2004.

**“Social Assistance”** Assistance refers to social grants in the form of a supplementary grant, a foster care grant, a child-support grant, a care-dependency grant or a financial award, granted under the Social Assistance Act, 1992 (Act No. 59 of 1992).

**“Stakeholders”:** The private sector, development partners, labour and interested and/or affected parties in as far as it applies to agriculture, land reform and rural development.

**“Sustainability”:** The continuation of benefits from an intervention: The probability of continued long-term benefits including resilience to risk of the net benefit flows over time.

**“Tight Value Chain”:** Refers to well organised Value chains, which are comprised of financial service providers, buyers, input providers, producer organizations, and individual farmers and loose value chain are poorly organized.

**“Value Chain Financing”:** are financial flows between participants in a particular value chain (internal) but also flows from financial institutions: from banks to participants in a specific value chain (external).

**“Vulnerability”:** The degree to which geophysical, biological and socioeconomic systems are susceptible to and unable to cope with, adverse impacts of environmental degradation, drought and climate change. Temporal and spatial exposure to different types of environmental degradation and climate risks is assumed in this definition, as are potential changes in resilience.

**“Vulnerable Groups”:** In this policy will include: youth, women, persons with disabilities, farm workers and orphans.

**“Vulnerable person”:** A person whose survival, care, protection or development may be compromised, due to a particular condition, situation or circumstance and which prevents the fulfilment of his or her rights.

**“Women”:** A female human of any age and race.

**“Youth”:** Young people as those falling within the age of 18 to 35 years.

## EXECUTIVE SUMMARY

The South African government has implemented various programs to support emerging farmers, particularly historically disadvantaged individuals. These programs aim to promote land reform, provide training, access to finance, and technical support to enable emerging farmers to become commercially viable. The agriculture sector in South Africa faces several challenges. These include frequent droughts, climate change impacts, land reform issues, water scarcity, pests and diseases, access to markets, and limited access to finance and resources for small-scale farmers.

The policy will be the overall national policy for the agriculture sector in South Africa that will regulate and guide interventions (support services) provided to the various categories of producers by the government. This will also guide other stakeholders involved in producer support such as the private sector, Civil Society Organisations (CSOs) and Development Partners (DPs) and other sector stakeholders. In doing this, the policy will therefore use a wide array of instruments to support the restoration and revitalisation of agro-ecosystems, and the economic and social prosperity of producers to ensure national as well as household food and nutrition security. Due to the diversity in as well as the widespread and severe degradation of the natural resources, the assessment of their current potential and state must be a foundational component of the support package.

The National Policy on Comprehensive Producer Development Support (NPCPDS) recognises that achieving the above objectives requires the cooperation and participation of the farming community and the private sector as a whole. Therefore, the government will strengthen existing producer support institutional mechanisms to ensure that they are integrated and cater for the participation of the farming community and the private sector.

Building the capacity of producers and officials is of the utmost importance to ensure the sustainability of developmental initiatives as envisaged in the policy. The government will therefore strive to ensure that there is a need for concerted efforts to capacitate producers and officials, particularly those who interact regularly with producers (e.g. Extension Practitioners, Animal Health Technicians, and Veterinarians etc.).

To be effective and efficient, producer support still needs to be tailored to the needs of producers. Hence, the policy has categorised producers into six distinct but interrelated categories, namely: (i) Household Producer (Vulnerable), (ii) Household Producer (Subsistence), (iii) Smallholder Producer, (iv) Medium Scale Commercial Producer, (v) Large Scale Commercial Producer, and (vi) Mega/Corporate Producer

A central feature of the NPCPDS will be a shift away from wholesale grants (with the exception of Household Producers, to a blended financial system that utilises public or philanthropic capital to spur private sector investment in projects aimed at achieving the sustainable development goals.

Local processing of agricultural produce will be encouraged in order to increase opportunities for value-adding, job creation, and foreign exchange earnings through the implementation of agro-processing incentive schemes and other targeted measures along the agricultural value chain.

This policy introduces a number of high impact policy principles that will change the way the government conducts its business as far as producer support is concerned, including the following:

- *Capped support:* There will be caps on financial support to be provided to producers to avoid cases of very substantial transfers to individuals or businesses. The caps will be reviewed regularly to account for inflation and other price escalation using the producer price index (PPI).

- *Ring-fenced support:* The proposed share of ring-fenced funds should be in line with relevant support strategies to be reviewed on a regular basis as and when the need arise.
- *Adjustment support:* will be focusing on risk-based emergency support, re-allocation, or disbursement of unused funds to other emerging priority or existing producer enterprises.

With an ageing farmer population, the mainstreaming of youth and other vulnerable groups (e.g., women, persons with disabilities) is of utmost importance.. A minimum of 50% support will be allocated to women and a minimum of 40% will be allocated to youth (of which 50% must be targeted to agriculture graduates), and a minimum of 10% will be allocated to persons with disabilities, military veterans and farm workers as part of the designated groups.

## **1. CONTEXT AND BACKGROUND**

### **1.1 State of agriculture producers in South Africa**

South Africa is known for its diverse and productive agricultural sector, which plays a crucial role in the country's economy. Agriculture in South Africa is characterised by a mix of commercial farming, subsistence agriculture, and emerging farmers. The commercial farming dominates the agricultural landscape in South Africa. Large-scale commercial farms utilise advanced farming techniques, machinery, and irrigation systems. These farms produce crops and livestock for local consumption and export. The subsistence farming is prevalent in rural areas, particularly in impoverished communities. Smallholder farmers grow crops and raise livestock primarily for their own consumption and local markets. They often face challenges such as limited access to resources, technology, and markets.

Agriculture contributes significantly to South Africa's economy, providing employment, food security, and raw materials for various industries. It contributes around 2.5% to the country's Gross Domestic Product (GDP) and employs a significant portion of the population, particularly in rural areas (StatsSA, 2022).

South Africa has a wide range of agricultural crops grown across different regions. Major crops include maize, wheat, sugarcane, citrus fruits, grapes, apples, pears, peaches, and vegetables. Maize is the most important staple crop, while citrus fruits and wine grapes are significant exports. Livestock farming is an essential component of South Africa's agriculture sector. Cattle, sheep, goats, and poultry are the main livestock reared. Beef production is the largest livestock sector, followed by poultry and sheep farming. South Africa is also a major exporter of high-quality beef and mutton.

South African agriculture has seen advancements in technology and innovation. Precision farming techniques, such as remote sensing, GPS, and data analytics, are being adopted to optimise crop production. Agri-tech start-ups are emerging in areas like vertical farming, hydroponics, and drone applications. South Africa has a well-developed agri-processing industry that adds value to agricultural products. Food processing, wine production, and meat processing are prominent sectors. The country exports a range of agricultural products, including citrus fruits, wine, maize, sugar, wool, and meat to international markets.

The South African government has implemented various programs to support emerging farmers, particularly historically disadvantaged individuals. These programs aim to promote land reform, provide training, access to finance, and technical support to enable emerging farmers to become commercially viable. The following are among other programmes that DALRRD are implementing:

#### **1.1.1 The Comprehensive Agricultural Support Programme (CASP)**

The state found that financial services to smallholder farmers were inadequate, farmer support was neglected, and there was a need to re-establish a state-supported agricultural credit scheme. The implementation of CASP in 2004 was therefore aimed at providing agricultural support services to beneficiaries of land reform and to producers who had acquired land privately and were engaged in initiatives that support the domestic or export market (DALRRD, 2022). The aim of CASP is to provide post-settlement support to the targeted beneficiaries of land reform, restitution and redistribution, and other black producers who have acquired land through private means and are engaged in value-adding enterprises domestically or in export. The comprehensive available support includes on/off-farm infrastructure (including mechanisation service), training, business development and marketing, technical and advisory services, financial support and information and

knowledge management. It supports Provincial Departments of Agriculture (PDAs) to create a favourable environment to those producers and to expand the provision of support services for the development of agriculture. The CASP has six pillars: information and knowledge management, technical and advisory assistance, and regulatory services; training and capacity building; marketing and business development; on-farm and off-farm infrastructure and production inputs. Lessons in the implementation of CASP as captured in the Impact Evaluation of the Comprehensive Agricultural Support Programme formed the basis for the development of this policy.

### **1.1.2 Micro Agricultural Financial Institutions of South Africa (MAFISA)**

The lack of access to credit is often seen as a critical constraint to the establishment or expansion of viable micro-enterprises. The MAFISA provides production loans to smallholder operators within the agriculture sector. The scheme's operations are guided by the MAFISA Credit Policy (DAFF, 2015e). Loans are provided at a low interest rate and accessed through a network of institutions accredited by the DALRRD as retail intermediaries.

### **1.1.3 Agricultural Broad-Based Black Economic Empowerment (AgriBEE)**

The purpose of the AgriBEE Fund is to support Small, Medium, Micro Enterprises (SMMEs) within the agricultural sector who wish to acquire shareholding in existing commercially viable and sustainable enterprises and advance enterprise development through support for agro-processing and value adding activities (post-production infrastructure) to the people who were previously marginalised to participate in the sector value chain. The AgriBEE fund is implemented through provision of funding to acquisition of equity and shares in viable and sustainable enterprises, including vertically integrated enterprises (agro-processing) in the agricultural sector. It ensures that there is an increased number of black people who own, manage and control sustainable enterprises in the agriculture sector. This is done to improve the participation by black designated, namely, unemployed black people not attending and not required by law to attend an educational institution; black people who are youth; black people who are persons with disabilities; black people living in rural and under developed areas; black military veterans in terms of the Military Veterans Act 18 of 2011 as well as farm workers, throughout the respective sectors' value chains.

### **1.1.4 Ilima/Letsema.**

The Ilima/Letsema Program was introduced to create sustainable agricultural activities and improve the food security of farming communities in 2008. The purpose of the Ilima/Letsema Program is to provide grant to household producers to increase agricultural production. The main outcome of the program is an increased agricultural production of grains, livestock, and horticulture at both household and national level.

### **1.1.5 Covid-19 Relief Scheme**

South Africa went into a total shutdown in order to contain the spread of COVID-19 pandemic on 26 March 2020. The agricultural and food sectors were declared essential services, implying that they were allowed to continue operating, except exports of wool, wine, mohair, cotton and floriculture. As such, the sector was not heavily affected, except the afore-mentioned few industries. The processing of food was also not heavily affected on the supply side, although there were disruptions in certain inputs and ancillary services, especially for small- and medium-size enterprise agro-processors. The demand side was, however, significantly affected by the closure of schools (affecting feeding schemes), restaurants, hospitality, and limitations within informal trading systems, which all affected the aggregate demand for food. Port capacity and operations

were also impacted by the hard lockdown, which affected the exports and imports of agriculture and food products such as citrus, wheat and maize.

South Africa was on its way to an economic recession before lockdown, however, it did not deter the government from implementing various Covid-19 response policy measures to assist its citizens with Covid-19 relief schemes. The DALRRD was granted R1.2 billion which was primarily meant to assist "financially distressed smallholder farmers" to ensure they continue their production and food security for the country.

#### **1.1.6 The Presidential Employment Stimulus (PES)**

The PES was launched in October 2020 as part of South Africa's Economic Reconstruction and Recovery Plan, in response to the economic impacts of the Covid-19 pandemic (ERR, 2020). The Covid-19 pandemic illustrated the vulnerability of the South African food production and distribution systems. Although exempt from the strictest lockdown regulations, the agricultural sector faced severe challenges with disruptions to production and marketing experienced by many smallscale farmers. The PES has provided production input vouchers to subsistence farmers, to assist them back into production. Applications were made on an Unstructured Supplementary Service Data (USSD) platform and came from every corner of the country. This has also provided DALRRD with a geo-spatially referenced database of subsistence farmers for the first time. Concurrently, the implementation of PES coincides with the recruitment and employment of about 4 370 Assistant Agricultural Practitioners (AAP) that further facilitate successful implementation of the project.

Since its launch in October 2020, the PES has enabled the most rapid expansion of public employment in South Africa's history, by supporting programmes that could scale up to provide work to those who need it. This programme sustained and increased employment in the agricultural sector. It supports subsistence producers with farming input vouchers to enhance their production efforts as they strive to retain self-employment and support food value chains. The proactively support vulnerable individuals and groups, women, youth, people with disabilities, child-head households, farm-dwellers and farmworkers and military veterans.

#### **1.1.7 Market Access**

Internationally, standards for food imports and exports are harmonised through various international standard-setting bodies subscribed to under the World Trade Organisation (WTO), to which South Africa is a signatory. This includes the Sanitary and Phytosanitary Measurements Agreement, the World Organisation for Animal Health, Codex Alimentarius Commission, and the Intergovernmental Panel on Climate Change. These requirements aim to protect consumer rights, the environment, animal life and public health. Through its Directorate: Food Import and Export Standards, the DALRRD collates information regarding the standards for sanitary and phytosanitary measures applicable to trade in animal and plant products. The department also coordinates promotion and awareness programmes addressing crosscutting standards and legislative requirements for food safety, quality, and plant and animal health. The DALRRD and the Perishable Products Export Control Board (PPECB) work closely to assist South Africans to export their products successfully in a highly competitive global arena.

Furthermore, through National Agricultural Marketing Council, the DALRRD mandated the council to investigate the establishment, continuation, amendment, or revocation of statutory measures affecting the marketing of agricultural products; and evaluate the desirability, necessity or efficiency of these statutory measures. The NAMC was established in terms of the Marketing of Agricultural Products Act No. 47 of 1996, as amended by Act No 59 of 1997 and Act No. 52 of 2001. Its vision is to strategic positioning the South African agriculture in a dynamic global market (NAMC, 2023). It provides quality advisory services derived from trade policy investigations to the minister and directly affected groups in order to strengthen policy development and informed

policy decision. The DALRRD continues to identify and develop international market access for producers and facilitate trade promotions in partnership with the Department of Trade, Industry and Competition (DTIC). Some of the special international markets include the Philippines, China, Japan, Korea, and Thailand.

## **1.2 Sustainable Development Goals**

Member states to the United Nations General Assembly, inclusive of South Africa, adopted the 17 Sustainable Development Goals (SDGs) aimed at transforming the world by calling for action to end poverty and inequality, protecting the planet, and ensuring that all people enjoy health, justice, and prosperity in 2015. These goals are based on the principle of inclusivity and not leaving anyone behind. Goal 1 of SDGs, seeks to end poverty in all forms everywhere, and central to achieving this is through target 1.4 which seeks to ensure that *“all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance by 2030”*. This is a suitable consideration given that it addresses the objectives of this policy in terms of access to land by agriculture producers as well as access to finance and non-financial support.

## **1.3 Agenda 2063: The Africa We Want**

South Africa is a member state to the African Union which means the country subjects itself to the objectives, mission and vision of the continent. the African Union adopted the Agenda 2063 In January 2015: The Africa We Want at the 24<sup>th</sup> Ordinary Assembly of the Heads of State and Governments of the African Union. The Agenda 2063 is a roadmap for changing the outlook of Africa into one which becomes an equal and global competitive continent based on inclusive and sustainable development underpinned by values of Pan-Africanism and African Renaissance to be achieved by 2063. This vision is guided by numerous aspirations to help Africa realise this dream. In terms of Aspirations 1 *on a prosperous Africa based on inclusive growth and sustainable development the continent aspires to modernise agriculture for increased production that leads to individual farmers to ensure a lasting food security for their nations. This will be achieved amongst others through science, technology, innovations, and adoption of indigenous knowledge. Priority will be given to youth and women.*

## **1.4 Reversing the Legacy of the Past**

The pervasive process of land alienation that dispossessed the majority of South Africans of their land over the past century lies at the root of the disparity in ownership of and access to land in South Africa. The land alienation process started in 1913 with the Natives Land Act and was perpetuated by a number of discriminatory laws that resulted in the massive dispossession of land in South Africa from black people. As the Green Paper on Land Reform (2011) highlights, one of the consequences of the loss of their land was that black people could no longer produce enough food to feed themselves and their families, nor could they keep livestock.

The root of the land question arises out of the pervasive process of land alienation that dispossessed the majority of South Africans of their land in 1913 through the Natives Land Act, (No. 27 of 1913). The Natives Land Act (No. 27 of 1913) became a spring of major challenges related to land reform in the former homelands (DRDLR, 2013). The post-1994 government refers to the former homelands as ‘communal areas’ (Communal Land Tenure Policy 2013). For most people living in these areas, their rights to land are uncertain and vulnerable. The right to security of land tenure – that is, the legal and practical ability to defend one’s ownership, occupation, use of and access to land from interference by others – is enshrined in Section 25(6) of the Constitution. The Constitution further prescribes that the government should enact a law to provide for the realisation

of the right to security of tenure in Section 25(9). Land tenure reform is one of the three main areas of the government's land reform programme – the other two are land redistribution (related to Section 25(2), (3) and (4), which involves tackling the unequal distribution of land in the country resulting from the apartheid era, and restitution (Section 25(7)), which is about restoring land to or providing equivalent compensation to people who were dispossessed of rights to land as a result of racially discriminatory laws or practices. The DALRRD has published Communal Land Tenure regulations for public comments. The regulation seeks to regulate the communal land, which encompasses land occupied mostly by African communities in the former homelands. A Recordal of Land Tenure Rights on Communal Land pilot project is currently being implemented in the Eastern Cape, Amathole District, under the Buffalo City Municipality within the Amahleke Traditional Authority, which is made of 10 villages.

## **1.5 The Constitution**

In 1996, the Constitution of the Republic of South Africa was enacted. The Constitution enshrines certain fundamental human rights, including the right of all citizens in relation to property. All rural development and land reform policies of the South African government, including this policy, are intended to give effect to the Constitution, and in the case of this policy, to Section 25 (right to property) and Section 27 (Health care, food, water and social security).

Section 25(5) of the Constitution of the Republic of South Africa is of particular significance and provides that *"the state must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis"*. In a country where the majority of citizens do not have equitable access to land, this constitutional promise remains imperative. The further provisions of Section 25 of the Constitution compel the government to spare no effort in addressing land reform, racial disparity, and inequity in access to and ownership of land by South Africans.

Section 27 (1) (b) of the Republic of South Africa states that *"everyone has the right to have access to sufficient food and water"*. Similarly, Section 27(2) states that *"the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights"*

## **1.6 National Development Plan (Vision 2030)**

In order to contribute to the realisation of national developmental objectives as encapsulated in Chapter 6 of the National Development Plan (NDP), the National Policy on Comprehensive Produce Development Support (NPCPDS) aims to regulate and guide numerous interventions (support services) provided to the various categories of producers by the government. The principles detailed in Chapter 6 of the NDP that are relevant in the context of this policy include the following:

- sustainable production based on the capacity building of black people through incubators, mentorships, and other accelerated forms of training in agricultural science, prior to the transfer of land;
- development of sound monitoring institutions in order to protect markets against opportunism, corruption, and speculation; and
- enhanced opportunities for commercial farmers and organised industries to contribute to the success of black people through mentorship, training, commodity chain integration, and preferential procurement.

## 1.7 Agriculture and Agro-Processing Master Plan (AAMP)

The vision of the AAMP is a “*globally competitive agricultural and agro-processing sectors driving market oriented and inclusive production to develop rural economies, ensure food-security, and create employment and entrepreneurial opportunities*”. An inclusive and thriving agricultural and rural economy is aligned with the vision in Chapter 6 of the NDP. The AAMP is an operational plan to reaffirm and implement the goals and measures of the NDP, Chapter 6. It is, specifically, promotes a meaningful public-private partnership designed to produce a world-class, competitive, dynamic, growing, ecologically sustainable, safe, fair and inclusive sector in 2030. With the assistance of governments, development banks, and other organisations, various interventions and programmes is able to undertake with workers, employers, and communities on various categories of farms and agribusinesses. The intention is to leverage and channel various forms of resources, support, and clearly defined roles and responsibilities of social partners in implementing the programmes of action towards achieving the strategic objectives of AAMP.

## 1.8 The Green Paper on Land Reform

The Green Paper on Land Reform (2011) formulates the Department’s vision of land reform as follows:

- “*A re-configured single, coherent four-tier system of land tenure, which ensures that all South Africans, particularly rural blacks, have reasonable access to land with secure rights, in order to fulfil their basic needs for housing and productive livelihoods.*”
- “*Clearly defined property rights, sustained by a fair, equitable and accountable land administration system within an effective judicial and ‘governance’ system.*”
- “*Secure forms of long-term land tenure for resident non-citizens engaged in appropriate investments which enhance food sovereignty and livelihood security, and improved agro-industrial development.*”
- “*Effective land use planning and regulatory systems which promote optimal land utilisation in all areas and sectors; and, effectively administered rural and urban land, and sustainable rural production systems*”.

The principles underpinning land reform are stated in the Green Paper to be threefold, namely:

- de-racializing the *rural* economy;
- democratic and *equitable* land allocation and use across gender, race and class; and
- sustained production *discipline* for food security.

The Green Paper puts forward a set of proposals to articulate the Department’s proposed improved trajectory for land reform, which proposals attempt to:

- improve on past and current land reform perspectives, without significantly disrupting agricultural production and food security; and
- avoid or minimise land redistribution and restitution, which do not generate sustainable livelihoods, employment, or incomes.

## 1.9 White paper on agriculture

This policy is aimed at ensuring equitable access to agriculture and promotes the contribution of agriculture to the development of all communities, society at large and the national economy, in order to enhance income, food security, employment and quality of life in a sustainable manner. It makes provision for agricultural production and marketing, the sustainable use of natural resources, agricultural financing, institutional infrastructure, access to information and agricultural technology, research and training.

### **1.10 Land Donation Policy**

The Land Donations Policy aims to accelerate land donations as one of the ways to respond to the slow pace of land reform and create opportunities for citizens, especially in peri-urban and rural areas (DALRRD, 2020). It provides incentives with prescribed empowerment responsibilities on the part of big institutional landowners that donate land. Land donations are to be expedited from large institutional landowners such as agribusinesses, mining companies, land owned by urban landlords, land expropriated from absentee landlords, among others. The Land Donation Policy was approved by the Cabinet in 2020. The allocation of the donated land is guided by the Beneficiary Selection and Land Allocation Policy (BSLAP). The policy is being implemented but progress has been slow and tentative, however The DALRRD continues to create awareness through campaigns targeting landowners.

### **1.11 Beneficiary Selection and Land Allocation Policy**

The National Policy on Beneficiary Selection and Land Allocation provides for a uniform, fair, credible and transparent process and criteria for the selection of beneficiaries for land allocation or leasing of State properties (DALRRD, 2022). It promotes conditions which enable the previously disadvantaged South Africans and targeted groups to gain access to land on an equitable basis. The targeted groups include women, youth and unemployed agricultural graduates, persons with disabilities, military Veterans, and Communal farmers and state land residents. Farm workers and farm dwellers, Labour tenants, Urban and peri-urban areas, and dispossession cases which fall outside the ambit of the Restitution of Land Rights Act, 1994 are not excluded to be the beneficiaries.

### **1.12 Summary**

Since the dawn of democracy in South Africa, the government has embarked on numerous policies and programmes to provide financial and non-financial support, mainly targeting the previously disadvantaged producers. The intent was to emphasise the importance of their participation in the mainstream agricultural sector through the provision of on-and off farm infrastructure, extension support, market access, etc.

Despite these interventions, the challenges confronting the agricultural sector, such as skewed participation as well as inadequate, ineffective, and inefficient support systems as identified in the Strategic Plan for South African agriculture (2001) still exists. This policy is derived from the need to substantially contribute to the achievement of the national development objectives (i.e., *poverty eradication, economic growth and job creation*) as stipulated in the NDP, in which agriculture is identified as one of the primary drivers of growth in the economy. It is in this regard that efficient agricultural policies and programmes are essential to meet the increasing demand for nutritious food in a sustainable way while create job and entrepreneurial opportunities.

## 2. PROBLEM STATEMENT

2.1 The main problem facing the agriculture, sector is the lack of a comprehensive policy framework to harmonise, guide, and regulate the provision of support services to the various categories of producers. This has created unnecessary confusion with regard to the roles and responsibilities of various institutions that provide support to the various types of producers in South Africa, as per the findings of the Department of Planning, Monitoring and Evaluation (DPME)'s impact assessment studies on agricultural support programmes (DPME, 2014). This section therefore aims to outline some of the key problems facing the sector that should be addressed by this policy.

### 2.1.1 *Inequality to access and ownership of resources coupled with skewed participation of the previously disadvantages individuals along the agriculture and agro-processing value chains*

- a) South Africa is one of the most **unequal countries** in the world, with a consumption per capita Gini coefficient<sup>2</sup> estimated to be about 0.67 in 2015 (Stats SA, 2019)<sup>3</sup>. It is therefore the aim of the government to ensure that black producers no longer remain on the periphery, but become economically active and involved in the value chains of agriculture. From a legislative point of view, the country has made remarkable progress in addressing transformation through the promulgation of the Broad Based Black Economic Empowerment Act (BBBEE), 2003 (Act No. 53 of 2003), the AgriBEE Charter and Forestry Sector Charter, to mention a few.
- b) The agriculture, land reform and rural development sector is also characterised by low participation of vulnerable groups (youth, women, and persons with disabilities). The former Department of Agriculture, Forestry and Fisheries commissioned the University of Pretoria to conduct an impact assessment of the Comprehensive Producer Development Support. The report found that only 14% of the beneficiaries were youth and recommended that “*government should endeavour to improve the involvement of youth, women, and persons with disabilities in CASP-supported projects, particularly in project management*” (DPME, 2014).
- c) Despite these strides, transformation of the agriculture sector has been slow and tentative (DAFF, 2014 – Agricultural Policy Action Plan), and inequality is therefore still high and manifests itself through access to resources (land, water, finance, markets, infrastructure, etc.). This affects the participation of previously disadvantaged individuals along the value chains.
- d) The agriculture sector in South Africa is underfunded. Using the Producer Support Estimate (PSE)<sup>4</sup> as a measure, the average direct support provided to the agricultural sector in South Africa is below that of other emerging markets such as Brazil, China, Russia and Indonesia. Most of these countries also receive non-financial support (such as control, veterinary support, and the removal of trade barriers) that makes them more competitive in international markets.
- e) Producers in the agricultural sector are experiencing difficulties in **accessing finance due to** several reasons which include but not limited to lack of collateral, costs of

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<sup>2</sup> The Gini coefficient is a measure of inequality of a distribution. It is defined as a ratio with values between 0 and 1.

<sup>3</sup> According to World Bank (2022), the Gini coefficient figures are based on consumption per capita in nominal terms.

<sup>4</sup> The Percentage Producer Support Estimate (% PSE) represents policy transfers to agricultural producers, measured at the farm gate and expressed as a share of gross farm receipts.

funds, absence of infrastructure are associated with the constraint access to finance in the sector. Funds available for lending in the sector are limited as financiers are reluctant to service some of the producers due to the inherent risks associated with them. Most producers cannot use their land as collateral because of their tenure rights to land, particularly those in communal areas, as they do have rights to land, but this has not been translated into a registered right that would enable them to approach financial institutions for assistance. In the short to medium term, alternative and innovative financial mechanisms need to be designed to ensure producers access to finance. Long-term strategies will include the provision of secure property and tenure rights with a collateral value.

- f) A **skewed ownership of land** coupled with a slow pace of implementing the land reform programme is a threat to achieving development objectives as encapsulated in the NDP, the New Growth Path (NGP), and other strategic and policy documents of government, particularly those relating to agrarian transformation and rural development. The vision of the NDP recommends that there should be a more rapid transfer of land to black beneficiaries “*without distorting land markets or business confidence in the agribusiness sector.*” The Land Audit report on the state of farms and agricultural holdings reveals that Whites own 72% of the total 37 031 283 ha farms and agricultural holdings owned by individual landowners, followed by Coloureds at 15%, Indians at 5%, Africans at 4%, others at 3%, and co-owners at 1% (DRDLR, 2017).
- g) Furthermore, there is also a threat of **competing demands**, usually for high potential agricultural land, from the human settlement and mining sectors which affect land use patterns for agriculture and forestry sub-sectors in particular.
- h) South Africa is a water-scarce country, and therefore there is a need to ensure the sustainable use of water through the protection of the quality of water resources for the benefit of all water users. **Access to water resources** is still one of the main challenges facing the development of producers in the sector, despite the government’s efforts to ensure equitable allocation and use of the scarce and unevenly distributed water resources.
- i) With regard to **access to markets**, the Agricultural Marketing Policy for the Republic of South Africa (2010) noted that the deregulation process had an overall positive impact in the sector. It however recognise that the country deregulated and liberalised faster than the WTO commitments, resulting in South African farmers having to face increased competition in both domestic and international markets (DAFF, 2010).
- j) The National Policy Framework on the Development of Small and Medium Agro-processing Enterprises in the Republic of South Africa (2015) identifies the major constraints to entrance and active participation in the agro-processing value chain by Small and Medium Enterprises (SMEs) as a lack of appropriate technology, inadequate infrastructure, access to finance and low level of technical and entrepreneurial skills. In addition to these constraints, the challenges of **compliance with stringent market standards** preclude SMEs from accessing mainstream markets, which are crucial to creating an inclusive agro-processing industry in South Africa; implying market concentration is entrenched in the industry.

### 2.1.2 Low agricultural productivity

- a) The agricultural sector has been identified in the NGP and the NDP (Vision 2030) as a sector that can contribute meaningfully to the creation of about 1 million additional jobs. This can be realised through the restoration of the natural agricultural resources and if there is an increase in productivity coupled with new development and expansion in the sector.
- b) Most producers and communities that obtained land ownership through land reform programmes face serious challenges maintaining the productive potential of the farm. This can be attributed to a **lack of skills**, particularly the business acumen required to run a commercial operation. Vink, Van Rooyen, and Karaan (no date) argue that this is mainly because the policies that have succeeded in transferring land have not been supplemented with support to the beneficiaries to enable them to make productive use of the land. As a result, most properties acquired through various programmes (such as Land Redistribution for Agricultural Development – LRAD) were on the verge of being auctioned or had been sold, therefore undermining the efforts and intentions of the land reform programme.
- c) **National extension and advisory services** in the country is plagued with a number of structural and counterproductive challenges that limit the efficiency and effectiveness of efforts and investments in the development of previously disadvantaged producers in particular. The poor linkage still remains one of the major challenges within the agriculture sector in South Africa, where research, extension, and producers are at best disintegrated. One of the major challenges for extension relates to the lack of extension capacity marked by a low extension to producer ratio. Extension and advisory services lack a developmental and systems approach, where practitioners have a holistic view and understand the total value chain and linkages (DAFF, 2016, National Policy on Extension and Advisory Services). The scientific and technical capacity within the PDAs to assess the potential, capability, suitability, and conservation status of the natural agricultural resources at the farm level is extremely limited. As a result, producers do not receive the required scientific and technical support to conduct soil and veld surveys, the demarcation of production units, the compilation of farm management plans, the design of utilisation and conservation works, and the selection of suitable and adapted farming enterprises, systems, and practises.
- d) **Agro-climatic conditions** also have an impact on this, as it is estimated that only a third of South Africa receives sufficient rain for crop production, and approximately a third of this area (approximately 12% of the country) has fertile soil which are suitable to produce rain-fed crops. Most of this is marginal land for crop production, and less than 3% of South Africa's land is considered high-potential land.
- e) **Mechanisation support services**, is one of the critical pillars in achieving the government's objective of increasing access to locally produced food in line with all the integrated governmental (DALRRD) schemes to ensure food security. Lack and improper use of farm machinery (such as timber harvesters, tractors, implements, irrigation schemes, logistics, etc.) both on agricultural and forestry land has resulted in reduced productivity. Therefore, standardised procedures need to be formulated to ensure that farm machinery is used at its optimum level to increase farm efficacy.
- f) **Agricultural Research and Development (R&D)** is a significant source of a long-term economic growth for South African agriculture sector (Liebenberg, 2013).

Agriculture R&D provide depth analysis on the importance and adoption of new and emerging technologies in the South African context not only to increase global competitiveness, however, to ensure household food security and to assist the developing producers in entering the mainstream (Department of Agriculture, 2008). Alston, Chan-Kang, Marra, Pardey and Wyatt (2000) reviewed that investing in the agricultural R&D result into high/positive agricultural productivity gains. According to Raidimi and Kabit (2017), the South African agricultural sector is faced with many challenges that can be resolved by agricultural R&D. These challenges include the adaptation to effects of climate change, farming within environmental limits while surviving economically, access and use of agricultural technologies and access to agricultural markets, among others.

- g) South Africa is not exempted from the **Energy** crisis that is facing world. The country has been experiencing a series of loadshedding that has negative implication in the agricultural sector. A study by (Walsh, Theron, and Reeders, 2020). showed that agriculture had the greatest loss of output in terms of its contribution to GDP, whereas manufacturing suffered the greatest loss of output in absolute terms.

### 2.1.3 *Unsustainable agricultural practices coupled with the sector's vulnerability to the triple -C (Covid-19, climate change and conflict)*

- a) **Triple Cs:** Dealing with the triple challenges of Covid-19, climate change, and conflict in agriculture requires a comprehensive and multi-faceted approach. These challenges have significant impacts on food security, livelihoods, and agricultural systems, and addressing them requires collaboration and coordinated efforts at various levels.
- b) **Climate change** is generally regarded as a threat to the efforts of developing countries to ensure food security and poverty reduction. In South Africa, rainfall is erratic, coupled with seasonal variation and high evapotranspiration. Increased incidents of extreme weather events such as droughts, fires, and floods are common. A major concern is the expected broad reduction of rainfall that is likely to be in the range of 5% to 10% in the summer rainfall region (DEAT, 2004). The Intergovernmental Panel on Climate Change (IPCC) also estimates that there will be a decline in annual precipitation in most semi-arid regions, including Southern Africa. This will also have a negative impact on the annual runoff, which is expected to decline by over 20% in the western, inland, and northern parts of the country (IPCC, 2007).
- c) **Land degradation** is a significant challenge facing South African farmers. A general disregard for the inherent limitations and sensitivity of natural resources exists. Unsustainable agricultural practises that have had a major impact on the state of our resource are overgrazing, the general lack of applying basic veld and soil conservation practices, the cultivation of marginal areas, and the subsequent abandonment of these areas. Unsustainable agricultural practises have resulted in the irreversible loss of topsoil, a reduction in grazing capacity, the encroachment of undesirable plant species, and an increase in the vulnerability of the producers.
- d) Some studies show that, under a hotter and drier climate, maize production is expected to decrease by up to 20%, mostly in the drier western regions (DEAT, 2004). Furthermore, a 20% increase in the frequency of extremely dry austral winters, and springs is anticipated (Nkomo, Nyong, and Kulinda, 2006). A study by Hassan (2006) shows that the impacts of climate change in the South African agricultural sector will

differ in different farming systems. It found that dryland and smallholder producers will be affected mostly as compared to irrigation and large-scale/commercial producers. This might have drastic implications for the implementation of various agricultural support programmes if proper mechanisms are not put in place.

- e) The Draft Policy on Conservation Agriculture (DAFF, 2018) recognises that current farming methods have a high environmental demand and are largely dependent on external inputs, therefore leading to the depletion and degradation of natural resources. If not addressed, this can result in irreversible soil loss over time, reducing the ecological (e.g., biomass production) and hydrological functions (e.g., filtering, infiltration, and water holding capacity) of soil (Le Roux, 2014).

#### 2.1.4 *Lack of coordination and collaboration among key stakeholders in the provision of producer support*

- a) **Lack of coordination and collaboration** is one of the greatest challenges facing the provision of support packages to producers in South Africa. Various studies and policy documents, such as DAFF (2008; 2012; 2015), FAO (2009), University of Pretoria Business Enterprises (2015) identified the need to improve coordination and collaboration among government departments and other stakeholders by creating functional coordination mechanisms. FAO (2009) reiterates, based on global experience, that support services need to be well coordinated and integrated to achieve maximum benefit. It further states that the “**silo approach**,” which is characterised by different, disjointed (and sometimes conflicting) initiatives, is inefficient and sometimes counterproductive. These sentiments were also echoed by the Integrated Growth and Development Plan (2012) which stated that “non-alignment between the three spheres of government and between government and state-owned entities as well as non-alignment of programmes has had a negative impact on the sector. It resulted in poor implementation of programmes due to the absence of integration, coordination, and monitoring.” This has often led to the limited resources of government not being strategically utilised to ensure maximum benefit.
- b) The provision of funding is also not adequately complemented by the provision of other required support services (non-financial). Poor coordination between financial and non-financial support is therefore of concern. Currently, support programmes are having little impact because of poor coordination among other factors. Poor coordination has negative implications such as allowing competition between loans and grants, as well as limiting the leveraging potential of private sector resources.

### 3 OBJECTIVES OF THE POLICY

#### 3.1 Main Objective

- a) The main objective of the Policy is to regulate and guide the provision of support measures to the various categories of producers, thereby contributing to the restoration of the natural resources, a sustainable, transformed, and competitive agricultural sector.

#### 3.2 Specific objectives

- 3.2.1 To define and standardise the categories of producers in the South African agricultural sector.

- 3.2.2 To facilitate the development and access of appropriate support services tailored to meet the needs of the various categories of producers along the agriculture value chains.
- 3.2.3 To establish a comprehensive register of producers that will serve as a prerequisite for accessing support from the government.
- 3.2.4 To assess, protect, rehabilitate, improve, and optimally utilise scarce natural resources (e.g., land, water, bio-diversity, and genetic resources) by using an agro-ecosystem planning framework, agro-ecological principles, and management plans for all government interventions and developments, active development of the required knowledge base, high-quality training, organisational and individual certification, and a wide range of other appropriate measures and practises.
- 3.2.5 To provide for measures to establish systems for the timely provision of inputs and basic infrastructure for producers.
- 3.2.6 To transform the sector through the facilitation and mainstreaming the participation of previously disadvantaged individuals including youth, women, and persons with disabilities in the agriculture sector.
- 3.2.7 To strengthen institutional mechanisms to better coordinate support provided to the agriculture sector to avoid unnecessary duplication.
- 3.2.8 To provide for suitable disaster risk management measures to improve producers' adaptation and mitigation to climate change and climate variability, as well as for adequate and timely compensation of producers.

#### **4. LEGISLATIVE FRAMEWORK**

- 4.1 In order to give effect to the rights enshrined in the Constitution, including Section 25 (right to property) and Section 27 (Health care, food, water and social security), the NDP, the MTSE, the CRDP, the Green Paper, State Land Lease and Disposal Policy and the PLAS were adopted, and the following acts of Parliament were promulgated/amended, namely:
  - 4.1.1 The Land Reform: Provision of Land and Assistance Act, 1993 (Act No.126 of 1993);
  - 4.1.2 The Restitution of Land Rights Act, 1994 (Act No 22 of 1994) and
  - 4.1.3 Extension of Security of Tenure Act 62, 1997 (Act no 62 of 1997, as amended)
  - 4.1.4 Labour Tenants Act ,1996 (Act no 3 of 1996)
  - 4.1.5 Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996)
  - 4.1.6 National Forests Act, 1998 (Act No.84 of 1998)
  - 4.1.7 Agricultural Law Rationalisation Act, 1998 (Act No.72 of 1998)
  - 4.1.8 Agriculture Law Extension Act, 1996 (Act No.87 of 1996)
  - 4.1.9 National Environmental Management Act 107 of 1998
  - 4.1.10 National Environmental Management: Biodiversity Act 10 of 2004
  - 4.1.11 National Environmental Management: Air Quality Act 39 of 2004
  - 4.1.12 National Environmental Management: Waste Act 59 of 2008.
  - 4.1.13 National Water Act, 36 of 1998
- 4.2 The Department's statutory mandate derives from the Constitution, is amplified by the aforesaid plans, policies and acts of Parliament. This Policy seeks to address certain aspects of the Department's statutory mandate, as detailed more fully in this Policy.
- 4.3 The funding which the Department will provide to projects in terms of this Policy is sourced from monies appropriated by Parliament in terms of the following:
  - 4.3.1 Section 10(1)(b)(ii) of Act 126 allows the Department to maintain, plan, develop or improve property or cause such maintenance, planning, development or improvement to be conducted by a person or body with whom or which he or she has concluded a written agreement for that purpose;

- 4.3.2 Section 10(1)(b)(iii) of Act 126 allows the Department to provide financial assistance by way of an advance, subsidy, grant or otherwise, to any person for the acquisition, maintenance, planning, development or improvement of property and for capacity building, skills development, training and empowerment; and
  - 4.3.3 Section 42C of the Restitution Act, The Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).
  - 4.3.4 Extension of Security of Tenure Act, Chapter 2, section 4 (1)(c) which provides that the Minister shall, from moneys appropriated by Parliament for that purpose and subject to the conditions the Minister may prescribe in general or determine in a particular case, grant subsidies for the development of land occupied or to be occupied in terms of onsite or off-site developments.
  - 4.3.5 Labour Tenants Act, Section 26 (1)(b); The Minister shall, from moneys appropriated by Parliament for that purpose, grant advances or subsidies for the development of land occupied or to be occupied by labour tenants.
  - 4.3.6 Division of Revenue Act (DORA)
- 4.4 In the event of any conflict between any provisions of this policy with other national and provincial policies, the provisions of this policy shall prevail if the conflict specifically concerns the provision of financial and non-financial support to producers in the agricultural sector.

## 5 STRATEGIC SIGNIFICANCE OF THE POLICY

- 5.1 The Department has a mandate to contribute to the realisation of constitutional rights that “*everyone has the right to have access to sufficient food and water*” as stated in Section 27 (1) (b) of the Constitution of the Republic of South Africa. The General Household Survey 2016 data shows that 13.7% of South Africa’s population with inadequate access to food (StatsSA, 2017). While there is a significant drop from 29.3% in 2002, it still reaffirms the need for concerted efforts to address the plight of the poorest of the poor in the country. Furthermore, in terms of Section 25 of the Constitution of the Republic of South Africa, the state has the responsibility to “*...take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis*”.
- 5.2 Given the massive rural poverty and little prospect of creating employment for growing numbers of jobless citizens within the urban and rural economies, it is imperative to explore various models and policy interventions for producer support and development. This will address the needs of the most vulnerable and marginalised groups as well as the sector.

## 6 GUIDING PRINCIPLES AND CONDITIONS FOR PRODUCER SUPPORT

- 6.1 This Policy is based upon the following principles, which were derived from the country’s experiences and lessons learned in implementing various producer support programmes during the pre- and post-1994 eras. The principles set out in this section apply throughout the Republic of South Africa to all organs of state that provide support (technical, financial, or otherwise) to categories of producers as defined Section 7.
  - 6.1.1 *Mandatory producer registration:* Registration on the central database is compulsory for all categories of producers, and they will be issued with a unique **Producer Registration Number (PRN)** which will be used to access support (regulatory, financial, and non-financial).

- 6.1.2 *Own contribution:* Producers are expected to make own contribution as a prerequisite to access financial support except for Household Producers. The form and type of own contribution will be detailed in specific programmes.
- 6.1.3 *Sustainable management of natural resources:* In light of the impending effects of climate change and climate variability, competing demands, and the current state of the natural resources, the government shall assess, monitor and ensure that key agricultural resources, particularly soils, veld, and water for agriculture production, are rehabilitated, protected, utilised, and managed sustainably to provide adequate production for the current and future generations.
- 6.1.4 *Value chain approach:* As per the AAMP, government shall promote the revitalisation of agriculture and agro-processing value chains by prioritising grant funding to priority commodities, informed by the commodities with high-growth potential and high labour absorption capacity identified in the NDP. Spatial plans will be developed and pursued according to the agricultural production zones using a commodity-based approach.
- 6.1.5 *Equitable access to producer support:* The government will strive to achieve equity by ensuring that interventions reach a wide spectrum of audiences across different regions and genders, as well as by mainstreaming youth and persons with disabilities. Concerted efforts will be undertaken to avoid “double-dipping,” where a few producers, mainly the elite, access various forms of grant funding from government. The provision of support (both financial and non-financial) must be transparent, and the requirements should be clear and applicable to all applicants depending on their category.
- 6.1.6 *Strengthen collaboration and coordination:* Constitutionally, agriculture is a concurrent competence between the national and provincial spheres of government, with the spheres being autonomous but inter-dependent to achieve the policy goals of a unitary state. In this regard, government shall continue to provide producer support services using a mixture of decentralised (mainly in agriculture) and centralised systems. To strengthen these systems, the government will increase its collaboration and coordination efforts with sector stakeholders, particularly the private sector.
- 6.1.7 *Needs assessment and skills audit:* With regard to financial support, producers will be subjected to a compulsory skills audit in line with the business venture (both existing and new ventures). Training should be needs driven depending on needs assessments and skills audits. Government to embark on skills and capacity development where there is a need.
- 6.1.8 *Comprehensive needs-driven provision support to producers:* The provision of support (both financial and non-financial) to producers should be needs driven and provided in a comprehensive manner, hence the need to objectively categorise producers. Funding must be provided along with other needed services to ensure that the support provided is holistic. The funding provided must cover the various support needs such as skills development, extension and advisory services, market access support, etc. The support must enable the acquisition of needed equipment and assets.
- 6.1.9 *Participatory planning:* The success of agricultural support programmes depends, to a large extent, on the commitment and dedication of beneficiaries. In this regard, the government shall ensure that producers are involved in the planning, implementation, and monitoring of their enterprises to stimulate commitment and ownership. Furthermore, the government shall work on the eradication of constraints that hinder the involvement of the private sector in the agriculture sector.

- 6.1.10 *Market-led approach:* The government will support market-oriented agricultural production system. The government shall support businesses that have a bankable business plan (e.g., including an offtake agreement) showing profitability and sustainability in the long term except for projects requiring investment of R50 000 or less over a five-year period. The state will also intervene using applicable legislation (e.g., Preferential Procurement Policy Framework Act No. 5 of 2000) to ensure that producers have access to markets.
- 6.1.11 *Community, Public-Private Partnerships:* Promotion of Community, Public-Private Partnerships (CPPPs) with government providing leadership in terms of policy and programme development as well as enhanced monitoring and evaluation to ensure a healthy relationship with sector stakeholders.
- 6.1.12 *Capped support:* There will be caps on financial support to be provided to producers to avoid cases of very substantial transfers to individuals/ entities. The caps will be reviewed regularly to cater for inflation and price escalations. The Minister or relevant delegated authority shall approve applications requiring support over and above the thresholds.
- 6.1.13 *Responsibility and accountability:* Producers are expected to comply with all relevant and applicable legislation ((e.g., National Water Act, Act 36 of 1998, tax laws, labour laws, the Conservation of Agricultural Resources Act (CARA), No 43 of 1983, National Environmental Management Act (NEMA) No. 107 of 1998, Environmental, Social and Governance Framework” National Veld and Forest Fire Act (NVFFA), No. 101 of 1998 Marine Living Resources Act (MLRA) No 18 of 1998, Agricultural Product Standard Act (APSA) No 119 of 1990, Broad Based Black Economic Empowerment (BBBEE) etc.) and must adhere to mandatory record keeping and regular reporting of business activities (production activities, financial and support received from government). Household producers will report through extension services. Producers will have to demonstrate commitment to ensure the success of their businesses, and a lack thereof might lead to the termination of support.
- 6.1.14 *Ring fenced allocations:* The proposed share of ring-fenced funds should be in line with relevant support strategies to be reviewed on a regular basis as and when the need arise.
- 6.1.15 *Sustainable products:* It is important to design and implement financial support services and products that are sustainable. Sustainable programmes will ensure continued and stable support for producers.
- 6.1.16 *Exit Strategy:* Producers will be funded in line with the approved business plan for their financial needs for a maximum period of 5 years. However, the graduation principle allows for producers to graduate within the five-year period from one category to the other, therefore qualifying for support under the new category without a waiting period. All business plans must include an exit strategy with clear time frames that illustrate a proper handover and the sustainability of the enterprise with limited or no state support. Factors beyond the producer’s control should be reported as these might affect the predetermined exit strategy. Non-financial support will be provided in perpetuity in line with applicable policies and legislations.
- 6.1.17 *Measures for unforeseen circumstances:* factors beyond producers’ control will also be addressed on merit.

- 6.1.18 *"Use it or lose it"*: To ensure that South Africa's agricultural output does not decrease further, the "use it or lose it" approach will be strictly implemented to redistributed farms. This will only be done once a thorough assessment of the producers have been done and recommendations made that they are no longer fit to continue operating on the redistributed land.

## **7 CATEGORIES OF PRODUCERS AND THEIR SUPPORT REQUIREMENTS FOR TARGETED CLIENTELE**

### **7.1 Targeted clientele**

- 7.1.1** All producers who are South African Citizens operating in properties acquired through various Land Reform programmes and producers operating on State Land including communal land as well as those operating on privately acquired land.
- 7.1.2** Support will be given to the following Land Reform farmers:
- a) In the case of Restitution programme in terms of The Restitution of Land Rights Act (Act no 22 of 1994)
    - Regularised and functional Legal entities such as a communal property association (CPA) that meets the requirements of the law and their founding documents;
    - Legal entities without conflicts or those that adhere to procedures to resolve conflicts;
    - CPAs under the administration of the Director-General;
  - b) Land Redistribution programmes (SLAG, SPLAG, LRAD) and the State Land Lease and Disposal Policy in terms of The Land Reform: Provision of Land and Assistance Act, 1993 (Act no 126 of 1993 as amended);
  - c) Land Tenure Reform projects in terms of Extension of Security of Tenure Act 62, 1997 (Act no 62 of 1997, as amended);
- 7.1.3** A thorough assessment will be done on farmers that have been previously assisted through government programmes such as RADP, CASP, MAFISA, etc. in order to determine the nature and level of support they may qualify for as well as the extent to which such support will be given.

### **7.2 Categories of producers**

- a) The Policy caters for the following categories of producers:

**7.2.1** *Household Producer (Vulnerable)*

  - a) In this Policy, a **Household Producer (Vulnerable)** is defined as a producer or entity that produces primarily for household consumption<sup>5</sup> and has limited resources and skills to operate a market-oriented production system. This category includes child headed households & households producing in communal land and commonages that are registered as indigents or meet the criteria for registration as indigents with their municipality. These fall within schedule 1 water use authorization in terms of the National Water Act (No. 36 of 1998).
- 7.2.2** *Household Producer (Subsistence)*
- a) In this Policy, a **Household Producer (Subsistence)** is defined as a producer or entity that produces primarily for household consumption. These producers are not or would not be classified as indigents by their municipality. They may market limited surplus

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<sup>5</sup> The word household consumption include own use of non-edible agricultural products such as cotton etc.

production with an annual turnover of less than **R50 000**. These fall within schedule 1 water use authorisation in terms of the National Water Act (NWA) (No. 36 of 1998).

#### 7.2.3 *Smallholder Producer*

- a) In this policy, a **Smallholder Producer** is defined as a producer or entity that produces (at primary, secondary, and tertiary levels) for household consumption and markets, therefore, farming is consciously undertaken in order to meet the needs of the household and derive a source of income. These are usually the new entrants aspiring to produce for the market at a profit with a maximum annual turnover **ranging from R50 001 to R1 million per annum**. Smallholder Producer falls within the General Authorisation (GA) as per Government Gazette Notice 398 of 26 March 2004.

#### 7.2.4 *Medium Scale Commercial Producer*

- a) In this policy, a **Medium Scale Commercial Producer** is defined as an individual or entity that produces and sell agricultural commodities for the purpose to make a profit. These are established enterprises producing for market to make a profit with an annual turnover ranging from **R1 000 001 – R10 million** and are eligible for VAT registration. Requires a water use licence authorization in terms of section 40 of the NWA as defined in section 21 of the NWA, except those which fall under existing lawful use.

#### 7.2.5 *Large Scale Commercial Producer*

- a) In this policy, a **“Large Scale Commercial Producer”** is defined as an individual or entity that produces and sells agricultural commodities for the purpose of making a profit. These are established enterprises producing for the market to make a profit with an annual turnover ranging from **R10 000 001 – R50 million**. Requires a water use licence authorization in terms of section 40 of the NWA as defined in section 21 of the NWA, except those which fall under existing lawful use.

#### 7.2.6 *Mega/Corporate Producer*

- a) In this policy, a **“Mega/Corporate Producer”** is defined as an individual or entity, that produce and sells agricultural commodities for the purpose to make a profit. These are established enterprises producing for the market to make a profit with an annual turnover above R50 million. Requires a water use licence authorization in terms of section 40 of the NWA as defined in section 21 of the NWA, except those which fall under existing lawful use.

Producers will either regress or graduate to the next category if they have attained an equivalent annual turnover for the other category in two successive years. However, with an exemption where a state of disaster or other equivalent profiling have been gazetted as a result of natural (e.g., drought) or anthropogenic events (e.g., insurgences). Provided a producer will not regress to a previous category if turnover is reduced for a period of up to two years due to external factors such as adverse agro-ecological or economic factors.

### 7.3 Exclusions

7.3.1 The following categories/ person(s) are not eligible for grant funding in any program under this policy:

- a) Foreign nationals;
- b) Employees from all three spheres of government (national, provincial and municipal level). This is not applicable to traditional leaders.
- c) Politicians, who hold public office;

- d) Employees of State-Owned Enterprises (SOEs) that are implementing agricultural programmes;
- e) Employees of all organisations serving as fund administrators for agriculture programmes at the local, provincial, and national level;
- f) Dual citizenship including those who hold public office in foreign countries; and

#### 7.4 Support requirements for producers

Table 1: General support requirements for various categories of producers during developmental phase.

Support Component	Household Producer (Vulnerable)	Household Producer (Subsistence)	Smallholder Producer	Medium Scale Producer	Commercial
Financial services	Programme specific capping of financial support to be introduced in line with the needs of producers and available resources.	Programme specific capping of financial support to be introduced in line with the needs of producers and available resources.	Programme specific capping of financial support to be introduced in line with the needs of producers and available resources.	Programme specific capping of financial support to be introduced in line with the needs of producers and available resources.	Programme specific capping of financial support to be introduced in line with the needs of producers and available resources.
On-farm infrastructure	Small equipments and infrastructure such as micro-milling machines for meal and stock feed, food processing equipment, non-fuel water pumping equipment (e.g., ram pumps, treadle pumps etc.), small-scale solar, small-scale transport such as motor-assisted bicycles and tuk-tuks  Fencing storage, handling and cooling facilities Irrigation Rainwater harvesting	Small equipments and infrastructure such as micro-milling machines for meal and stock feed, food processing equipment, non-fuel water pumping equipment (e.g., ram pumps, treadle pumps etc.), small-scale solar, small-scale transport such as motor-assisted bicycles and tuk-tuks  Boreholes and windmills Building supplies and structures Fencing storage and handling Irrigation Packaging and handling systems Rainwater harvesting	Boreholes and windmills Building supplies and structures Fencing storage and handling Irrigation Packaging and handling systems Rainwater harvesting	Boreholes and windmills Building supplies and structures Fencing storage and handling Irrigation Packaging and handling systems Rainwater harvesting	Boreholes and windmills Building supplies and structures Fencing storage and handling Irrigation Packaging and handling systems Rainwater harvesting

<b>Support Component</b>	<b>Household Producer (Vulnerable)</b>	<b>Household Producer (Subsistence)</b>	<b>Smallholder Producer</b>	<b>Medium Scale Commercial Producer</b>
<b>Implements</b>	Basic farm implements (spade, hoes, water cans, etc.) with no own contribution	Basic farm implements (spade, hoes, water cans, etc.) with applicable own contribution as per programme strategy.	Optimal infrastructure with applicable own contribution as per programme strategy. Over/under capitalisation to be avoided  Small scale plants and machinery	Optimal infrastructure with applicable own contribution as per programme strategy. Over/under capitalisation to be avoided  Small scale plants and machinery
<b>Off-farm infrastructure (public goods)</b>	With no own contribution, but CPPP is encouraged to ensure community ownership. Public goods (communal fence, roads, dipping tanks etc.)	With no own contribution but CPPP is encouraged to ensure community ownership. Public goods (communal fence, roads, dipping tanks etc.)	With no own contribution but CPPP is encouraged to ensure community ownership. Public goods (communal fence, roads, dipping tanks etc.)	With no own contribution but CPPP is encouraged to ensure community ownership. Public goods (communal fence, roads, dipping tanks etc.)
<b>Marketing support</b>	Limited marketing support as production focus is household consumption and informal markets	Limited marketing support as production focus is household consumption and informal markets	Comprehensive marketing support including: (i) Government procurement (30% set aside) (ii) Preferential procurement through the private sector (iii) Support to meet quality standards for local and international markets (iv) Market infrastructure development (v) Market information services (vi) Facilitation of market access through domestic and international market development	Comprehensive marketing support including: (i) Government procurement (30% set aside) (ii) Preferential procurement through the private sector (iii) Support to meet quality standards for local and international markets (iv) Market infrastructure development (v) Market information services (vi) Facilitation of market access through domestic and international market development

Support Component	Household Producer (Vulnerable)	Household Producer (Subsistence)	Smallholder Producer	Medium Scale Producer	Commercial
			(vi) Facilitation of market access through domestic and international market development (vii) Creation on enabling environment through tariffs and quotas (viii) Trade promotions	(vii) Creation on enabling environment through tariffs and quotas. (viii) Trade promotions	
Extension and Advisory Services	This category will be serviced through partnership with non-governmental organisations (NGOs) and community-based organisations (CBOs)	This category will be serviced through partnership with NGOs and CBOs	This category will be a priority for public sector extension and advisory services. Encourage partnerships with development partners. Pluralistic extension approach will be encouraged.	This category will benefit mainly through private extension commodity providers/or research organisations and partnership with development partners in general.	
Business Development and Support Planning	Basic project activity/plan and thorough training if in groups/cooperative arrangements.  Skills needs assessment and capacity development  Assessment and evaluation of the natural agricultural resources (Soil, Rangeland and Biodiversity surveys, Agricultural land capability, Agricultural suitability, Agricultural potential for crops	Basic project activity/plan and thorough training if in groups/cooperative arrangements.  Skills needs assessment and capacity development  Assessment and evaluation of the natural agricultural resources (Soil, Rangeland and Biodiversity surveys, Agricultural land capability, Agricultural suitability, Agricultural potential for crops	Comprehensive business plan/feasibility studies with the support of agricultural economists within the PDAs.  Skills needs assessment and capacity development  Assessment and evaluation of the natural agricultural resources (Soil, Rangeland and Biodiversity surveys, Agricultural land capability, Agricultural suitability, Agricultural potential for crops	Comprehensive business plan/feasibility studies with the support of agricultural economists within the PDAs.  Skills need assessment and capacity development. Assessment and evaluation of the natural agricultural resources (Soil, Rangeland and Biodiversity surveys, Agricultural land capability, Agricultural suitability, Agricultural potential for crops	

<b>Support Component</b>	<b>Household Producer (Vulnerable)</b>	<b>Household Producer (Subsistence)</b>	<b>Smallholder Producer</b>	<b>Medium Scale Commercial Producer</b>
	Agricultural potential for crops and animals, Degradation / conservation status)	suitability, Agricultural potential for crops and animals, Degradation / conservation status)	and Biodiversity surveys, Agricultural land capability, Agricultural suitability, Agricultural potential for crops and animals, Degradation / conservation status)	and animals, Degradation / conservation status)
<b>Farm and business management planning</b>	Compilation of farm management plans	Compilation of farm management plans	Compilation of farm management plans	Compilation of farm management plans
<b>Conservation works</b>	Soil, veld and wetland conservation Rehabilitation and restoration of the natural agricultural resources	Soil, veld and wetland conservation Rehabilitation and restoration of the natural agricultural resources	Soil, veld and wetland conservation Rehabilitation and restoration of the natural agricultural resources	Soil, veld and wetland conservation Rehabilitation and restoration of the natural agricultural resources
<b>Governance mechanism</b>	Individual guidelines	For groups and associations	For groups and associations	Individual guidelines

## 8 POLICY IMPLEMENTATION MODALITIES

### 8.1 Implementation approaches

- a) The state's intervention will mainly be to create a conducive environment for a market-led development coupled with the provision of economic incentives as well as public goods and services. The following policy intervention measures may be considered individually or in reasonable and feasible combinations in order to achieve the objectives of the policy. Most of the innovations proposed in this policy are linked to the initiatives of Operation Phakisa for Agriculture, Rural Development and Land Reform and include the following:

#### 8.1.1 Comprehensive Electronic Producer Register System:

- a) The policy proposes the establishment of a Comprehensive Electronic Producer Register System that will be used as a prerequisite for providing support to producers. This implies that only producers who are registered in the Producer Register System will be eligible for support once the policy has been approved. The system seeks to avoid instances where producers get multiple support for the same purpose from one or more institutions (dubbed "double dipping" in the sector). However, through partnerships, measures will be put in place to enable internet access particularly for rural producers with limited access. This will also present a shift away from current practises where there is no proper record of producers and thus poor targeting in terms of support interventions. Furthermore, the system is expected to enable government to identify and intervene during disasters affecting producers.
- b. Compilation and maintenance of a Comprehensive Electronic Producer Register for agriculture
  - i. The Department shall compile and thereafter maintain a Comprehensive Electronic Producer Register for the sector.
  - ii. The Department shall assign a unique PRN to every person or entity whose particulars are included in the Comprehensive Electronic Producer Register.
  - iii. Development/appointment of an electronic and physical audit system for all registered producers.
- c. The Comprehensive Electronic Producer Register shall:
  - i. Be used as a prerequisite for providing support to producers in the sector;
  - ii. monitor the number of producers in the sector and support provided to them;
  - iii. Be used for programme planning and development including timeous response to disasters;
  - iv. Contain the names, identify/entity registration numbers, addresses, contact details, profile of the enterprise's production activities including latest financial statements and support received to date (if any);
  - v. In line with other legislations such as the Protection of Personal Information Act, 2013, contain details (company registration, tax certificates) of both existing and prospective producers;
  - vi. Contain the BEE status of the producer using a valid B-BBEE certificates and/or Sworn Affidavit; and
  - vii. Be updated on a regular basis to include any change of address, contact details and record any support services provided by government or any other stakeholder in partnership with government.

### 8.1.2 E-Voucher System:

- a) The policy proposes the introduction of an e-voucher system. This is a voucher in electronic form (using either a debit card or SMS) that has a stored value that can be redeemed by beneficiaries at participating agro-dealers to ensure timely provision of inputs to producers. The system will avoid unnecessary delays caused by inefficiencies within the government procurement system, which in most cases lead to inputs being delivered after the planting season or sometimes giving the producers the wrong inputs (e.g., dormant seed).

### 8.1.3 Grant Holding Account:

- a) The policy proposes the introduction of a grant holding bank account, which shall be opened by a farmer with any of the various approved financial institution that the Department shall have partnered with through a service level agreement (SLA) or a memorandum of agreement (MoA) as the case may be.

#### **b) The Grant Holding Account Approach**

- i) The department shall deposit the approved grant amounts into the farmer's grant holding bank account upon receipt and/or approval of the necessary support documents as outlined in the particular program documents.
- ii) The Department shall notify the bank to release money from the farmer's grant holding bank account either directly to the account of the service provider or to the farmer's current account depending on the intended purpose of the funds, after being satisfied with the conditions of the submitted supporting documents and motivations as outlined in the relevant program document.
- iii) Where suppliers used are not in the supplier database submitted with the financial statement. Vetting of supplier details and verification on safety web should be done and such documents should accompany the release letter to the financial institution.

### 8.1.4 Blended Funding Scheme:

- a) Blended finance is a term given to the use of public or philanthropic capital to spur private sector investment in projects aimed at achieving the SGDs. The model proposes using both loans and grant funding based on bankable business plans. The overall objective of the scheme is to facilitate the inclusion and participation of black, smallholder, and medium-scale producers across the agricultural value chains. The purpose of the Blended Finance Scheme (BFS) is to leverage government and private sector resources to support investments that will unlock and enhance agricultural production by black smallholder and medium-scale producers through deliberate, targeted and well-defined financial and non-financial interventions. The BFS is targeting black-owned enterprises in the agriculture, land reform and rural development sector and will operate through various role players, particularly financial institutions.

#### **b) The blended funding approach:**

- i. All farmers who have been prioritised for funding through this policy shall be vetted by various financial institutions with whom the Department shall have entered into agreements for this purpose.

- ii. Farmers that would have been vetted and indicated a good financial record with less risk shall be evaluated for either approval for support under blended financing model as first preference.
- iii. Farmers who are eligible for assistance under the Blended Financial Model should be given priority by financial institutions. Therefore, comprehensive grant funding shall be applicable only to farmers who do not qualify for loans in accordance with the vetting results of the financial institutions.
- iv. Farmers who qualify for comprehensive grant funding shall follow the department approval process as set out in the manual or standard operating procedures of specific grant they are applying for.
- v. Farmers who are recommended for blended finance shall approach the financial institutions and thereafter follow approval process as set out in the BFS Manual.

#### 8.1.5 Negotiable warehouse receipts:

- a) This model allows the use of warehouse receipts for the transfer of ownership of a commodity without having to deliver the physical commodity and should therefore be eligible to be used as collateral for a loan application. A classic example is a Warehouse Receipt, which is a document that provides proof of ownership of commodities such as tonnes of maize in a silo or that may be stored in a warehouse, vault, or depository for safekeeping.

#### 8.1.6 Producer Support Centres

- a) A Producer Support Centre (PSC) is a government owned one stop producer outreach facility within a minimum radius of 30km through which producers will receive comprehensive support packages according to their categories along the value chain. The maximum radius will vary per province within a reasonable distance.
- b) The key characteristics of the PSCs is that it contains the anchor support services (Vets, Extension support, soil specialists, etc.), has producer training facilities, has mechanization centre, it supports primary production, collection, market access, aggregation and storage facilities, and agro-processing amongst others.
- c) Each PSC shall outline the services available for the various categories of producers in line with the NPCPDS, applicable legislation, and availability of resources. A user-pay principle may be applicable to some of the services for certain categories of producers.

### 8.2 **Intervention measures**

#### 8.2.1 **Component 1: Reduce inequality and improve the participation of Black Producers along the agriculture value chains**

- a) *Rationale:* The Reconstruction and Development Programme (RDP) noted that “no democracy can survive and flourish if the majority of our people remain in poverty, without tangible prospects for a better life. Attacking poverty and deprivation must therefore be the first priority of a democratic government” (RSA, 1994). It is therefore the object of this policy to ensure equitable participation of the previously disadvantaged individuals along the agricultural value chains.

- b) *Policy actions:* Facilitate the provision of support services that will catalyse the entrepreneurial behaviour of SME agro-processors, thereby ensuring that they are provided with a nurturing environment during their crucial stages of development.

#### 8.2.1.1 Access to finance

- i. Continue to support Household Producers with grants to induce development and improve their socio-economic status over time.
- ii. Introduce innovative financial instruments (e.g., blended finance for producer support and value chain financing) to address challenges relating to access to finance mainly targeting smallholder and medium-scale commercial producers. Large-scale commercial producers will benefit from blended finance in the event that their operations are not liquid enough to finance from commercial banks on a competitive basis as a result of disaster (Disaster Management Act No. 57 of 2002).
- iii. The government together with the private sector should develop affordable and viable insurance packages for producers to cover the inherent risk of production activities along the value chain.
- iv. Government to provide credit guarantees where necessary as a risk mitigation and credit enhancement measure.
- v. Where feasible, the government shall open a controlled bank account with participating financial institutions. The controlled bank account shall be registered in the legal name of the Department, which will be held on behalf of the producer.

#### 8.2.1.2 Access to markets

- i. Implement a capacity building programme to impart agro-business skills along the agriculture value chain.
- ii. Capacitate and support the certification of producers to meet national and international market standards.
- iii. Facilitate the provision of strategic marketing infrastructure (such as farm-to-market roads, storage facilities (e.g., silos) and trade centres).
- iv. Support the institutional set-up and development of marketing cooperatives
- v. Facilitate the provision of enterprise development initiatives.
- vi. Facilitate and support the transfer of appropriate, evidence-based processing technologies and related support services that will enhance the participation, growth, and better positioning of SME agro-processors in the competitive global environment.
- vii. Partnership with commodity organisations to create an enabling environment for ensuring market linkages for black producers
- viii. Facilitate the development of crucial infrastructure investment that will support the entrance and active participation of SME agro-processes in the mainstream agro-processing industry with the development of rural-based SME agro-processing industries.
- ix. Develop and improve food handling, marketing, and distribution systems targeting producers that are linked to domestic, regional, and international markets.
- x. Strengthen public procurement from producers (including upstream input production) and develop local formal and informal markets.
- xi. Develop special and strategic international markets for South African agricultural commodities.
- xii. Expose agricultural producers in trade promotions in partnership with the Department of Trade, Industry and Competition (DTIC).

#### 8.2.1.3 Increase economic participation of Black Producers

- i. Enhance the implementation of the transformation agenda for the sector as encapsulated in the Agri BEE Charter and Forestry Sector Charter.
- ii. Design and implement an efficient and sustainable land reform programme.
- iii. Identify and align the implementation of relevant legislative frameworks that have a negative impact on the realisation of the sector's transformation agenda.

#### 8.2.1.4 Access to water resources

- i. Facilitate access to water and timeous provision of water rights ideally linked to the transfer of land.
- ii. Revitalise and support the institutional set-up of irrigation schemes.
- iii. Invest in efficient water use irrigation and production systems (such as drips, centre pivots, sprinklers, precision farming as well as mulching, drought tolerant cultivars and hardy animal breeds).
- iv. Invest in multiple water use systems for producers including rainwater harvesting and the use of grey water in the agriculture sector.
- v. Provide technical information and support to producers to ensure improved water use efficiency along the value chains. This may include the provision of grace period while the project is still in the early stages of development.

#### 8.2.1.5 Mainstreaming of youth, women, and persons with disabilities in agriculture

- a) Rationale: In order to attract youth, women, and persons with disabilities to the agriculture sector, a number of vocational training courses in different aspects of agricultural activities, including value addition and processing of agro-products, shall be introduced and recognised.
- b) Policy actions:
  - i. In line with the Beneficiary Selection and Land Allocation Policy, this Policy proposes no less than 50% allocation of support to women, 40% to youth (of which half should target at agricultural graduates), and 10% to people living with disabilities, farm workers and military veterans. Various mechanisms will be used to farm workers including the review 50/50 scheme and the Agri-Village concept.
  - ii. Government to introduce and roll-out a Graduate Placement Programme in key agricultural fields as a way of exposing agriculture graduates to the working environment; and
  - iii. Government will partner with basic and institutions of higher learning (e.g., universities, Technical and Vocational Education and Training (TVET) and colleges of agriculture) including special schools to support graduates to have practical experience and start own enterprises.

#### 8.2.1.6 Access to Land

- a) Rationale: To strive to achieve the imperatives of Section 25(5) of the Constitution of the Republic of South Africa which states that "the state must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis".

b) Policy actions:

- (i) The State should secure land, through measures at its disposal, that is strategically located and is earmarked for agricultural development.
- (ii) Land to be transferred to producers should, where applicable, be linked to the transfer of the associated water rights.
- (iii) Measures should be put in place to strengthen security of tenure for communities in communal areas.
- (iv) Promote and encourage the donation of land through the Land Donation Policy.

## **8.2.2 Component 2: Design support measures to increase agriculture productivity**

### **8.2.2.1 Technical and Advisory Services**

- a) Rationale: To provide efficient and effective extension, advisory and technical services, especially through participatory approaches, to assist producers in restoring their natural capital, and increasing agricultural production and productivity, while at the same time ensuring adherence to regulatory services.

b) Policy actions:

- i. Generate, collate, and disseminate appropriate and cost-effective agricultural technologies through cost-effective means, including the use of Information and Communication Technologies (ICT) by extension and advisory services personnel registered with an appropriate professional body;
- ii. Strengthen government extension machinery through retraining and resourcing of Extension Practitioners including secondment to established commodity organisations; and
- iii. Pilot and upscale farmer-to-farmer extension approaches, such as farmer-field schools (FFS) to address the high extension to farmer ratio in the country.
- iv. Design and promote appropriate technologies and practices for minimising post-harvest losses along the entire commodity value chain.
- v. Strengthen governments scientific and technical services to assess, plan, monitor and ensure that natural agricultural resources is used in a sustainable manner.

### **8.2.2.2 Provision of Needs Based Training and Capacity Building**

- a) Rationale: To address the essential needs of producers through training and capacity-building programmes that are suited to the available natural agricultural resources and the socioeconomic environment of producers.

b) Policy actions:

- i. Conduct a needs assessment and skills audit for producers in line with the potential and state of their available natural agricultural resources and proposed business venture.
- ii. Government to embark on skills and capacity development informed by the needs assessment and skills audit. This will take Recognition of Prior Learning (RPL) into consideration.
- iii. Basic financial literacy will be a prerequisite for financial support where there is no evidence of proper financial management practices;

- iv. Provision of training on record keeping to all producers informed needs assessment and skill audit.
- v. Government to introduce a system of registering mentors with 5 years' experience in the production of a particular commodity or area of expertise as a requirement.
- vi. Conduct a skills audit for mentors before registration.
- vii. Where mentorship is necessary, producers should be engaged and provided with the choice to select a mentor. Mentorship should generally be provided pro bono, but where necessary, a performance-based incentive may be arranged.

#### 8.2.2.3 Agro-climatic solutions for efficient production system

- i. Provision of inputs informed by the current state and potential of the natural agricultural resources determined through on-farm soil and rangeland surveys, agro-climatic outlooks, management practices, on- and off-farm infrastructure and market trends.
- ii. Conduct regular agro-ecological assessments, promote regenerative agricultural systems, and implement bio-resource management
- iii. Selection of crops and animals adapted to local soil, veld, terrain and climatic conditions
- iv. Support the commercialised indigenous products and indigenous knowledge systems in the sector including the preservation of the genetic material in gene banks.
- v. Promote a diversity of production systems, including agro-forestry and related practices, to increase productivity.

#### 8.2.2.4 Provision of suitable on- and off-Farm Infrastructure including Mechanisation

- a) Rationale: The provision of suitable infrastructure and mechanisation is aimed at creating a balance between resource allocation and the land under production to avoid over- or under-capitalization.

##### i. *Mechanisation*

Mechanisation in agriculture involves the use of tools, equipment, and machines appropriate to execute specific functions in the production/harvesting, storage, processing, transport, and marketing value chains. Mechanisation also includes irrigation systems, food processing, and related technologies and equipment. It utilises manual, animal, and mechanical power at varying degrees. It is important to note that mechanisation is a portion of the inputs required as part of producer support packages and therefore cannot ensure production on its own without addressing the total production value chain (i.e., timely supply of fuel, fertiliser, seed, agrochemicals, etc.). To be cost-effective, mechanisation must be guided by scientific guidelines and be appropriate according to soil types and size of operation, to the various categories of producers and economically viable against the varying conditions prevailing in different regions and localities.

##### ii. *Approaches to Mechanisation*

This envisaged mechanisation approach seeks to guide, coordinate, and harmonise the implementation of mechanisation support services by the state that will ensure the sustainable utilization of the natural agricultural resources for increased food production, particularly by resource poor farmers. The guidelines for mechanisation

should be used to guide the pricing of mechanisation services at the provincial level. The proposed mechanisation delivery models include the following:

(1) *Utilisation of local SMME Contractors/ Implementing Agent*

The choice of this model is fundamentally premised on the appreciation that provincial departments have capacity constraints, including but not limited to the following: lack of infrastructure for warehousing and servicing of equipment, inadequate human resource capacity to operate and maintain the equipment, lack of resources to invest in appropriate technology to operate the equipment on a regular basis, etc. SMMEs and service providers (including local agribusinesses), which exist in all provinces, can provide mechanisation services on a cost recovery basis. Producers can be issued vouchers with which to pay for services rendered by SMMEs. The amount of a voucher is to be determined by the size of land available for cultivation, and the applicable percentage of the contribution for such categories of producers.

(2) *Investment in agriculture mechanisation*

Investment in mechanisation through improved research and technology development in the sector is crucial in terms of stimulating growth and creating employment. Within the context of the Black Industrialist Programme, the government seeks to explore ways of stimulating the capacity for local manufacturing and distribution of mechanisation products and services, particularly tailored for smallholder producers. As part of ensuring investment in mechanisation, government will assist commercially oriented producers to invest mechanisation using the applicable own contribution for such categories of producers.

b) Policy interventions on mechanisation

- i. Promote agriculture mechanisation through the application of appropriate machinery and technology for various categories of producers;
- ii. Promote gender responsive, agro-ecological, and environmentally friendly mechanisation technologies within the principles of sustainable agriculture to mitigate against the negative impacts of climate change;
- iii. Facilitate capacity development opportunities for improved research and technology development and transfer on mechanisation;
- iv. Promote a conducive environment for local manufacturing and distribution of agricultural machinery and technologies within the ambient of the Black Industrialist Programme;
- v. Stimulate entrepreneurship and youth participation through mechanisation in the sector, and
- vi. Mechanisation services are to be provided in line with the recommended own contribution for various categories of producers.

c) Policy interventions on-farm and off-farm infrastructure:

- i. Government to provide both on-farm and off-farm infrastructure to producers in the agriculture, land reform and rural development sector to ensure the protection, restoration, and sustainable use of the natural

- agricultural resources to minimise post-harvest losses and enable optimal agro-processing and value-added activities at an enterprise level;
- ii. Off-farm infrastructure will be provided for the benefit of producers without their own contribution. The CPPP's are encouraged to ensure community ownership since these are public goods; and
- iii. On-farm infrastructure will be provided to producers using the applicable own contribution depending on the category of producers.

### **8.2.3 Component 3: Promote sustainable management and utilisation of natural resources**

#### **8.2.3.1 Investment in research and programme for natural resource management**

- a) *Rationale:* The Policy recognises that South Africa is a semi-arid country with vast spatial variability in the agricultural potential, capability, and suitability of its natural agricultural resource base. It also recognises that South African resource base is vulnerable to degradation and desertification, that a large portion (approximately 60 million hectare) is already moderately to severely degraded, and that the vulnerability to further land degradation will be exacerbated by the impacts of drought and climate change. The objective is to ensure the protection, restoration, long-term sustainable use, and regeneration of the scarce natural resources.

b) *Policy interventions:*

- i. Invest in research to expand the South African knowledge base on the potential, capability, suitability, and conservation status of the natural agricultural resources, agro-ecology, the regeneration of soil health, rangeland health, healthy and resilient farming, and agro-ecosystems through a participatory on farm research system.
- ii. Identify key barriers to the adoption of sustainable land management practices, for each category of farmers using a systems approach and develop strategies to remove these barriers.
- iii. Support the commercialised indigenous products and indigenous knowledge systems in the sector for adaptation to climate change.
- iv. Land use suitability maps and farm management plans to be developed and regularly updated to increase efficiencies per commodity to reduce the risks and vulnerability of the sector to climate change.

#### **8.2.3.2 Promote disaster risk reduction measures including post disaster recovery and rehabilitation**

- i. Revitalise the scientific and technical support services to assist all categories of farmers with the compilation of comprehensive farm management plans based on the potential, limitations, and state of the natural agricultural resources.
- ii. Design and implement a soil health, rangeland health, and farming resilience evaluation, monitoring, and reporting system for each of the categories of farmers and prioritise farmers that comply during post disaster recovery.
- iii. Maintenance of the early warning system to ensure timely provision of appropriate information
- iv. Timely provision of post-disaster recovery and rehabilitation measures
- v. Provide affordable and tailored risk management strategies, including insurance, credit guarantees etc.

### 8.2.3.3 Policy actions/strategies to addressing the Triple Cs

- i. Strengthening healthcare systems: Covid-19 has highlighted the importance of robust healthcare systems. Governments and organisations should invest in healthcare infrastructure, including testing and vaccination capabilities, to mitigate the impacts of the pandemic. This will help protect agricultural workers and ensure the continuity of farming activities.
- ii. Agriculture is highly vulnerable to climate change impacts such as extreme weather events, droughts, and changing rainfall patterns. Implementing climate-smart agricultural practices, such as conservation agriculture, agroforestry, and efficient irrigation methods, can help farmers adapt to changing conditions and reduce their vulnerability to climate-related risks.
- iii. Promoting sustainable agriculture: Sustainable farming practices that promote biodiversity conservation, soil health, and water management are crucial for long-term agricultural resilience. Encouraging the adoption of organic farming, precision agriculture, and agroecological approaches can help reduce the environmental footprint of agriculture while improving productivity and resilience.
- iv. Strengthening social safety nets: Conflict and crises exacerbate food insecurity and disrupt agricultural systems. Implementing social safety nets, such as cash transfer programs and food assistance, can provide a critical lifeline for vulnerable populations affected by conflicts and other crises. These safety nets can help ensure access to food and basic necessities, protecting livelihoods and preventing further instability.
- v. Investing in rural development: Rural areas are often disproportionately affected by conflicts and climate change impacts. Investing in rural development, such as improving rural infrastructure, access to markets, and agricultural extension services, can enhance the resilience of rural communities and improve their ability to adapt to changing circumstances.
- vi. Enhancing data collection and sharing: Accurate and timely data is crucial for effective decision-making and targeted interventions. Governments and organizations should invest in data collection systems and platforms that enable the sharing of information on disease outbreaks, climate patterns, and conflict dynamics. This information can inform early warning systems and guide the development of appropriate response strategies.
- vii. Strengthening regional and international cooperation: Addressing the triple challenges requires collaboration and cooperation among governments, international organizations, and stakeholders at all levels. Sharing knowledge, best practices, and resources can help countries learn from each other's experiences and develop joint strategies to tackle these complex issues.

### 8.2.4 Component 4: Strengthen institutional mechanisms for better coordination of producer support in the sector

#### a) Rationale:

- i. The South African agricultural sector receives support from various role players, notably the government of South Africa through the Department and its provincial counterparts, the Department of Trade, Industry and Competition

(DTIC) the private sector, commodity organisations, non-governmental organisations, bilateral and multilateral development partners, international donors, etc. As a result, the sector has many programmes targeting the same beneficiaries, each with its own implementation institutional structure. The impact of these programmes is limited due to duplication of activities and non-alignment of efforts and resources.

- ii. Through this objective, it is envisaged that institutional mechanisms for providing support in the agriculture sector will be strengthened and aligned for better coordination of support services in the sector.

*b) Policy actions:*

- i. Strengthen coordination and alignment of support services with the responsible line ministries;
- ii. Explore Public-Private Partnerships with commodity organisations and the private sector to leverage their resources to contribute materially and immaterially towards the development of producers;
- iii. Promote strategic partnerships among research institutions, extension and advisory services, commodity organisations, and producers at all levels; and
- iv. Fast track the implementation of the land reform programme by ensuring joint and coordinated planning between the Department and the Department of Human Settlements, Water and Sanitation, as well as other relevant stakeholders.

## **9 IMPLEMENTATION PLAN**

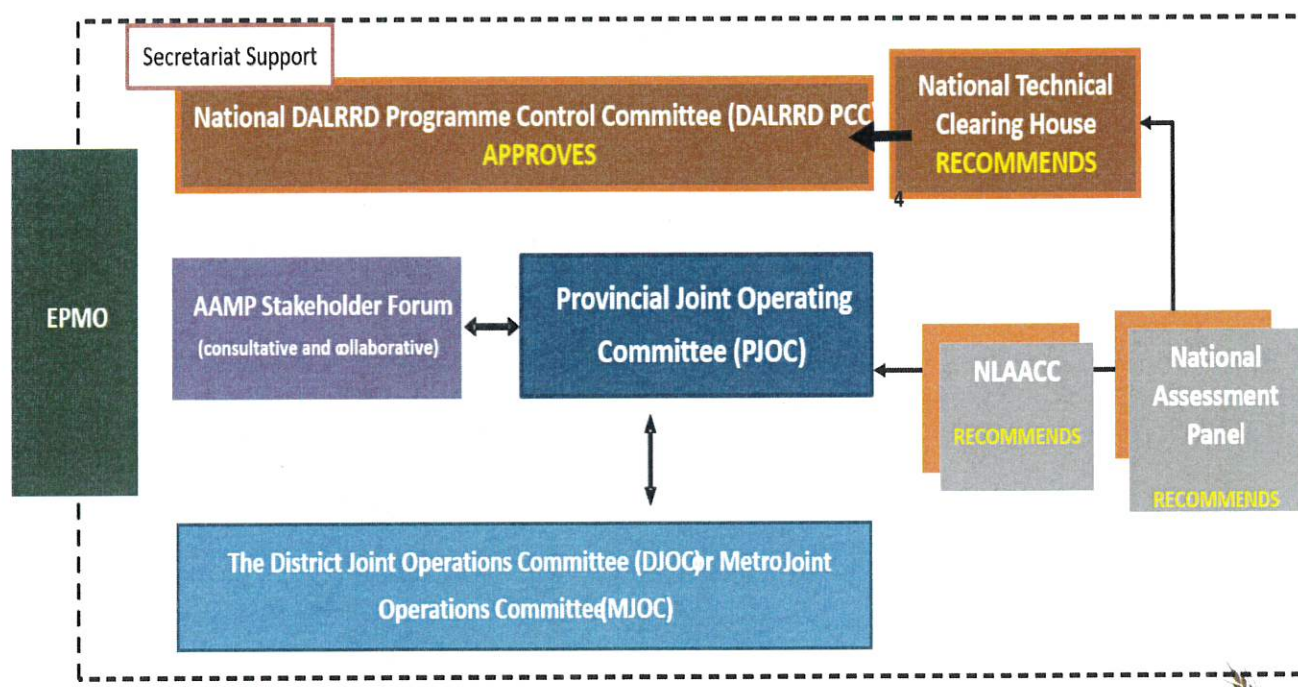
### **9.1 Introduction**

- a) This Policy shall be implemented by the government of South Africa through the Ministry of Agriculture, Land Reform and Rural Development with the support and cooperation from other government departments from the three spheres (national, provincial, and local), the private sector, producers and producer organisations, commodity organisations, civil society organisations, and development partners. For effective implementation of the policy, the government shall ensure that the following implementation actions are taken:

- i. Create a conducive environment for the active participation of the private sector and other stakeholders to effectively support the government in policy implementation;
- ii. Operationalise inclusive institutional mechanisms for agriculture service delivery systems with relevant capacities (human, financial, technical, etc.);
- iii. Ensure a coordinated and comprehensive producer support that addresses the aspirations of the sector; and
- iv. Improve the implementation and monitoring of the Policy at various levels of its implementation.

### **9.2 Institutional mechanism**

The institutional mechanism for the implementation of the NPCPDS is summarised in Figure 1 and is linked to the approved structure for the implementation of the AAMP.



**Figure 1: Institutional structure for the implementation of the NPCPDS**

The proposed institutional structure comprises of the following key structures:

### 9.2.1 The DALRRD Project Control Committee

The purpose of the DALRRD PCC is the strategic management of selected DALRRD programmes towards the realisation of the AAMP, the National Rural Development Strategy, and the National Spatial Development Framework (NSDF), through the co-ordination and integration of national programmes, and related projects.

### 9.3.2 National Technical Clearing House

The main role of the National Technical Clearing House is to provide an assessment of provincial submissions, by providing the DALRRD PCC with an overview of the potential impact of programmes and projects towards the implementation of the AAMP, the National Rural Development Strategy, and the NDSF, with recommendations for approval or non-approval by participating delegated authorities. The National Assessment Panel and the NLAACC will serve as sub-sector specific clearing houses.

### 9.3.3 Provincial and District Joint Operating Committee

The provincial structures will serve as first point of entry for producers to access support in the sector. This structure will be the implementation arm of the national structures and will prioritise projects based on national policies and guiding frameworks.

### 9.3.4 Stakeholder forum

The AAMP is implemented within the ambit of community, public, private partnerships. Therefore, stakeholder forums can help communities build partnerships to design and implement plans to solve specific brownfields concerns, as well as discover financing sources and generate support for rehabilitation goals.

### **9.3 Oversight on the implementation of the policy**

The Portfolio Committee on Agriculture, Land Reform and Rural Development will continue to provide a political oversight role to ensure that the sector is allocated adequate resources to enable implementation of the strategies that are identified in this policy as well as broader government objectives enshrined in the NDP and NGP.

### **9.4 Administration of producer support for agriculture**

The following approach will be used for the application of producer support services as outlined in this policy:

- i. All existing and prospective producers must register with the relevant local authority to be eligible for support;
- ii. The relevant local authority or extension office will capture the details of the producer in the database and provide the client with a PRN;
- iii. An application for producer support should be made in writing at the nearest local relevant authority or extension office or participating financial institutions in case blended-financial instruments for producer support;
- iv. Applicants should declare all sources of funding received or applied for, as well as their full financial position and income stream(s), as part of the supporting information to be considered by the District Coordinating Unit (DCU);
- v. In considering the application, the relevant authority or extension office must conduct an assessment and/or request additional information from the applicant;
- vi. The department shall direct or inform the farmers recommended other financing model (e.g., blended finance, loan financing etc.) to approach the financial institutions.
- vii. Personal information provided in line with the application of producer support should be treated with confidentiality, though sharing with relevant partners will be formalised through an agreement;
- viii. Preparation of project plans for consideration by DCU, PCU, and NCU;
- ix. The relevant authority, extension office, or participating financial institution should inform applicants of the outcomes of their applications;
- x. If the application was not considered for producer support, the relevant authority, extension office, or participating financial institution should provide reasons why the application was not successful;
- xi. Preparation and publication of the project list;
- xii. Project Implementation; and
- xiii. Regular monitoring and evaluation.

## **10 ROLES AND RESPONSIBILITIES**

### **10.1 The role of national government**

- a) The stipulated roles that are specified for national government referring particularly to the role of the Department and other government departments at a national level, including the role of state-owned enterprises such as the Agricultural Research Council (ARC) and the NAMC, etc., which support the Department in achieving its mandate. In general, the Department has the overall responsibility of ensuring that this policy is fully implemented and monitored.
- b) The core functions of the National Government shall be to:

- i. Create a conducive macro-economic policy environment that takes into consideration developments and trends nationally and globally;
- ii. The National Government will strive to improve South Africa's comparative and competitive advantages in the domestic and global markets by developing and implementing policies aimed at achieving a sectoral growth rate as stipulated in the NDP;
- iii. Strive to ensure adequate investment and provision of essential agriculture support services (research, extension, training, veterinary service, marketing information services, etc.) to the producers;
- iv. Provide technical backstopping to provincial counterparts in the implementation of producer support programmes;
- v. Monitor and evaluate the environmental, social and economic impacts, and the efficient implementation of producer support programmes and review policies and programmes on an ongoing basis;
- vi. Procure from smallholders as part of the government food purchase programme (30% set aside);
- vii. Endeavour to reduce the regulatory burden placed on businesses in the sector and
- viii. Specifically, the role of specific national government departments is summarised in Table 2.

**Table 2: Specific roles and responsibilities of key institutions**

<b>Institution</b>	<b>Role and responsibility</b>
Ministry of Agriculture Land Reform, and Rural Development	<ul style="list-style-type: none"> <li>• Lead and provide policy guidance in the sector with regard to producer support initiatives</li> <li>• Acquisition and provision of land linked to water rights</li> <li>• Off-farm infrastructure development</li> <li>• Fast track land reform process</li> <li>• Placement for youth in agriculture</li> <li>• Ensure regulation of Public Private Partnerships</li> <li>• Ensure compliance of the Private Sector providing services to government and farmers</li> </ul>
Sectoral Education and Training Authority operating in the agriculture sector	<ul style="list-style-type: none"> <li>• Conduct needs assessment and skills audit</li> <li>• Facilitate the provision of training and capacity building programmes</li> </ul>
Department of Human Settlement, Water and Sanitation	<ul style="list-style-type: none"> <li>• Water allocations and licensing</li> <li>• Water infrastructure development including housing and agri-villages.</li> </ul>
Department of Social Development	<ul style="list-style-type: none"> <li>• Provision of services to the vulnerable groups (grants, social relief of distress)</li> <li>• Re-instate/ continue with the provision of Poor Resources Farmers Support subsidies.</li> <li>• Make provision for bulk irrigation infrastructure.</li> <li>• </li> </ul>
Department of Human Settlement	<ul style="list-style-type: none"> <li>• Provision of housing for farm workers and other vulnerable groups (linked to water harvesting infrastructure)</li> </ul>

Department of Trade, Industry and Competition	<ul style="list-style-type: none"> <li>• Funding for secondary and tertiary value chains</li> <li>• Incentives for agriculture</li> <li>• Unlock potential internal and local markets</li> <li>• Facilitate economic development and business development support in the sector</li> </ul>
Department of Cooperative Governance and Traditional Affairs	<ul style="list-style-type: none"> <li>• Provision of free basic services</li> <li>• Provision of land at local level</li> <li>• Inclusion of agriculture in the integrated development plans (IDPs) and local economic development</li> </ul>
Department of Small Business Development	<ul style="list-style-type: none"> <li>• Facilitate support to small, micro and medium enterprises in the sector (e.g., business and enterprise development support)</li> </ul>
Department of Environment Affairs	<ul style="list-style-type: none"> <li>• Facilitate timeous provision of environmental authorisations</li> </ul>
Department of Mineral Resources and Energy	<ul style="list-style-type: none"> <li>• Coordinated strategy to address competing needs for land (i.e. mining and agriculture and fisheries)</li> <li>• Enforcement of legislation to address negative environmental hazards associated with mining in line with the mining rehabilitation programme</li> <li>• Investment in sustainable energy sources and renewable sources in the sector.</li> </ul>
National Treasury	<ul style="list-style-type: none"> <li>• Provide funding for agriculture in line with Malabo Declaration</li> <li>• Tax incentive schemes for agriculture</li> </ul>
Department of Higher Education and Training	<ul style="list-style-type: none"> <li>• Continuously review curriculum for extension and advisory services practitioners in line with the needs and aspirations of the producers</li> </ul>
Small Enterprises Development Agency	<ul style="list-style-type: none"> <li>• Development of business plans and comprehensive business development support</li> </ul>
Department of Higher Education, Science and Technology	<ul style="list-style-type: none"> <li>• Facilitate innovative mechanism to deal with climate change</li> </ul>

## 10.2 The role of provincial government

- a) The main responsibilities of the PDAs as well as their partners at provincial level are to:
- Implement the NPCPDS taking into consideration their unique provincial socio-economic and climatic conditions;
  - Adhere to national policy and norms and standards in the provision of comprehensive producer support;
  - Provide oversight on the implementation of the policy and monitor and evaluate the implementation process at district level;
  - Effect remedial actions, where necessary, in liaison with the National Government;
  - Procure from smallholders as part of the government food purchase programme (30% set aside) and

- vi. Report to the National Government on a regular basis using predetermined reporting templates.

### **10.3 The role of local government**

- a) Develop and implement complementary agriculture programmes in line with government policy and plans.
- b) Develop and implement appropriate by-laws to support food security.
- c) Ensure the inclusion of agriculture programmes in their IDPs.
- d) Procure from smallholders as part of the government food purchase programme (30% set aside).
- e) Create awareness at all levels of society to protect and use natural resources effectively and sustainably, especially land, veld, and water.
- f) Play a leading role in conserving scarce agricultural resources through proactive spatial planning through the Preservation and Development of Agricultural Land Bill (once promulgated).
- g) Facilitate market access for smallholder producers, in particular, through municipal fresh produce markets.

### **10.4 The role of State-Owned Entities in agriculture**

- a) Conduct research and technology development programmes planned in collaboration with extension practitioners and producers;
- b) Conduct market intelligence and support market infrastructure development;
- c) Continuously conduct research, manufacture, and distribute animal vaccines.
- d) Quality certification and cold chain management services for producers and exporters of perishable food products;
- e) Provide capacity building on recognised national and international standards in collaboration with the government;
- f) Provide appropriate and tailored development finance services for producers and agribusinesses in the sector.

### **10.5 The role of the private sector, including the industry (Commodity Organisation)**

These are organisations that bring a wide spectrum of interest groups related to a particular commodity with which the Department may collaborate with to advance structural transformation in the agricultural sector.

- a) The Financial Institutions to provide tailored and sustainable finance, insurance, and technical services to support investment in the production, processing, and marketing of agricultural produce.
- b) Provide financial and technical support (including financial literacy) to the agriculture sector in partnership with the government and in line with the policy and regulatory environment of government.
- c) Endeavour to achieve transformation targets as stipulated in sector specific charters (i.e., AgriBEE Charter, Forest Sector Charter).
- d) Share good practices and alternative approaches to agricultural development using the wealth of experience in the industry.
- e) Contribute to the attainment and reporting of sector deliverables and priorities as stated in national policies such as the NDP, NGP, and AAMP.

- f) Commodity organisations in particular should be represented and involved in the planning phase of the project through approval and subsequent implementation. As part of their social corporate investment/responsibility, employers must be committed to improving the standards of living of the farm labourers.
- g) Provide specialist extension services, governance and business management support for trusts, CPAs and Co-operatives.
- h) Provide training and skills development, project management and special economic services.
- i) The private sector is called upon to provide opportunities for job creation, skills development/transfer and to commit to the land reforms process.

#### **10.6 The role of Civil Society**

- a) Advocate sustainable land use and healthy farming systems for improvement in producer support services and hold government accountable within the prevailing policy and regulatory environment, taking into consideration available resources (such as financial, human capacity, infrastructure, etc.).
- b) Contribute to agriculture policy development and implementation at all levels of government.
- c) Act as a voice for the voiceless by mobilising producers to ensure that they are organised and can collectively have access to information, financial, and technical support provided by the government and its development partners.
- d) Partner with the government in the provision of services (both financial and non-financial) to producers, particularly Household and Smallholder Producers.
- e) Conduct outreach to ensure marginal and remotely located producers are not excluded from government programmes.
- f) Conduct diverse facilitation roles together with public sector extension and farmer associations to support participatory processes for producer support.

#### **10.7 The role of development partners**

- a) Provide financial and technical support to the agriculture sector in partnership with the government and in line with the policy and regulatory environment of the government.
- b) Contribute to the attainment and reporting of sector deliverables and priorities as stated in national policies such as the NDP, NGP, and AAMP).

#### **10.8 The role of international community**

- a) The international community is welcome to provide donor assistance, which will mainly be used for institutional strengthening, technology development, and skill transfers.
- b) All donor funding will be used effectively and efficiently in pursuing the goals and objectives of agriculture sector.

#### **10.9 The role of producers**

- a) To utilise all of the funds for the intended purpose.
- b) Should enter into an agreement with the financier (the Department and its development partners) and ensure he/she adheres to the provisions contained in such agreements.
- c) Ensure that they register in the central database of the Department as a producer within the agriculture value chain.

- d) Report their business activities to the Department on a regular basis as a precondition of subsequent producer support from government and its partners.
- e) Keep updated natural resources management and enterprise records and make these available when required for monitoring and evaluation of producer support programmes.
- f) Actively participate in enterprise building, peer-to-peer learning and sharing, biodiversity conservation and use, the elaboration and adaptation of indigenous knowledge, soil and water conservation, and landscape maintenance.

## 11 ENABLERS FOR COMPREHENSIVE PRODUCER DEVELOPMENT SUPPORT

### 11.1 Information, Communication and Awareness Creation

A key thrust to successful policy implementation lies with information management, communication, and awareness creation.

- a) Rationale: To utilise information and communication technologies (ICTs) in the agriculture sector as essential tools to provide digital assets (access, information, knowledge, data, communication resources, ways of participation, etc.), foster capacity development, facilitate the exchange of experiences, and reduce the “*digital divide*” that exists between rural and urban areas.
- b) Policy actions:
  - i. Introduce a Producer/Farmer Register System to be utilised by the government as a basis for providing support to different categories of producers;
  - ii. Develop and expand a sustainable nationwide information management system for the sector that is reliable and easily accessible to all agricultural sector stakeholders;
  - iii. Integrate and/or ensure linkages between the proposed integrated information management systems and the various systems used by several units and departments within government;
  - iv. Upscale and ensure effective utilisation of information management tools used by Extension Practitioners and other advisory service practitioners which are a basis for information management and dissemination at a project or enterprise level;
  - v. Promote information and communication technologies that enhance the productivity and profitability of agricultural enterprises; and
  - vi. Government to introduce an e-voucher system a way of seamlessly providing quality and affordable production inputs, including mechanisation services (for crops, livestock, etc.) to all registered producers. Punitive measures will be put in place to avoid misuse of the system. Producers will be made aware of this before support is provided. The state will use its bargaining power through the e-voucher system to ensure that agribusinesses or agro-dealers play a leading role in assisting producers in their development, including the provision of technical and advisory services.
  - vii. The input supply mechanisms through e-voucher system shall be designed to stimulate local input production tailored for the local context.

## **11.2 Cooperative Governance**

- a) Rationale: The effectiveness of interventions to address equity, growth, and sustainability in the sector is dependent on effective, efficient, and sound cooperative governance. The Integrated Growth and Development Plan (DAFF, 2012) also identified cooperative governance as an essential component for the sector as it requires effective management across all three spheres of government, sector organisations, and producers. Without an integrated approach and effective management of actions, roles, and responsibilities, most strategies devised by the department will result in ineffective implementation.
- b) Policy actions:
  - i. Establish a governance system that will provide for integrated planning, monitoring, and evaluation across the sector and the various spheres of government.

## **11.3 Research and Innovation**

- a) Rationale: The agriculture sector heavily relies on both public and private sector research in order to adapt to changes in the regulatory requirements, environment, market requirements, and the ever-changing needs of producers. The purpose of this pillar is to underscore the need to provide support to the public research sector as it remains one of the key sources of innovation for the sector. Public agricultural R&D and extension programmes provide essential public goods and are a principal driver of innovation systems in the sector.
- b) Policy actions:
  - i. Reorient the research and development strategy to be nature- and gender-sensitive;
  - ii. Increase public investment in research and development for agriculture development;
  - iii. Promote decentralised research and training centres incorporating extension and farmer-to-farmer learning and
  - iv. Improve the linkages between extension, research, and producers by making producers active participants in the research agenda.

## **11.4 Funding mechanism for producer support and development**

### **11.4.1 Innovative Financing Models**

The successful implementation of the policy will depend to a large extent on the availability of funding for the agriculture sector. The purpose of this enabler is to establish a funding mechanism for comprehensive producer support and development.

- a) Rationale: Finance is one of the crucial components to ensuring that the objectives of the Policy are realised. In line with the Integrated Agriculture Development Finance Policy Framework (IADFP) for smallholder producers (DAFF, 2015), the government will use a combination of grants and loans to provide comprehensive support to producers and entrepreneurs along the agriculture value chain. Preference will be given to the applicant whose proposal is linked to commodities of national and provincial importance as per the AAMP and Provincial Growth and Development Strategies (PGDS).

b) Policy actions:

The following innovative financing mechanisms will be encouraged for the implementation of the NPCPDS.

*i) Blended Finance for Producer Support*

Financial support is provided in various forms that include loans and grants. It has been noted that grant funding has created dependency as the same beneficiaries keep on demanding the grants and businesses collapse with the withdrawal of the grants. On the other hand, most potential clients do not qualify for loans because of the cost of funds. To address the challenge, the DALRRD shall introduce a blended financing instrument for producer support. The blended funding instrument combines the loan and the grant into one product for the applicant. The blended product will be constituted by public and private sector funds. This is an innovative initiative to improve the effectiveness of the funding programmes in the sector.

Blending the grants with loans will reduce the competition between the two, and facilitates complementarity, and of partnerships and the leveraging of private sector resources. Blending also reduces the risk level for the clients as it reduces the amount loaned and also assists with the acquisition of needed infrastructure including land.

*ii) Value Chain Financing*

This is financial flow between participants in a particular value chain (internal), but it also flows from financial institutions: from banks to participants in a specific value chain (external). It can also be a combination of both internal and external partners involved at the same time. There is less dependence on creditworthiness but rather because of trust and the existing business relationships that exist within the value chain.

#### **11.4.2 Sources of finance for producer support and development**

*i) Government funding*

As a signatory to the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods, the South African Government has a responsibility to uphold an earlier (Maputo Declaration) commitment to allocate at least 10% of public expenditure and ensure its efficiency and effectiveness. The DALRRD shall lead the process to solicit funds within the government and private sector to ensure that resources are focused on the best interventions and mode of financing to increase efficiencies and reduce duplication and wastage of existing resources.

*ii) Public-Private Partnerships*

Investment required to attain the objectives of the NDP and NGP are massive and government resources alone are not sufficient to address this as well as the needs of the farming community. Therefore, the government will work with commodity organisations, banks, financial institutions, and other stakeholders to secure preferential credit and technical support packages for smallholder producers. Furthermore, infrastructure investments through CPPPs are best targeted towards public goods supporting broader agricultural development for the benefit of all categories of producers.

### *iii) Producers' Own Contribution*

The NPCPDS advocates for a blended finance instrument for producer support in which the grant will serve as financial supplementation to the applicant's own contribution. Therefore, own contribution is the resource that an applicant should bring into the process to form part of the whole capital package, viz., own contribution (loan) and grant. This can be in monetary, in kind (e.g., property, machinery, equipment and livestock) or in case of Household Producers; it can be through sweat equity. Producers who acquire land privately should be treated differently as regard own contribution. Programme documents should outline a lesser own contribution percentage for producers who acquired land privately compared to the beneficiaries of government's land reform programmes.

### *iv) Donor Funding*

Donor funds will also be utilised to implement special projects. To ensure transparency and accountability in the use of donor funding, all Official Development Assistance (ODA) will be managed through the National Treasury's Reconstruction and Development Programme (RDP) Fund.

### *v) Other sources of funding*

Other forms of funding such as private equity and philanthropic support will be used to augment government's limited resources.

## **12 RISK MITIGATION AND MANAGEMENT**

- 12.1 One of the reasons for constraint access to finance in the sector is the risky nature of the sector. Negative climatic conditions are known to negatively affect productivity in the sector. Climate change is making it more difficult to deal with climatic effects. It is for this reason that it becomes important to implement effective risk management and mitigation measures.

### **12.1.1 Insurance**

- a) Insurance is one of the risk mitigation instruments. Insurance will help keep producers in business even after a disastrous event. The support provided to producers must therefore be inclusive of insurance cover. In this regard, government in partnership with the State-Owned Entities and the private sector shall develop affordable insurance packages for producers in the sector. Agriculture index insurance is one of the innovative, cost-effective packages to protect producers against adverse weather events. It is a relatively new but innovative approach to insurance provision that pays out benefits based on a predetermined index (e.g., rainfall level) for losses of assets and investments, primarily working capital, resulting from weather and catastrophic events such as drought, without requiring the traditional services under Multi-Peril Crop Insurance (MPCI) offering, which usually come at a cost.

Index insurance is potentially useful at different levels: at the micro level, producers can benefit from the additional risk management strategy; at the meso level (financial service providers, input suppliers, farmer associations, and traders) can balance their portfolios and manage certain business constraints; and at the macro level, index insurance can assist

governments and relief agencies in development and disaster management. The index insurance package will be available for commercially oriented producers focusing on commodities aligned to the AAMP and key government priorities. The department, in partnership, with private sector and insurance industry will be implementing agriculture index insurance.

#### **12.1.2 Building Capacity of Producer**

- a) The capacity of the business owner is central to the success of the support offered. Effective participation by the business owner is key to the sustainability of the business. It is therefore important to enhance the capacity of the producer. Building the capacity of the producers reduces the risk of failure, and therefore capacity building is one of the important risk mitigation strategies. The capacity of producers can be enhanced through the provision of training.
- b) Producers must be provided with training in various elements according to their needs. This will help them manage their operations properly. Risk mitigation and management practises help to improve the likelihood of successful operations for the enterprise and stabilise its income. This further improves the chances of loan repayment.

#### **12.1.3 Credit Guarantees**

- a) It is important to have a wide range of financial support instruments. In addition to loans and grants, an insurance credit guarantee is one of the instruments that can go a long way in assisting producers access finance. Credit guarantee schemes are established to help borrowers who have little or no collateral to pledge in order to get a loan from a financial institution. The guarantee provides a protection to the institution that gives the loan to the borrower in case the borrower defaults. The credit guarantee is a risk mitigation tool in financial lending. The scheme will guarantee coverage up to a predetermined percentage of the loan amount. The percentage cover shall differ according to the risk profile of the enterprise or borrower. The Department shall introduce a guarantee scheme in the sector. This will increase the product range and diversity of support. The guarantee will be available for the various commodities in agriculture. The implementation of the guarantee scheme requires that the Department to form partnerships with financial institutions.

### **13 COMMUNICATION PLAN**

- 13.1 Government through DALRRD will spearhead the process of creating awareness about the policy and its implications among sector stakeholders. The information provided will improve understanding of key policy issues of the government (mainly the Department) while at the same time enhancing dialogue, collaboration, and participation of various agricultural stakeholders in the development and implementation process of the policy.
- 13.2 In this regard, various platforms will be used to communicate the policy. These include printed media, electronic, and mass media (such as national and regional newspapers, radio, TV, producer publications, magazines, etc.). Furthermore, all offices dealing with agriculture as well as rural development will be supplied with pamphlets and posters outlining the key policy objectives, principles and conditions, application processes, etc.

## 14 MONITORING AND EVALUATION (M&E)

- 14.1 In support of the government's commitment to increasing the use of evaluations, the Cabinet approved the National Evaluation Policy Framework (NEPF) in November 2011. The NEPF provides the basis for a system of evaluations, across government. It promotes quality evaluations which can be used for learning and to improve the effectiveness and impact of government. In line with this widely adopted government evaluation system, a Theory of Change for the National Policy on Comprehensive Producer Development Support has been developed and is attached hereto as Annexure A. Monitoring indicators will also be developed to systematically collect and measure the progressive impact that the policy will have on the agriculture sector.
- 14.2 The M&E exercise is essential in assessing the efficiency and effectiveness of programmes and projects. An Implementation Plan aims to guide practitioners in taking steps or approaches so as to ascertain whether "we are doing things right? – *monitoring*," or if "we are doing the right things? – *evaluation*." The five key broad concepts to be evaluated regarding the policy are its (i) relevance, (ii) effectiveness, (iii) efficiency, (iv) impact and (v) sustainability of activities. Performance monitoring and evaluation enables improved management of the outputs and outcomes while encouraging the allocation of effort and resources in the direction where they will have the greatest impact.
- 14.3 In this regard, the government shall put in place systematic processes for collecting and reporting on progress on a regular basis (i.e., monthly, quarterly, and yearly) depending on the enterprise type. The focus shall be firstly on collecting baseline data per commodity per province. Furthermore, a mid-term review on the implementation of the policy would be conducted during the first three to five years of implementation. This should be followed by a detailed impact evaluation of the policy after ten years of implementation. A detailed M&E framework containing indicators and expected outcomes will be developed.

## 15 POLICY REVIEW

- 15.1 The present Policy is a high-level guide that will evolve and expand as legislative and other institutional arrangements are put in place. Mechanisms to review progress to ensure that the Policy, programmes, and processes are on track to meet sector objectives are part of the integrated M&E system.
- 15.2 A comprehensive review of the Policy will be undertaken every three to five years. However, the Minister may authorise the review of certain components of the Policy to ensure alignment with political mandates and national priorities. The review process shall be transparent, broad, and inclusive. DALRRD shall disseminate the outcomes of the reviews to the public through agreed-upon channels.
- 15.3 The thresholds support and categorisation of producers as well as the proportion of the ring-fenced amount per producer category will be reviewed on an annual basis in line with inflation. Producer price index will be used to review thresholds of support.

## 16 CONCLUSION

- 16.1 To develop the agriculture sector, it is recognised that there is need for strong Public-Private Partnerships. The public sector will focus on providing services and support, mainly to smallholder producers, while creating a conducive environment for the commercial sector

to thrive and be competitive. The private sector is expected to play a leading role in terms of direct investment in the sector, therefore creating opportunities for job creation.

- 16.2 The importance of promoting agricultural trade both in the region and beyond cannot be overemphasised. This is particularly so given developments in the African Growth and Opportunity Act (AGOA), Malabo Declarations<sup>6</sup> and trade relations between South Africa and other BRICS (Brazil, Russia, India, and China) member countries.

## 17 DOCUMENT INFORMATION

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<sup>6</sup> The Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods is a set of new goals showing a more targeted approach to achieving the agricultural vision for the continent, which is shared prosperity and improved livelihoods. The declaration was adopted by the African heads of state in Malabo in June 2014. African countries commit to tripling intra-Africa trade in agricultural commodities and services by the year 2025.

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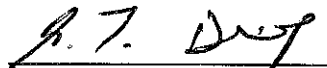
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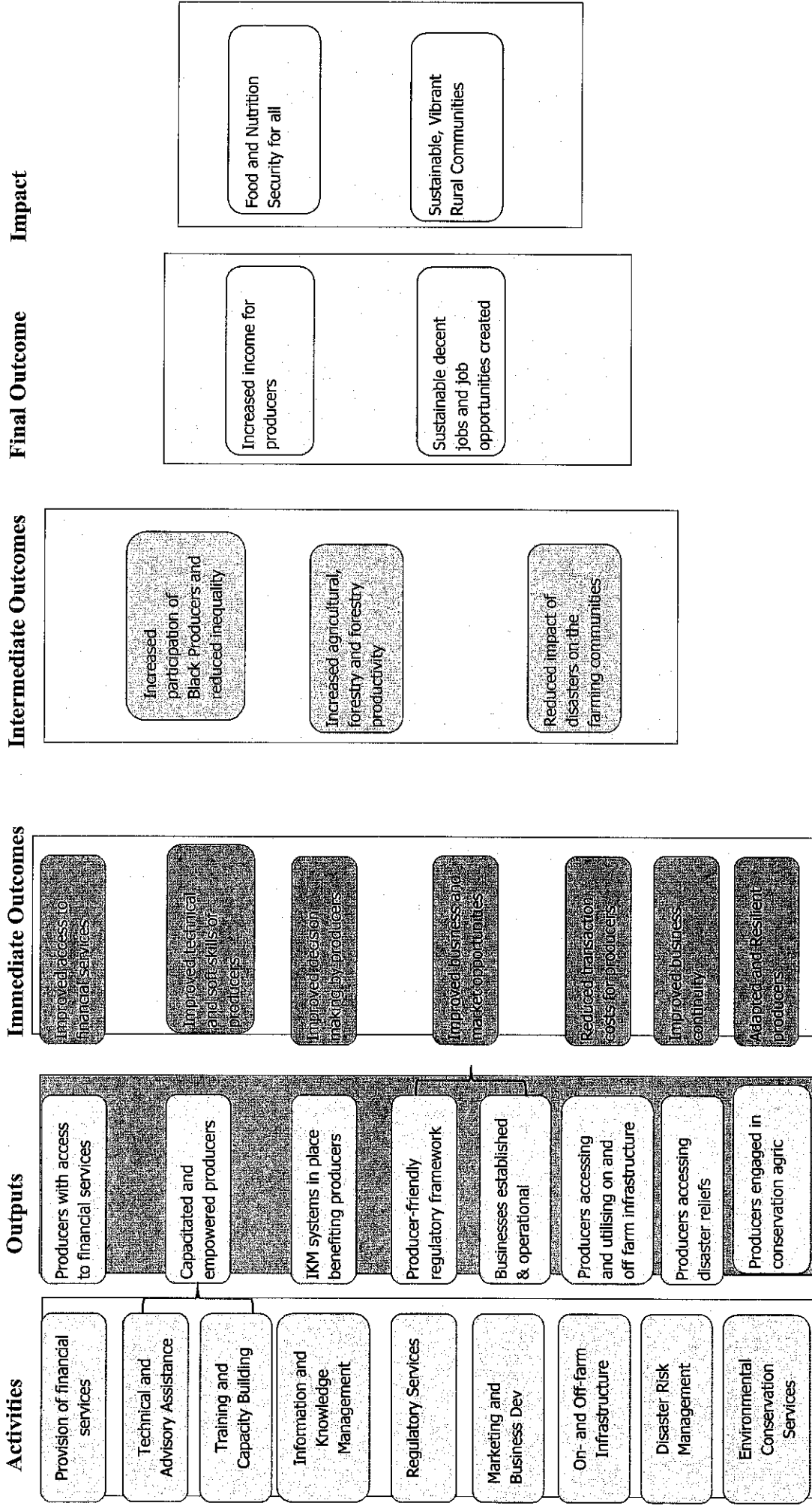
## 19 APPROVAL

**THIS POLICY HAS BEEN APPROVED BY CABINET ON 13 MARCH 2024 AND SIGNED OFF BY THE MINISTER FOR AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT**

  
MRS A.T DIDIZA, MP

16/04/2024  
DATE

# ANNEXURE A: THEORY OF CHANGE FOR COMPREHENSIVE PRODUCER DEVELOPMENT SUPPORT<sup>7</sup>



<sup>7</sup> Adapted from Khulisani Management Services (2015): Diagnostic Evaluation of Government Supported Smallholder Farmer Sector (Theory of Change: Draft Models)

**ANNEXURE B: Thresholds for producer support**

Year	Capped support thresholds per category			
	Subsistence (Vulnerable)	Household (Subsistence)	Smallholder	Medium Commercial
2018	300 000	500 000	5 000 000	8 000 000
2019	294 600	491 000	4 910 000	7 856 000
2020	308 446	514 077	5 140 770	8 225 232
2021	337 132	561 886	5 618 862	8 990 179
2022	386 353	643 922	6 439 215	10 302 745
2023	451 647	752 744	7 527 443	12 043 908
2024	544 912	908 186	9 081 860	14 530 976
2025	677 870	1 129 783	11 297 834	18 076 534
<b>Proposed capped support until 2024/25</b>	<b>650 000</b>	<b>1 100 000</b>	<b>11 000 000</b>	<b>18 000 000</b>

# ANNEXURE C: IMPLEMENTATION PLAN FOR THE NATIONAL POLICY ON COMPREHENSIVE PRODUCER DEVELOPMENT SUPPORT

Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
1. Reduce inequality and improve the participation of PDIs along the agriculture value chains	Identify and align the implementation of relevant legislative frameworks that has a negative impact on the realisation of the sector's transformation agenda	Diagnostic impact analysis for prioritised legislation developed	2024	2025	DALRRD DPME	Availability of funds
		Joint implementation mechanisms for Land, Water and Energy developed	2024	2025	DALRRD DEA DME DWS	Cooperation from other stakeholders
		Producer Support Bill developed	2025	2027	DALRRD	Cooperation and buy-in from stakeholders
	Facilitate the provision of support services to stimulate entrepreneurial behaviour of SMMEs in the sector	Producer Support Regulations developed after promulgation of the Act	2027	2029	DALRRD	Cooperation and buy-in from stakeholders
		Agri-businesses established and expanded	2024	2025	DALRRD DTI IDC Land Bank	Improvement in the approach, mentality, behaviour, efficiency and growth in SMMEs

Minister's initials G. T.

Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
		Training and capacity developed for entrepreneurial skills	2024	2026	DTI DALRRD SETAs	Improvement of knowledge and skills as a result of training
		Incentive scheme developed linked to entrepreneurship development	2024	2026	DTI DALRRD	Increase in access to incentives Increased number of entrepreneurs
	Develop and improve value chain (e.g. food handling, marketing and distribution) systems targeting smallholder producers that are linked to domestic, regional and international markets.	Value-adding logistical services available to smallholder producers to improve market access established	2024	2025	DALRRD NAMC  DTI IDC GCIS	Improved production and income.
		Management Information System Unit to undertake collection, collation and dissemination of marketing information established	2025	2027	DALRRD SITA NAMC GCIS Stakeholders Media	Information flow and empowerment
	Enforce the implementation of transformation agenda for the sector as encapsulated in the relevant sector charters (AgriBEE Charter)	Regulations to enforce the implementation of transformation agenda for agriculture, land reform and rural development sector	2025	2028	DALRRD DTI Commodity Groups Producer Unions	Cooperation and buy-in from stakeholders

Minister's initials P. T.

Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
2 Design support measures to increase agriculture productivity	Provision of inputs informed by current state and potential of the natural agricultural resources determined through on farm soil and rangeland surveys, agro-climatic outlooks, management practices, on and off farm infrastructure and market trends.	Guideline on provision of support measures developed.  E-voucher system developed.  Climate Smart technologies developed and promoted.	2024	2026	DALRRD (lead), PDA, DEA, DWS, Commodity Organizations, Producers, Producer Union, Research institutes (South African Weather Service, ARC, CSIR, WRC).	Provision of inputs to be made as transversal indicator at PDA level.  Depending on stock tacking of support services offered by various stakeholders  Willingness to collaborate.  Funding availability
	Conduct regular agro-ecological assessments; promote regenerative agricultural systems and bio-resource management.	Sector-specific agro-ecological assessment plans developed.  National agro-meteorological quarterly advisory reports issued.	2024	2026	DALRRD (lead), PDA, DEA, DWS, Producer Unions, Commodity Organizations, Producers, Research institutes (South African Weather Service, ARC, CSIR, WRC).	Achieved with support of other sectors
	Selection of crops and animals adapted to local soil, veld, terrain and climatic conditions.	Production of suitability models developed.	2024	2025	DALRRD (lead), Research Institutions, Commodity Organizations,	

Minister's initials 9.7.

Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
					Producer Unions, Producers.	
	Support and promote the commercialisation of indigenous products and knowledge systems in the sector including the preservation of the genetic material in gene banks.	Report on commercialised Indigenous products and knowledge systems developed.	2024	2026	DALRRD and Research Institutions.	Willingness to collaborate.
	Promote a diversity of production systems including agro-forestry and related practices to increase productivity.	Guidelines on diversity of production systems developed.	2024	2025	DALRRD, Research Institutions, Commodity Organizations, Producer Unions, Producers.	Stakeholder buy-in.
	Conduct needs assessment and skills audit for producers in line with the potential and state of their available natural agricultural resources and proposed business venture.	Skills Audit report developed.	2025	2027	DALRRD, PDA, SETAs (AgriSeta), Research Institutions, Commodity Organizations, Producer Unions, Producers.	Willingness to collaborate. Depends on availability of funds.
	Government to embark on skills and capacity development informed by the needs assessment and skills audit.	National Framework on Skills and capacity development programmes designed.	2025	2027	DALRRD, PDA, SETAs (AgriSeta), Research Institutions, Commodity Organizations, Producer Unions, Producers.	Stakeholder buy-in Willingness to collaborate.

Minister's initials S. 7.

Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
	DALRRD to introduce a system of registering mentors with 5 years' experience in the production of a particular commodity as a requirement	System and guideline for registration of mentors designed.	2024	2025	DALRRD, PDA, Research Institutions, Commodity Organizations, Producer Unions, Producers.	Willingness for adoption of system
	Conduct skills audit for mentors before registration	Skills Audit for mentors developed.	2024	2025	DALRRD, PDA, SETAs (AgriSeta), Research Institutions, Commodity Organizations, Producer Unions, Producers.	Stakeholder buy-in Depends on funding available. Willingness to register.
	Generate, collate and disseminate appropriate and cost-effective agricultural technologies through cost-effective means including the use of Information and Communication Technologies (ICT) by extension and advisory services personnel registered with an appropriate professional body.	Regular status report developed on registration of Extension Practitioners with SACNASP. Information and Communication Technology systems for extension and advisory services developed.	2024	2026	DALRRD, PDA, SACNASP and SASAE.	Stakeholders buy-in the system.
			2024	2025	DALRRD, PDA, GCIS and Research Institutions.	Stakeholders buy-in the system. Adoption of the technology

Minister's initials 67

Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
	Strengthen government extension machinery through retraining and resourcing of Extension Practitioners including secondment to established commodity organisations;	Annual reports on Extension Recovery Plan and deployment of extension Practitioner to commodity organisation.	2024	2026	DALRRD, PDA and Commodity Organisation.	Collaboration between stakeholders in all spheres of government. Depend on ERP funding.
	Pilot and upscale farmer-to-farmer extension approaches such as farmer field schools to address the high extension to farmer ratio in the country.	Annual report on the implementation of Extension Policy.	2024	2026	DALRRD and PDA and Agriculture Colleges	Collaboration between stakeholders in all spheres of government. Depend on ERP funding.
		Increase number of extension practitioners in line with the prescripts of norms and standards for extension and advisory services.	2024	2028	DALRRD and PDA and Agriculture Colleges	Depend on available budget at PDA level.
	Promote agriculture mechanisation through the application of appropriate machinery and technology for various categories of producers.	Developed Mechanisation Strategy and Status report on the implementation of the strategy.	2024	2026	DALRRD, PDA and Private Sector.	

Minister's initials *EF*

Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
	Promote gender responsive, agro-ecological and environmentally friendly mechanisation technologies within the principles of sustainable agriculture to mitigate against the negative impacts of climate change.	Report on gender responsive, agro-ecological and environmentally friendly mechanisation systems developed.	2024	2026	DALRRD, PDA and private sector.	
	Facilitate capacity development opportunities for improved research and technology development and transfer on mechanisation;	Capacity building framework on improved research and mechanisation developed.	2024	2026	DALRRD, PDA	Depends on funding
	Promote a conducive environment for local manufacturing and distribution of agricultural machinery and technologies within the ambit of the Black Industrialist Programme.	Black Industrial Programme for local manufacturing and distribution of agricultural machinery and technologies developed.	2024	2026	DTI (lead), DSBD and DALRRD	Buy-in from the departments
<b>3 Promote sustainable management and utilisation of natural resources</b>	Invest in research to inform sustainable and environmental friendly production practices	Revitalise the existing research structures within the values chain	2024	2025	DALRRD Research institutions (ARC, NRF, Academia etc.) National, provincial	Funded Capacity ( human, infrastructure etc.) Compliance

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Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
		<p>Improve sustainable and environmentally friendly technologies and cultivars developed</p> <p>Develop innovative and environmentally friendly technologies</p>			and local government , Producers and commodity organisations	
	Improve communication and promote the adoption of sustainable and environmental friendly production practices	<p>Package sustainable and environmental friendly measures for good practices in local languages</p> <p>Awareness campaigns on management and use of environmental-friendly production systems carried out</p> <p>Strengthened collaboration with internal and external stakeholders</p>	2024	2025	DALRRD DEA, DWS, ARC, DBSA, GCIS,	
	Support the commercialisation of indigenous products in the sector	Documented knowledge of indigenous products	2024	2025	DALRRD, Research institutions (ARC, NRF, CSIR,	Funded Capacity ( human , infrastructure etc) Compliance

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Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
		Increased productivity levels of indigenous products Improved and Preserved indigenous products Indigenous products commercialisation framework developed			Academia etc.) National, provincial and local government (DEA, DALRRD, DTI, Treasury, DSBD, NAMC, Producers and commodity organisations	
	Design schemes to incentivise land owners and producers who implement sustainable and environmental friendly production practices	Developed incentive scheme for sustainable and environmentally-friendly production practices	2025	2026	DALRRD, DTI, Treasury, DSBD, ARC, NRF, CSIR, Academia PDAs, Producers and commodity organisations	Funded Capacity ( human , infrastructure etc) Compliance
	Land use suitability maps to be developed and regularly updated to increase efficiencies per commodity to reduce risks and vulnerability of the sector to climate change	Developed, updated and implemented Land suitability maps	2024	2025	DALRRD L DEA, , DWS, Municipalities, PDAs,	Funded Capacity ( human , infrastructure etc) Cooperation
	Early warning systems to promote access to information for planning,	Developed electronic early warning system	2024	2025	DALRRD	Funded Capacity ( human , infrastructure etc)

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Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
4 Strengthen institutional mechanisms for better coordination of producer support in the sector	decision making and adaptation measures				ARC, DEA, SAWS, CSIR, SANSA, SARAO, NDMC, DPME	cooperation
	Review and strengthen existing legislation on sustainable management and utilisation of natural resources	Review policies, strategies and regulatory system on sustainable management and utilization of natural resources	2024	2026	DALRRD ARC, DEA, SAWS, SARAO, NDMC, Presidency, DPME National Provincial and local departments, SOEs, commodity organisations, private sector,	Funded Capacity ( human , infrastructure etc) Compliance
	Encourage intergovernmental relation  Strengthen existing intergovernmental structures	Signed Service Level Agreements with relevant sector partners  Coordinated and functional intergovernmental structures  Integrated panning implementation report	2024	2025	DALRRD DPME, PDAs SOEs, commodity organisations, private sector,	Cooperation

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Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
5 Attracting youth, women and persons with disabilities in agriculture, land reform and rural development sector	Review and strengthen the existing strategies targeting youth, women, and persons with disabilities	Reviewed strategies and proposed recommendations	2024	2024	Assuming that there are existing programmes	
	Develop strategies to attract youth, women, and persons with disabilities.	Strategies developed and implemented	2024	2025	Assumption that the existing strategies are not effective	
	Establish partnerships with institutions of higher learning (e.g. Universities and Colleges of Agriculture to support graduates to have practical experience and start own enterprises.	Partnerships established-signed agreements	2024	N/A	Assuming that the partners will cooperate and agree into forming partnership	
	Roll out capacity building programmes including research, awareness, training and education	Capacity building programmes developed and implemented	2024	2026	DALRRD SETAS	
	Monitoring and evaluation	Developed monitoring frameworks and plans	2024	2026	DALRRD DPME	
	Establish multi-sectoral M&E forum (to influence planning and decision	M&E forum established	2024	2026	DALRRD – M&E	Cooperation of other role-players Approval of the policy

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Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
6 Planning and Monitoring	making as well as harmonising support)	ToRs developed				
	Develop Terms of Reference (ToRs) for the forum to be approved by the higher structure (to be defined)					
	Develop Standard Operating Procedures (SOP) for multi-sectoral M&E forum (to guide quality assurance)	SOP developed	2024	2026	DALRRD – M&E	
	Reporting (flow through various relevant structures)	Report	2024	2026	DALRRD – M&E	Cooperation of other role-players
Evaluation						
	Assessment of (coordination issues, overlaps, efficiency and effectiveness, ) against the objectives of the policy	Assessment Report	2024	2026	DALRRD – M&E	Cooperation of other role-players
	Develop report reflecting findings and recommendations which may include possible evaluations to be reported at appropriate structure	Evaluation report developed	2024	2026	DALRRD – M&E	

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Policy intervention measures	Key action/activities	Target	Time frames		Lead agency / key stakeholders	Assumptions
			Start	End		
	Develop evaluation plan -reporting to the M&E forum on performance against the plan	Evaluation plan developed	2024	2026	DALRRD	Recommendations are accepted by role-players
	Develop an Improvement Plan -monitoring and reporting (may also recommend improvement to the policy itself)	Improvement plan developed	2024	2026	DALRRD – M&E	Recommendations are accepted

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