



agriculture,  
forestry & fisheries

---

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

# **National Policy on Comprehensive Producer Development Support: Draft 5 ver. 3**

**30 May 2018**

## TABLE OF CONTENTS

LIST OF ACRONYMS.....	iv
DEFINITION AND INTERPRETATION .....	vi
1. INTRODUCTION.....	1
2. PROBLEM STATEMENT .....	1
3. OBJECTIVES OF THE POLICY .....	7
3.1 Main Objective.....	7
3.2 Specific objectives .....	7
4. STRATEGIC SIGNIFICANCE OF THE POLICY .....	7
5. GUIDING PRINCIPLES AND CONDITIONS FOR PRODUCER SUPPORT .....	8
6. LINKAGES TO OTHER POLICIES AND LEGISLATIONS.....	11
7 CATEGORIES OF PRODUCERS AND THEIR SUPPORT REQUIREMENTS .....	12
7.1 Categories of producers.....	12
7.1.1 Household Producer (Vulnerable).....	12
7.1.2 Household Producer (Subsistence).....	12
7.1.3 Smallholder Producer.....	12
7.1.4 Medium Scale Commercial Producer.....	13
7.1.5 Large Scale Commercial Producer.....	13
7.2 Support requirements for producers.....	14
7.3 General conditions for accessing support .....	18
8 COMPREHENSIVE ELECTRONIC PRODUCER REGISTER.....	19
8.1 Compilation and maintenance of a Comprehensive Electronic Producer Register for agriculture, forestry and fisheries .....	19
9 POLICY INTERVENTION MEASURES.....	19
9.1 Component 1: Reduce inequality and improve the participation of PDIs along the agriculture, forestry and fisheries value chains .....	19
9.1.1 Access to finance.....	20
9.1.2 Access to markets.....	20
9.1.3 Increase economic participation of PDIs .....	21
9.1.4 Access to water resources.....	21
9.1.5 Access to land .....	21
9.1.6 Mainstreaming of youth, women, farm dwellers and persons with disabilities in agriculture, forestry and fisheries .....	22

9.2	Component 2: Design support measures to increase agriculture, forestry and fisheries productivity .....	22
9.2.1	Technical and Advisory Services.....	22
9.2.2	Provision of Needs Based Training and Capacity Building.....	23
9.3	Component 3: Promote sustainable management and utilisation of natural resources.....	26
9.3.1	Investment in research and programme for natural resource management .....	26
9.3.2	Promote disaster risk reduction measures including post disaster recovery and rehabilitation.....	27
9.4	Component 4: Strengthen institutional mechanisms for better coordination of producer support in the sector .....	27
10	IMPLEMENTATION PLAN.....	28
10.1	Introduction.....	28
10.2	Inter-Departmental coordination.....	29
10.2.1	<i>National Coordination Unit</i> .....	30
10.2.2	<i>Provincial Coordination Unit</i> .....	30
10.2.3	<i>District Coordination Unit</i> .....	31
10.3	Oversight on the implementation of the policy.....	31
10.4	Administration of producer support for agriculture, forestry and fisheries.....	31
11	ROLES AND RESPONSIBILITIES.....	32
11.1	The role of national government.....	32
11.2	The role of provincial government.....	34
11.3	The role of local government.....	34
11.4	The role of the private sector, including the industry.....	35
11.5	The role of Civil Society .....	35
11.6	The role of development partners.....	36
11.7	The role of international community .....	36
11.8	The role of producers.....	36
12	COMPREHENSIVE PRODUCER DEVELOPMENT SUPPORT ENABLERS .....	36
12.1	Information, Communication and Awareness Creation .....	36
12.2	Cooperative Governance.....	37
12.3	Research and Innovation.....	38
12.4	Funding mechanism for producer support and development.....	38
12.4.1	Innovative Financing Models for CPDS.....	38
	<i>i) Blended Funding Instrument</i> .....	39

<i>ii) Value Chain Financing</i> .....	39
12.4.2 Sources of finance for producer support and development.....	40
<i>i) Government funding</i> .....	40
<i>ii) Public-Private Partnerships</i> .....	40
<i>iii) Producers' Own Contribution</i> .....	40
<i>iv) Donor Funding</i> .....	41
13 RISK MITIGATION AND MANAGEMENT .....	41
13.1 Insurance .....	41
13.2 Building Producer Capacity.....	41
13.3 Credit Guarantees.....	41
14 COMMUNICATION PLAN.....	42
15 MONITORING AND EVALUATION (M&E) .....	42
16 POLICY REVIEW.....	43
17 CONCLUSION .....	43
18 POLICY OWNER/COORDINATOR .....	44
19 DOCUMENT INFORMATION .....	44
20 REFERENCES .....	45
ANNEXURE A: COMMODITY SPECIFIC THRESHOLDS .....	48
ANNEXURE B: IMPACT THEORY OF CHANGE FOR COMPREHENSIVE PRODUCER DEVELOPMENT SUPPORT .....	54

## LIST OF ACRONYMS

AEWG	:	Agricultural Economics Working Group
AFF	:	Agricultural, Forestry and Fisheries
AFFS	:	Agriculture, Forestry and Fisheries Strategic Framework
AGOA	:	Africa Growth and Opportunity Act
AgriBEE	:	Agricultural Broad Based Black Economic Empowerment
APAP	:	Agricultural Policy Action Plan
ASRDC	:	Agricultural, Sustainable Rural Development Committee
BAAC	:	Bank for Agriculture and Agricultural Cooperatives
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
CSO	:	Civil Society Organisations
DAFF	:	Department of Agriculture, Forestry and Fisheries
DAP	:	District Assessment Panel
DAPOTT	:	District Agri-Parks Operations Task Team
DP	:	Development Partners
DRDLR	:	Department of Rural Development and Land Reform
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
IDC	:	Industrial Development Corporation
IGDP	:	Integrated Growth and Development Plan
IPAP	:	Industrial Policy Action Plan
IPCC	:	Intergovernmental Panel on Climate Change
LRAD	:	Land Redistribution for Agricultural Development
M&E	:	Monitoring and Evaluation
MAFISA	:	Micro-Agricultural Financial Institutions of South Africa
MANCO	:	Management Committee of DAFF
NAP	:	National Assessment Panel
NAPPOTT	:	National Agri-Parks Operations Task Team
NDP	:	National Development Plan
NEPF	:	National Evaluation Policy Framework
NGP	:	New Growth Path
ODA	:	Official Development Assistance
PAP	:	Provincial Assessment Panel
PAPOTT	:	Provincial Agri-Parks Operations Task Team
PCPDS	:	National Policy on Comprehensive Producer Development Support
PDI's	:	Previously Disadvantaged Individuals

POS	:	Point of Sale
PRN	:	Producer Register Number
R&D	:	Research and Development
RSA	:	Republic of South Africa
SIP	:	Strategic Integrated Project
SMS	:	Short Message Service
SOPs	:	Standard Operating Procedures
Stats SA	:	Statistics South Africa
WTO	:	World Trade Organization

## DEFINITION AND INTERPRETATION

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:

**“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.”

**“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.

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

**“Medium Scale Commercial producer”:** Is defined as a venture undertaken by an individual or business entity for the purpose of production and sale of agricultural, forestry and fisheries products to make a profit. These are established enterprises producing for market to make a profit with an annual turnover ranging from **R5 million – R20 million**).

**“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.

**“Double-dipping”:** Is defined as an act of getting multiple supports (financial and non-financial) 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.

**“Household Producer (Vulnerable)”** Is defined as a Producer that produces primarily for household consumption to meet the daily dietary needs 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.

**“Household Producer (Subsistence)”** Is defined as a Producer that produces primarily for household consumption to meet the daily dietary needs. These producers are not classified as indigents by their municipality. They may market limited surplus production with an annual turnover of less than **R50 000**.

**“Large Scale Commercial producer”:** Is defined as a venture undertaken by an individual or business entity for the purpose of production and sale of agricultural, forestry and fisheries products to make a profit. These are established enterprises producing for market to make a profit with an annual turnover above **R20 million**.

**“Mitigation”:** The efforts undertaken to “reduce anthropogenic [greenhouse gas] emissions or to enhance natural sinks of greenhouse gases.” In agriculture, mitigation generally refers to 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.

**“Own contribution”:** Are 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.

**“Producer”:** Is one who engages in agriculture, forestry and fisheries activities along the value chain either on a full-time or on a part-time basis.

**“Producer Register”:** A compilation of Registered Producers maintained by the Department of Agriculture, Forestry and Fisheries 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 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 **of up to R5 million per annum.**

**“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 and interested and/or affected parties in as far as it applies to agriculture, forestry and fisheries.

**“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.

**“Value Chain Financing”:** Approach provides financing at lower risk and lower transaction costs to all parts of the value chain, from input suppliers, producers to processing and marketing companies.

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

**“Vulnerable Groups”:** In this policy, Vulnerable Groups will include: youth, vulnerable women, persons with disabilities, farm dwellers 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.

## **1. INTRODUCTION**

- 1.1 Since the dawn of democracy in South Africa, the Department of Agriculture, Forestry and Fisheries (DAFF) embarked on numerous initiatives to provide financial and non-financial support, mainly targeting the smallholder producers. The intent was to mainstream the participation of smallholder producers in the sector through the provision of on-and-off farm infrastructure, extension support and market access, etc. Furthermore, there are various other entities from the public sector, private sector and non-governmental organisations, etc. who also provide various forms of support to the sector.
- 1.2 Despite these interventions, the challenges confronting the agricultural, forestry and fisheries 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 National Development Plan (NDP) in which agriculture is identified as one of the primary drivers of growth in the economy.
- 1.3 The Policy will be the overall national policy for the agriculture, forestry and fisheries sector in South Africa that will regulate and guide interventions (support services) provided to the various categories of producers by 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 economic and social prosperity of producers to ensure national as well as household food and nutrition security.
- 1.4 In the event of any conflict between a section of this policy with other national and provincial policies, a section of this policy shall prevail if the conflict specifically concerns the provision of financial and non-financial support to producers in the agriculture, forestry and fisheries sector.

## **2. PROBLEM STATEMENT**

- 2.1 The main problem facing the agricultural, forestry and fisheries 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. 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 Disadvantaged Individuals along the AFF value chains*

- a) South Africa is one of the most **unequal countries** in the world with a Gini coefficient<sup>1</sup> estimated to be between 0.65 and 0.69 (Stats SA, 2014)<sup>2</sup>. It is therefore the aim of Government to ensure that previously disadvantaged individuals (PDIs) no longer remain on the periphery, but become economically active and involved in the value chains of agriculture, forestry and fisheries. 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 but few.
- b) The sector is also characterised by low participation of vulnerable groups (youth, women, and persons with disability). The Department of Agriculture, Forestry and Fisheries (DAFF) 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 "DAFF should endeavour to improve the involvement of youth, women and people with disabilities in CASP-supported projects, particularly in project management" (DPME, 2014).
- c) Despite these strides, transformation of the agriculture, forestry and fisheries 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, forestry and fisheries sector in South Africa is underfunded. Using the Producer Support Estimate (PSE)<sup>3</sup> as a measure, average direct support provided to the agricultural sector in South Africa is below that of other emerging markets such as China, Russia and Indonesia, though it is slightly higher than that of Brazil<sup>4</sup>.

---

<sup>1</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>2</sup> According to Statistics South Africa (2014), the Gini coefficient measuring relative wealth reached 0.65 in 2014 based on expenditure data (excluding taxes), and 0.69 based on income data (including salaries, wages and social grants).

<sup>3</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.

<sup>4</sup> Using OECD data from 1995 to 2014

- e) Producers in the agriculture, forestry and fisheries sector are experiencing difficulties in **accessing finance due to** Several reasons which include but not limited to lack of collateral, costs of 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 smallholder producers in particular due to the inherent risks associated with them. Most smallholder producers cannot use their land as collateral as a result of their tenure rights to land, particularly those in communal areas as their rights cannot enable them to approach financial institutions for assistance. Alternative and innovative financial mechanisms need to be designed to ensure access to finance for smallholder producers.
- 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 National Development Plan (NDP), New Growth Path (NGP) and other strategic and policy documents of Government, particularly those relating to agrarian transformation and rural development. The National Development Plan (Vision 2030) 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 by individual landowners; followed by Coloured at 15%, Indians at 5%, Africans at 4%, others at 3%, and co-owners at 1% (DRDLR, 2017). Furthermore, there is also a threat of **competing demands**, usually for high potential agricultural land from the human settlement and mining sectors which affects land use patterns for agriculture and forestry sub-sectors in particular.
- g) 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 smallholder producers in the sector, despite Government’s efforts to ensure equitable allocation and use of the scarce and unevenly distributed water resources.
- h) 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 World Trade Organization (WTO) commitments, resulting in South African farmers having

to face unfair competition in both domestic and international markets (DAFF, 2010).

- i) 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 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 create an inclusive agro-processing industry in South Africa; implying market concentration is entrenched in the industry.

### *2.1.2 Low agricultural, forestry and fisheries productivity*

- a) The agricultural, forestry and fisheries sector has been identified in the New Growth Path (NGP) and the National Development Plan (Vision 2030) as a sector that can contribute meaningfully to the creation of about 1 000 000 additional jobs. This can be realised if there is an increased productivity coupled with new development and expansion in the sector.
- b) Most producers and communities who obtained land ownership through land reform programmes face serious challenges to maintain 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) argues 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 smallholder producers in particular. The poor linkage still remains one of the major challenges within agriculture, forestry and fisheries sectors 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).

- d) **Agro-climatic conditions** also have an impact on this as it is estimated 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 for the production of rain-fed crops. Most of this is marginal for crop production and less than 3% of South Africa is considered as high-potential land.
- e) **Mechanisation support services**, is one of the critical pillars in achieving government's objective of increased access to locally produced food in line with all the integrated governmental (DAFF) 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 procedure needs to be formulated to ensure that farm machinery is used on its optimum level to increase farm efficacy.

### *2.1.3 Unsustainable agricultural practices coupled with the sector's vulnerability to climate change*

- a) **Climate change** is generally regarded as a threat to 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 western, inland and northern parts of the country (IPCC, 2007).
- b) 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 winter 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 on the implementation of various

agricultural, forestry and fisheries support programmes if proper mechanisms are not put in place.

- c) The Draft Policy on Conservation Agriculture (DAFF, 2018) recognises that the 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) and DRDLR (no date) 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) 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 utilised strategically to ensure maximum benefit.
- b) The provision of funding is also not adequately complemented with 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 achieving 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 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 a sustainable and competitive agricultural, forestry and fisheries sector.

#### **3.2 Specific objectives**

- a) To define and standardise the categories of producers in the South African agricultural, forestry and fisheries sector.
- b) To facilitate the development and access of appropriate support services tailored to meet the needs of the various categories of producers along the agriculture, forestry and fisheries value chains.
- c) To establish a Comprehensive Register of Producers that will serve as a prerequisite for accessing support from Government.
- d) To protect, improve and optimally utilise scarce natural resources (e.g. land, water, bio-diversity and genetic resources) by advocating for and supporting environmentally friendly production practices.
- e) To provide for measures to establish systems for timely provision of inputs and basic infrastructure for producers.
- f) To facilitate and mainstream the participation of youth, women and persons with disabilities in the agriculture, forestry and fisheries sector.
- g) To strengthen institutional mechanisms to better coordinate support provided to the agriculture, forestry and fisheries sector to avoid competition and unnecessary duplication.
- h) 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. STRATEGIC SIGNIFICANCE OF THE POLICY**

- 4.1 In its quest to attain a vision of a *"United and transformed agriculture, forestry and fisheries sector that ensures food security for all and economic prosperity,"* the Department of Agriculture, Forestry and Fisheries has a mandate to

contribute to the realisation 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.

- 4.2 Given the massive rural poverty and little prospect of creating employment for growing numbers of jobless citizens within the urban and rural economy, it is imperative to explore various models and policy interventions for producer support and development that will address the needs of the most vulnerable and marginalised groups as well as the sector as a whole. Fortunately, other government departments and various agencies also provide assistance to producers in the agriculture, forestry and fisheries sector. Therefore, this Policy will be the overall national policy for the agriculture, forestry and fisheries sector in South Africa that will regulate and guide interventions (support services) provided to the various categories of producers. In this regard, coordinating mechanisms will be essential to avoid duplication of activities.
- 4.3 It is envisaged that this Policy will promote competitiveness and stimulate efficiency, increased productivity and profitability in the agriculture, forestry and fisheries sector. It will, as a result, contribute effectively to attaining food and nutrition security, employment creation, increased incomes and eradication of rural poverty. In summary, the Policy is envisaged to contribute significantly to Outcome 7 (*vibrant, equitable and sustainable rural communities food security for all*) Outcome 4 (*Decent employment through inclusive economic growth*), and Outcome 10 (*Protect and enhance our environmental assets and natural resources*).

## **5. GUIDING PRINCIPLES AND CONDITIONS FOR PRODUCER SUPPORT**

- 5.1 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 era. The principles set out in this sections apply throughout the Republic to all organs of state that provide support (technical, financial or otherwise) to categories of producers as defined Section 7).
- a) *Mandatory producer registration*: Registration on central database is compulsory for all categories of producers & they will be issued with a unique **Producer Registration Number (PRN)** which will be used to access support (regulatory, financial & non-financial).

- b) *Sustainable management of natural resources:* In light of the impending effect of climate change and climate variability, Government shall ensure that key agricultural resources, particularly soils and water for agriculture, forestry and fisheries production, are utilised and managed sustainably to provide adequate production for the current and future generations.
- c) *Value chain approach:* As per the Agricultural Policy Action Plan (APAP), Government shall promote the revitalisation of agriculture and agro-processing value chains in priority commodities, informed by the commodities with high-growth potential and high-labour absorption capacity identified in the National Development Plan (NDP). Spatial plans will be developed and pursued according to the agricultural production zones using a commodity-based approach.
- d) *Equitable access to producer support:* Government will strive to achieve equity by ensuring that interventions reach a wide spectrum of audience across the different regions and between genders as well as the mainstreaming of 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.
- e) *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. Fisheries and forestry, on the other hand, are predominantly a national competence, therefore presenting a mix of concurrent and exclusive functions in one Ministerial portfolio. In this regard, Government shall continue to provide producer support services using a mixture of decentralised (mainly in agriculture) and centralised systems (mainly in fisheries and forestry). In order to strengthen these systems, Government will increase its collaboration and coordination efforts with the sector stakeholders particularly the private sector.
- f) *Needs assessment and skills audit:* With regard to financial support, producers will be subjected to a compulsory skills audit in line with the proposed business venture. Training should be needs driven depending on needs assessment and skills audits. Government to embark on skills and capacity development where there is a need.
- g) *Comprehensive needs-driven provision support to producers:* The provision of support (both financial and non-financial) to producers should be needs

driven and be provided in a comprehensive manner hence the need to objectively categorise producers. Funding must be provided with other needed services to ensure that the support provided is holistic. The funding provided must cover the various support needed such as skills development, extension and advisory services, market access support etc. The support must enable the acquisition of needed equipment and assets.

- h) *Participatory planning*: The success of agricultural, forestry and fisheries support programmes depends, to a large extent, on the commitment and dedication of beneficiaries. In this regard, Government shall ensure that producers are involved in the planning, implementation and monitoring of their enterprises to stimulate commitment and ownership. Furthermore, Government shall work on the eradication of constraints that hinder the involvement of the private sector in the agriculture, forestry and fisheries sector.
- i) *Market-led approach*: Government supports a market-oriented agricultural, forestry and fisheries production system. With the exception of Household Producers (both vulnerable and subsistence), Government shall support businesses that have a bankable business plan showing profitability and sustainability in the long term.
- j) *Community, Public-Private Partnerships*: Promotion of Community, Public-Private Partnerships (CPPPs) with DAFF providing leadership in terms of policy and programme development as well as enhanced monitoring and evaluation to ensure a healthy relationship with sector stakeholders.
- k) *Capped support*: There will be caps on financial support to be provided to producers to avoid cases of very substantial transfers to individuals/business entities. The caps will be reviewed regularly to cater for inflation and price escalations.
- l) *Responsibility and accountability*: Applicants who receive government support must comply with all relevant and applicable legislation (e.g. Conservation of Agricultural Resources Act – CARA, etc.) and must adhere to mandatory record keeping and regular reporting of business activities.
- m) *Ring fenced allocations*: Proposed share of ring fenced funds will be category specific as follows:
  - 40% of the value of support will be ring fenced for Household producers (both vulnerable and subsistence producers) 50% for smallholder producers and 10% ring fenced for medium scale commercial producers.

- n) *Exit Strategy*: All business plans must include an exit strategy with clear time frames that illustrate a proper handover and sustainability of the enterprise with limited or no state support.
- o) *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 to producers.

## **6. LINKAGES TO OTHER POLICIES AND LEGISLATIONS**

- 6.1 The National Policy on Comprehensive Producer Development Support (NPCPDS) is drafted in line with the Bill of Rights, Section 27: 1(b) and 2 of the Constitution of the Republic of South Africa which states that every citizen “has the right to have access to... sufficient food and water” and that “... the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of each of these rights” (RSA Constitution, 1996). In a context wherein about 13,7% of households in South Africa experiences hunger (Stats SA, 2017), this constitutional promise remains an imperative.
- 6.2 At a sectoral level, the proposed Policy is in line with other policies and programmes of government such as the National Development Plan (NDP), New Growth Path (NGP) Industrial Policy Action Plan (IPAP), Agricultural Policy Action Plan (APAP), Agriculture, Forestry and Fisheries Strategic (AFFS) Framework and Agricultural Marketing Policy, BBBEE Charter among others. As an overall policy for producer development support in South Africa, the Policy is aligned to the Comprehensive Africa Agriculture Development Programme, particularly the ideals enshrined in the Malabo Declaration. It is the objective of this policy to contribute to and support conservation practices, therefore fitting well with the National Environmental Management Act (NEMA), 1998 (Act No. 107 of 1998) and the Conservation of Agricultural Resources Act (CARA), 1983 (Act No. 43 of 1983).
- 6.3 The policy is also aligned to the AgriParks programme of the Department of Rural Development and Land Reform (DRDLR). This programme focuses on the provision of an enabling infrastructure to ensure access to markets for producers in the sector.
- 6.4 The policy is also in line with National Infrastructure Plan – Strategic Integrated Project (SIP) 11 which is aimed at improving investment in agricultural and rural infrastructure that supports expansion of production and employment.

- 6.5 In its preamble, the National Water Act, 1998 (Act No. 38 of 1998) took cognisance that water is a scarce and unevenly distributed national resource which occurs in many different forms which are all part of a unitary, interdependent cycle.
- 6.6 By including Household Producers (vulnerable), this policy is in alignment with the Food and Nutrition Security Policy as well as the Social Security Act, 2004 (Act No. 13 of 2004) which provides for social assistance in line with the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). The policy will complement the implementation of the National Framework for Municipal Indigent Policies which is intended to guide the national initiative to improve the lives of indigents and to improve access to Free Basic services.

## **7 CATEGORIES OF PRODUCERS AND THEIR SUPPORT REQUIREMENTS**

### **7.1 Categories of producers**

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

#### **7.1.1** *Household Producer (Vulnerable)*

- a) In this Policy a **Household Producer (Vulnerable)** is defined as a Producer that produces primarily for household consumption to meet the daily dietary needs and has limited resources and skills to operate a market-oriented production system. This category includes vulnerable women and youth, child headed households, persons with disabilities, farm dwellers and households producing in communal land and commonages that are registered as indigents or they meet the criteria for registration as indigents with their municipality.

#### **7.1.2** *Household Producer (Subsistence)*

- a) In this Policy a **Household Producer (Subsistence)** is defined as a Producer that produces primarily for household consumption to meet the daily dietary needs. These producers are not classified as indigents by their municipality and they do not meet the criteria to be registered as indigents with their municipalities. They may market limited surplus production with an annual turnover of less than **R50 000**.

#### **7.1.3** *Smallholder Producer*

- a) In this Policy a **Smallholder Producer** is defined as a venture undertaken by an individual or business entity for the purpose of household consumption and deriving a source of income from agriculture, forestry and fisheries activities along the value chain. These are usually the new entrants with an annual turnover ranging from **R50 000 - R5 million per annum**.

#### **7.1.4** *Medium Scale Commercial Producer*

- a) In this Policy a Medium Scale **Commercial Producer** is defined as a venture undertaken by an individual or business entity for the purpose of deriving a source of income from agriculture, forestry and fisheries activities along the value chain. These are established enterprises with an annual turnover ranging from **R5 million – R20 million**).

#### **7.1.5** *Large Scale Commercial Producer*

- a) In this Policy a **“Large Scale Commercial producer”** is defined as a venture undertaken by an individual or business entity for the purpose of production and sale of agriculture, forestry and fisheries products to make a profit. These are established enterprises producing for market to make a profit with an annual turnover above **R20 million**.

## 7.2 Support requirements for producers

Table 1: General support requirements for various categories of producers

Support Component	Household Producer (Vulnerable)	Household Producer (Subsistence)	Smallholder Producer	Medium Scale Commercial Producer
<b>Financial services</b>	Capped at R20 000 per annum with no own contribution	Capped at R100 000 over five years with 10% own contribution	Capped at R3 million over five years with 35% own contribution	Capped at R5 million over five years with 50% own contribution
<b>On-farm infrastructure</b>	<p>Fencing</p> <p>storage and handling</p> <p>Irrigation</p> <p>Rainwater harvesting</p> <p>Loose tools (nets, fishing rods, coolers, oyster longlines, cages and other processing utensils)</p> <p>Fishing rights</p> <p>Provision of Juveniles/fingelinks</p>	<p>Boreholes and windmills</p> <p>Building supplies and structures</p> <p>Fencing</p> <p>storage and handling</p> <p>Irrigation</p> <p>Packaging and handling systems</p> <p>Rainwater harvesting</p> <p>Loose tools (nets, fishing rods, coolers, oyster longlines, cages and other processing utensils)</p>	<p>Boreholes and windmills</p> <p>Building supplies and structures</p> <p>Fencing</p> <p>storage and handling</p> <p>Irrigation</p> <p>Packaging and handling systems</p> <p>Rainwater harvesting</p> <p>Loose tools (nets, fishing rods, coolers, oyster longlines, cages and other processing utensils)</p> <p>Repairs of boats and maintenance of ice</p>	<p>Boreholes and windmills</p> <p>Building supplies and structures</p> <p>Fencing</p> <p>storage and handling</p> <p>Irrigation</p> <p>Packaging and handling systems</p> <p>Rainwater harvesting</p> <p>Repairs of boats and maintenance of ice storage</p> <p>Leasing of sea/dam/pond space</p>



Support Component	Household Producer (Vulnerable)	Household Producer (Subsistence)	Smallholder Producer	Medium Scale Commercial Producer
		Fishing/ aquaculture rights  Provision of Juveniles/fingerlinks	storage  Leasing of sea/dam/pond space  Fishing/ aquaculture rights  Provision of Juveniles/fingerlinks	Fishing/ aquaculture rights  Provision of Juveniles/fingerlinks
<b>Implements</b>	Basic farm implements (spade, hoes, water cans, etc.) with no own contribution	Basic farm implements (spade, hoes, water cans, etc.) with 10% own contribution	Optimal infrastructure with 35% own contribution. Over/under capitalisation to be avoided  Smallscale plants and machinery  Saw milling and charcoal production equipments	Optimal infrastructure with own 50% contribution. Over/under capitalisation to be avoided  Smallscale plants and machinery  Saw milling and charcoal production equipments
<b>Off-farm infrastructure</b>	With no own contribution, but	With no own contribution but	With no own contribution but Community, Public-	With no own contribution but Community, Public-Private

<b>Support Component</b>	<b>Household Producer (Vulnerable)</b>	<b>Household Producer (Subsistence)</b>	<b>Smallholder Producer</b>	<b>Medium Scale Commercial Producer</b>
	Community, Public-Private Partnership is encouraged to ensure community ownership. Public goods (communal fence, roads etc.)	Community, Public-Private Partnership is encouraged to ensure community ownership. Public goods (communal fence, roads etc.)	Private Partnership is encouraged to ensure community ownership. Public goods (communal fence, roads etc.)	Partnership is encouraged to ensure community ownership. Public goods (communal fence, roads 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) (i) Government procurement (30% set aside) (ii) Preferential procurement through the private sector (iii) Support to meet quality standards (iv) Market infrastructure development (v) Market information services (vi) Domestic and international market development (vii) Creation on enabling	Comprehensive marketing support including: (i) (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) Domestic and international market development (vii) Creation on enabling environment through tariffs and quotas.

<b>Support Component</b>	<b>Household Producer (Vulnerable)</b>	<b>Household Producer (Subsistence)</b>	<b>Smallholder Producer</b>	<b>Medium Scale Commercial Producer</b>
			environment through tariffs and quotas	
<b>Extension and Advisory Services</b>	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 non-governmental organisations (NGOs) and community based organisations (CBOs)	This category will be a priority for public sector extension and advisory services. Encourage partnerships with commodity organisations and research institutions in order to deliver commodity-based extension approach	This category will benefit mainly through private extension providers/or commodity organisations and research institutions
<b>Business Development Support and Planning</b>	Basic project activity/plan and thorough training if in groups/cooperative arrangements.  Skills needs assessment and capacity development	Basic project activity/plan and thorough training if in groups/cooperative arrangements.  Skills needs assessment and capacity development	Comprehensive business plan/feasibility studies with the support of agricultural economists within the PDAs.  Skills needs assessment and capacity development	Comprehensive business plan/feasibility studies with the support of agricultural economists within the PDAs.  Skills need assessment and capacity development.

### **7.3 General conditions for accessing support**

- 7.3.1** Mandatory registration on the agriculture, forestry and fisheries central database as a producer.
- 7.3.2** Bankable business plan with clear exit strategies to be used as a basis for provision of support for producers with the exception of household producers.
- 7.3.3** Own contribution as a prerequisite to access support except for Household Producers (Vulnerable). Other categories to make own contribution as follows: 10% for Household Producers (Subsistence), 35% for Smallholder Producers and 50% for Medium Scale Commercial Producers.
- 7.3.4** Mandatory record keeping and reporting production activities, financial and support received from Government and other stakeholders. Household producers will report through Extension Services.
- 7.3.5** Adherence to regulations (e.g. tax, labour laws, CARA, NEMA, NFA, NVFFA, MLRA, Agricultural Product Standard Act, Broad Based Black Economic Empowerment (BBBEE) etc.).
- 7.3.6** Termination strategy: Lack of commitment on the side of the producer leading to failure to comply with the provisions of the contract.
- 7.3.7** Exit Strategy: Financial support will generally be limited to a five-year period with the exception of commodity specific exit strategies. However, a graduation principle allows for producers to graduate within the five year period (or relevant commodity specific exit) from one category to the other, therefore qualifying for support under the new category without a waiting period. Subsequent application within the same category will be considered after five years waiting period.

## **8 COMPREHENSIVE ELECTRONIC PRODUCER REGISTER**

### **8.1 Compilation and maintenance of a Comprehensive Electronic Producer Register for agriculture, forestry and fisheries**

**8.1.1** The Department shall, after the approval of this Policy by Cabinet, compile and thereafter maintain a Comprehensive Electronic Producer Register for the sector.

**8.1.2** The Department shall assign a unique Producer Register Number (PRN) to every person or entity whose particulars are included in the Comprehensive Electronic Producer Register.

**8.1.3** The Comprehensive Electronic Producer Register shall:

- a) Be used as a prerequisite for providing support to producers in the sector.
- b) Contain the names, addresses, contact details, profile of the enterprise production activities including latest financial statements of the enterprise support requirements and support received to date (if any).
- c) Contain details (company registration, tax certificates) of both existing and prospective producers.
- d) Contain the BEE status of the producer using a valid B-BBEE Sworn Affidavit
- e) Be updated on a regular basis to include any change of address, contact details and record any support services provided to the Comprehensive Electronic Registered Producer by Government or any other stakeholder.

## **9 POLICY INTERVENTION MEASURES**

- 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 interventions measures may be considered individually or in reasonable and feasible combinations in order to achieve the objectives of the policy.

### **9.1 Component 1: Reduce inequality and improve the participation of PDIs along the agriculture, forestry and fisheries 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, forestry and fisheries value chains.

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

### 9.1.1 Access to finance

- i. Introduce innovative financial instruments (e.g. blended finance and value chain financing) to address challenges relating to access to finance.
- ii. Continue to support Household Producers (Vulnerable) with grants to induce development and improve their socio-economic status over time.
- iii. Government together with the private sector should develop affordable, and viable insurance packages for producers to cover inherent risk of production activities along the value chain.
- iv. Government to provide credit guarantees where necessary as risk mitigation and credit enhancement measure.

### 9.1.2 Access to markets

- i. Implement a capacity building programme to impart agro-business skills along the agriculture, forestry and fisheries 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. 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.
- viii. Develop and improve food handling, marketing and distribution systems targeting producers that are linked to domestic, regional and international markets.

### **9.1.3 Increase economic participation of PDIs**

- i. Improve the implementation of transformation agenda for the sector as encapsulated in the AgriBEE Charter and Forestry Sector Charter.
- ii. Identify and align the implementation of relevant legislative frameworks that has a negative impact on the realisation of the sector's transformation agenda.

### **9.1.4 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 rain water harvesting and the use of grey water in the agriculture, forestry and fisheries sector.

### **9.1.5 Access to land**

- i. Preserve and develop high potential agricultural land in line with spatial development needs as zoned.
- ii. Acquire strategically located land informed by the Strategically Located Land (SLL) tool
- iii. Investment in infrastructure on newly acquired land to ensure farms are farmable
- iv. Ascertain farm boundaries, tenure rights and land claims before transferring/leasing land
- v. All farms to be registered within the National Asset Register

- vi. Production valuation to be conducted on all land parcels earmarked to transfer/leasing
- vii. Invest in innovative solutions (vertical farming, aquaculture, aquaponics, mixed farming, urban arboriculture, rooftop gardens) to enhance productivity in agriculture, forestry and fisheries

### **9.1.6 Mainstreaming of youth, women, farm dwellers and persons with disabilities in agriculture, forestry and fisheries**

a) *Rationale:* In order to attract youth, women, farm dwellers and persons with disabilities to the agriculture, forestry and fisheries sector, a number of vocational training courses in different aspects of agricultural, forestry and fisheries activities, including value addition and processing of agro-products, shall be introduced and recognised.

b) *Policy actions:*

- i. Government shall develop and implement a strategy to attract youth, women, farm dwellers and persons with disabilities along the agriculture, forestry and fisheries value chain;
- ii. At least 50% of support will be allocated to vulnerable groups (youth, women) while 6% will be allocated to persons with disabilities. A priority will be given to agriculture, forestry and fisheries graduates. Government to introduce and roll-out a Graduate Placement Programme in key agricultural fields as a way of exposing agriculture, fisheries and forestry graduates to the working environment; and
- iii. Government will partner with institutions of higher learning (e.g. universities and colleges of agriculture) to support graduates to have practical experience and start own enterprises.

## **9.2 Component 2: Design support measures to increase agriculture, forestry and fisheries productivity**

### **9.2.1 Technical and Advisory Services**

- a) *Rationale:* To provide efficient and effective extension and advisory services, especially through participatory approaches, to assist producers increase agricultural, forestry and fisheries 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 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.

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

a) Rationale: To address essential needs of producers through training and capacity building programmes that is suited to the socioeconomic environment of producers.

b) Policy actions:

- i. Conduct needs assessment and skills audit for producers in line with the proposed business venture.
- ii. Government to embark on skills and capacity development informed by the needs assessment and skills audit.
- iii. Basic financial literacy will be a prerequisite for financial support of over R50 000 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. DAFF to introduce a system of registering mentors with 10 years' experience in the production of a particular commodity as a requirement
- vi. Conduct skills audit for mentors before registration.

### **9.2.3 Agro-climatic solutions for efficient production system**

- i. Provision of inputs informed by soil test, research and development, soil capability maps
- ii. Conduct environmental scan for improved bio-resource management
- iii. Selection of crops and animals adapted local climatic conditions
- iv. Support the commercialised indigenous products and indigenous knowledge systems in the sector
- v. Promote agro-forestry and related practices to increase productivity

### **9.2.4 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-capitalisation.

*i. Mechanisation*

Mechanisation in agriculture, forestry and fisheries 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 cannot therefore 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 appropriate 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 implementation of mechanisation support services by the State including the promotion of sustainable utilization of resources for increased food production particularly by resource poor farmers. The guidelines for mechanisation (Annexure C) should be utilised in guiding the pricing of mechanisation services at 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. Small Medium Micro Enterprises (SMME's) and service providers which exist in all provinces can provide mechanisation services on a cost recovery basis. Producers can be issued with vouchers with which they pay for services rendered by SMME's. The amount of a voucher is to be determined by the size of land available for cultivation and the applicable percentage own contribution for such categories of producers.

*(2) Investment in agriculture, forestry and fisheries mechanisation*

Investment in mechanisation through improved research and technology development on mechanisation in the sector is crucial in terms of stimulating growth and creation of employment. Within the ambient of the Black Industrialist Programme, 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, forestry and fisheries mechanisation through the application of appropriate machinery and technology for various categories of producers;

- ii. Promote gender responsive and climate smart 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 to be provided in line with the recommended own contribution for various categories of producers.
- c) Proposed interventions on-farm and off-farm infrastructure:
- i. Government to provide both on-farm and off-farm infrastructure to producers in agriculture, forestry and fisheries sector to minimise post-harvest losses and enable optimal agro-processing and value addition activities at an enterprise level;
  - ii. Off-farm infrastructure will be provided for the benefit of producers with no own contribution. Community, Public-Private Partnership is 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.

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

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

- a) *Rationale:* The Policy recognises that South Africa is a water-scarce country and is vulnerable to the impacts of climate change and climate variability. The objective is to ensure that scarce natural resources are utilised in a sustainable and environmentally friendly manner.

*b) Policy interventions:*

- i. Invest in research and promote the adoption of sustainable and environmental friendly production practices (climate-smart practices)
- ii. Support the commercialised indigenous products and indigenous knowledge systems in the sector for adaptation to climate change.
- iii. Design schemes to incentivise land owners and producers who practice climate-smart practices—this will be in the form of a higher subsidy to support the purchase of conservation farming implements. Furthermore, producers will qualify for up to 15% subsidy on own contribution if involved in the following: (i) conservation practices, (ii) labour intensive activities, (iii) production of APAP prioritised commodities, and promotion of local economy.
- iv. 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.

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

- i. Maintenance of early warning system to ensure timely provision of appropriate information
- ii. Timely provision of post-disaster recovery and rehabilitation measures
- iii. Provide affordable and tailored risk management strategies including insurance, credit guarantees etc.

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

*a) Rationale:*

- i. The South African agricultural, forestry and fisheries sector receives support from various role players, notably the government of South Africa through the Department of Agriculture, Forestry and Fisheries and its provincial counterparts, the Department of Rural Development and Land Reform, the Department of Trade and Industry, 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 and each having its own implementation institutional structures. 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, forestry and fisheries 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 (i.e. DAFF, DRDLR, etc.);
- ii. Explore Public-Private Partnerships with commodity organisations and the private sector to leverage on their resources to contribute materially and immaterially towards the development of producers;
- iii. Promote strategic partnerships among research institutions, extension and advisory services, commodity organisation and producers at all levels; and
- iv. Fast track the implementation of the land reform programme by ensuring a joint and coordinated planning between the Department of Rural Development and Land Reform, Department of Agriculture, Forestry and Fisheries and the Department of Water and Sanitation, as well as other relevant stakeholders.

## **10 IMPLEMENTATION PLAN**

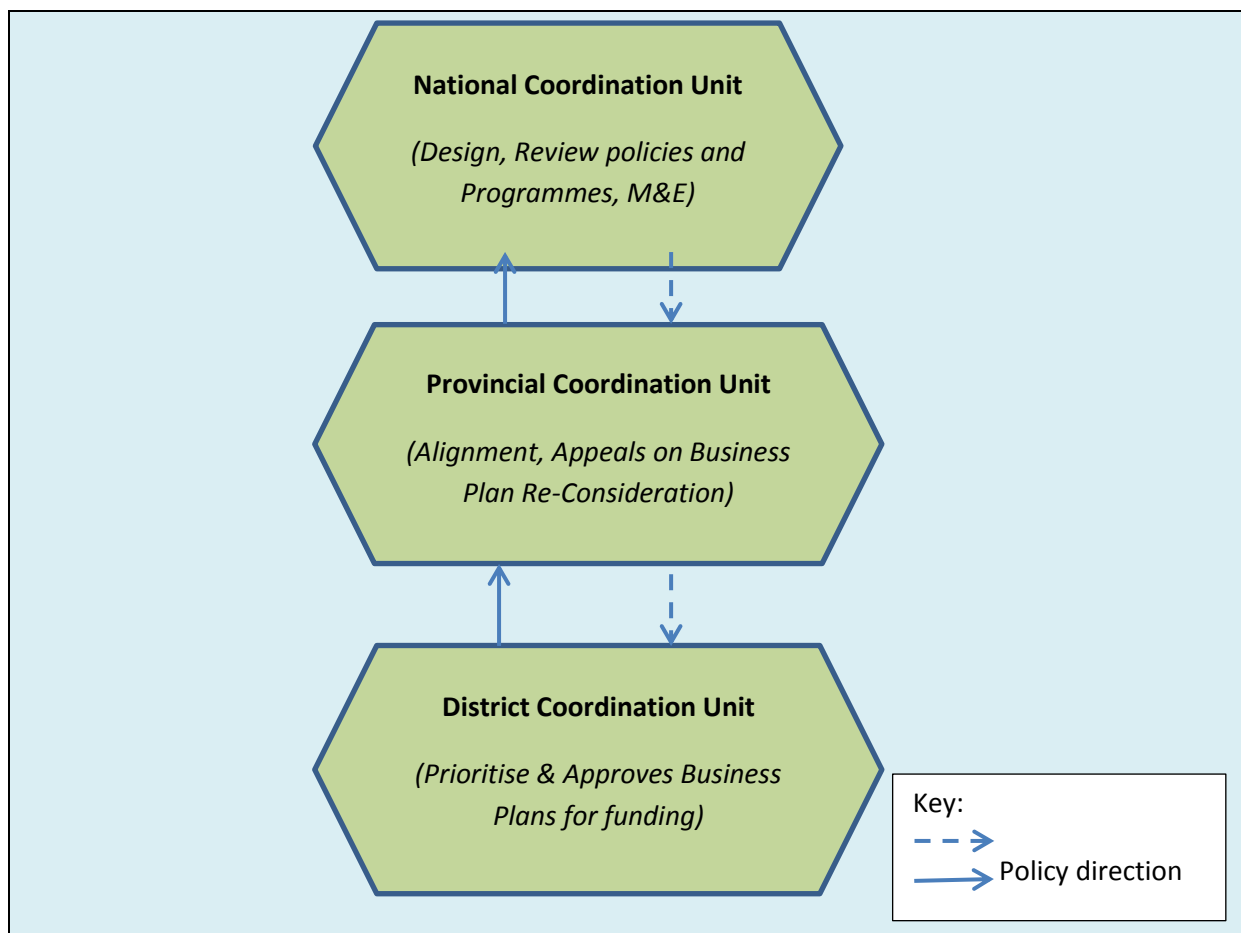
### **10.1 Introduction**

- a) This Policy shall be implemented by the Government of South Africa through the Ministry of Agriculture, Forestry and Fisheries 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, 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 Government in policy implementation;
  - ii. Operationalise inclusive institutional mechanisms for agriculture, forestry and fisheries 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 in the implementation and monitoring of the Policy at various levels of its implementation.

## 10.2 Inter-Departmental coordination

- a) There is a need to strengthen both the horizontal and vertical linkages in the implementation of the policy. In this regard, the Department of Agriculture, Forestry and Fisheries must constitute an Inter-Departmental Committee (IDC) to suggest a plan of action for operationalisation of this Policy. Figure 1 outlines a proposed institutional mechanism for the implementation of the Policy.



*Figure 1: Institutional mechanism for implementing the National Policy on Comprehensive Producer Development Support*

Figure 1 outlines an institutional mechanism for implementing the National Policy on Comprehensive Producer Development Support. This implies that parallel structures of agriculture, forestry and fisheries as well as those of Rural Development and Land Reform should be merged and their mandate be expanded. This is expected to improve

coordination, collaboration and most importantly, avoid duplication among these structures.

### **10.2.1** *National Coordination Unit*

- a) The National Coordination Unit (NCU) shall be chaired by Department of Agriculture, Forestry and Fisheries and will include the Department of Rural Development and Agrarian Reform (DRDLR), Departments of Cooperative Governance, Water and Sanitation, Public Works, Roads, Trade and Industry, Small Business Development, Economic Development, Traditional Affairs, Social Development, National Treasury, etc. This structure will report to DAFF's Executive Committee (EXCO) and Ministry. The main responsibilities of the NCU are as follows:
- i. Design and review producer support policies and programmes for the agriculture, forestry and fisheries sector;
  - ii. Provide technical support and guidance for planning and implementation of support programmes;
  - iii. Adjudicate provincial business plans against the Standard Operating Procedures (SOPs) and guidelines;
  - iv. Continuously review and provide policy guidance; and
  - v. Establish a joint monitoring framework and structures.

### **10.2.2** *Provincial Coordination Unit*

- a) The Provincial Coordination Unit (PCU) will comprise various technical directorates within the province, including relevant provincial departments such as the Departments of Cooperative Governance, Public Works, Roads, Traditional Affairs, Social Development, Provincial Treasury, commodity organisations, civil society, etc. The PCU will report to the National Coordination Unit and its main responsibilities are to:
- i. Provide technical support and guidance for planning and implementation of provincial business plans;
  - ii. Consider alignment and appeals on business plan reconsiderations;
  - iii. Monitor the implementation of the project in line with the agreed standards as in the provincial business plan; and
  - iv. Ensure adherence to national norms and standards.



### **10.2.3** *District Coordination Unit*

- a) The District Coordination Unit (DCU) will comprise of officials from agriculture and rural development at district level. It will also comprise of delegated officials from other departments such as the Departments of Cooperative Governance, Public Works, Roads, Traditional Affairs, Social Development, Provincial Treasury, etc. The DCU will report to PCU and its main responsibilities are:
  - i. Select and approves business plans for funding;
  - ii. Provide technical support and guidance for the implementation of the District Plan;
  - iii. Monitoring project implementation in line with the agreed standards as the district business plan; and
  - iv. Oversee the implementation of the District Plan.

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

- a) The Portfolio Committee on Agriculture, Forestry and Fisheries 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.

### **10.4 Administration of producer support for agriculture, forestry and fisheries**

- a) The following approach will be used for 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 will capture the details of the producer in the database and provide the client with a Producer Register Number (PRN);
  - iii. 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;
  - iv. Applicants should declare all sources of funding received or applied for as part of the supporting information to be considered by the District Assessment Panel;

- v. In considering the application, the relevant authority or extension office must conduct assessment and/or request for additional information from applicant;
- vi. Personal information provided in line with the application of producer support should be treated with confidentiality;
- vii. Preparation of project plans for consideration by DCU, PCU and NCU;
- viii. The relevant authority or extension office or participating financial institution should inform applicants of the outcomes of their applications;
- ix. If the application was not considered for producer support, the relevant authority or extension office or financial institution should provide reasons why the application was not successful;
- x. Preparation and publication of project list;
- xi. Project Implementation; and
- xii. Regular monitoring and evaluation.

## **11 ROLES AND RESPONSIBILITIES**

### **11.1 The role of national government**

- a) The stipulated roles that are specified for national Government, referring particularly to the role of DAFF and other government departments at a national level including the role of state owned enterprises such as the Agricultural Research Council (ARC) and the National Agricultural Marketing Council (NAMC), etc. which supports DAFF in achieving its mandate. In general, DAFF has 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, forestry and fisheries 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; and
- v. Monitor and evaluate the implementation of producer support programmes and review policies and programmes on an ongoing basis.
- vi. Procure from smallholder as part of the government food purchase programme (30% set aside)
- vii. 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>
Sectoral Education and Training Authority operating in the agriculture, forestry and fisheries sector	<ul style="list-style-type: none"> <li>• Needs assessment and skills audit</li> <li>• Facilitate the provision of training and capacity building programmes</li> </ul>
Department of Water and Sanitation	<ul style="list-style-type: none"> <li>• Water allocations and licensing</li> <li>• Water infrastructure development</li> </ul>
Department of Rural Development and Land Reform	<ul style="list-style-type: none"> <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, forestry and fisheries</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> </ul>
Department of Human Settlement	<ul style="list-style-type: none"> <li>• Provision of housing for farm dwellers and other vulnerable groups (linked to water harvesting infrastructure)</li> </ul>
Department of Trade and Industry	<ul style="list-style-type: none"> <li>• Funding for secondary and tertiary value chains</li> <li>• Incentives for agriculture, forestry and fisheries</li> <li>• Unlock potential internal and local markets</li> </ul>
Department of Economic Development	<ul style="list-style-type: none"> <li>• Facilitate economic development</li> </ul>
Department of Cooperative Governance (and Traditional Affairs)	<ul style="list-style-type: none"> <li>• Free basic services</li> <li>• Provision of land at local level</li> <li>• Inclusion of agriculture, forestry and fisheries 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</li> </ul>
Department of Environmental Affairs	<ul style="list-style-type: none"> <li>• Facilitate timeous provision of environmental authorisations</li> </ul>

Department of Mineral Resources	<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> </ul>
Department of Energy	<ul style="list-style-type: none"> <li>• Investment in sustainable energy sources and renewable sources.</li> </ul>
National Treasury	<ul style="list-style-type: none"> <li>• Provide funding for agriculture, forestry and fisheries in line with Malabo Declaration</li> <li>• Tax incentive schemes for agriculture, forestry and fisheries</li> </ul>

## 11.2 The role of provincial government

- a) The main responsibilities of the Provincial Departments of Agriculture and their partners at provincial level are to:
- i. Implement the National Policy on Comprehensive Producer Development Support taking into consideration their unique provincial socio-economic and climatic conditions;
  - ii. Adhere to national policy and norms and standards in the provision of comprehensive producer support;
  - iii. Provide oversight on the implementation of the policy and monitor and evaluate the implementation process at district level;
  - iv. Effect remedial actions, where necessary, in liaison with National Government;
  - v. Procure from smallholder as part of the government food purchase programme (30% set aside) and
  - vi. Report to National Government on a regular basis using predetermined reporting templates.

## 11.3 The role of local government

- a) Develop and implement complementary agriculture, forestry and fisheries programmes in line with government policy and plans.
- b) Develop and implement appropriate by-laws to support food security and control movement of animal and plants in line with national policies and plans.
- c) Ensure the inclusion of agriculture, forestry and fisheries programmes in their Integrated Development Plans (IDPs).

- d) Procure from smallholder as part of the government food purchase programme (30% set aside)
- e) Create awareness to the producers to protect and effectively utilise natural resources, especially land and water.

#### **11.4 The role of the private sector, including the industry**

- a) The Banking Sector (Financial Institutions) in particular to provide tailored and affordable finance, insurance and technical services to support investment in production, processing and marketing of agricultural, forestry and fisheries produce.
- b) Provide financial and technical support (including financial literacy) to the agriculture, forestry and fisheries sector in partnership with 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, forestry and fisheries development using 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 National Development Plan (NDP), New Growth Path (NGP) and Agricultural Policy Action Plan (APAP).
- f) Commodity organisations in particular should be represented and involved in the planning phase of the project through to approval and subsequent implementation of projects. As part of their social corporate investment/responsibility, employers must be committed to improving the standards of living of the farm labourers.
- g) The private sector is called upon to provide opportunities for job creation, skills development/transfer and to commit to the land reforms process.

#### **11.5 The role of Civil Society**

- a) Advocate 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, forestry and fisheries 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 Government and its development partners.

- d) Partner with government in the provision of services (both financial and non-financial) to producers particularly Household and Smallholder Producers.

### **11.6 The role of development partners**

- a) Provide financial and technical support to the agriculture, forestry and fisheries sector in partnership with Government and in line with the policy and regulatory environment of Government.
- b) Contribute to the attainment and reporting of sector deliverables and priorities as statement in national policies such as the National Development Plan (NDP), New Growth Path and Agricultural Policy Action Plan (APAP).

### **11.7 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 skills transfers.
- b) All donors funding will be used effectively and efficiently in pursuing the goals and objectives of agriculture, forestry and fisheries sector.

### **11.8 The role of producers**

- a) Should enter into an agreement with the financier (DAFF and its development partners) and ensure he/she adheres to the provisions contained in such agreements.
- b) Ensure that they register in the central database of DAFF as a producer within the agriculture, forestry and fisheries value chain.
- c) Report their business activities to DAFF on a regular basis as a precondition of subsequent producer support from Government and its partners.
- d) Keep updated enterprise records and make this available when required for monitoring and evaluation of producer support programmes.

## **12 COMPREHENSIVE PRODUCER DEVELOPMENT SUPPORT ENABLERS**

### **12.1 Information, Communication and Awareness Creation**

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

- a) Rationale: To utilise information and communication technologies (ICTs) in the agriculture, forestry and fisheries sector as essential tools to provide digital assets (access, information, knowledge, data, communication resources, ways

of participation, etc.), foster capacity development and facilitate the exchange of experiences as well as reducing the “digital divide” that exists between rural and urban areas.

b) Policy actions:

- i. Introduce a comprehensive Producer Register System to be utilised by 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, forestry and fisheries sector stakeholders;
- iii. Integrate and/or ensure linkages between the proposed integrated information management systems and the various systems used by several units/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/enterprise level;
- v. Promote information and communication technologies that enhance productivity and profitability of agricultural, forestry and fisheries enterprises; and
- vi. Government to introduce an e-voucher system which are either SMS or debit card based as a way of seamlessly providing quality and affordable production inputs including mechanisation services (for crops, livestock, fishers, etc.) to all registered producers.

## **12.2 Cooperative Governance**

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 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.

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.

### **12.3 Research and Innovation**

a) Rationale: The agriculture, forestry and fisheries 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 research and development (R&D) and extension programs 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 pro-small producer, pro-nature and gender sensitive; and
- ii. Increase public investment in research and development for agriculture, forestry and fisheries development;

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

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

#### **12.4.1 Innovative Financing Models for CPDS**

a) Finance is one of the crucial components to ensure that the objectives of the Policy are realised. In line with the Integrated Agriculture Development Finance Policy Framework (IADFP) for smallholder producers (DAFF, 2015), Government will use a combination of grants and loans to provide comprehensive support to producers and entrepreneurs along the agriculture, forestry and fisheries value chain. Preference will be given to the applicant whose membership consists mostly of black women, black youth, black persons with disabilities and black farm workers and whose proposal is linked to commodities of national and provincial importance as per the Agricultural Policy Action Plan (APAP) and Provincial Growth and Development Strategies (PGDS).



- b) The following innovative financing mechanisms will be encouraged for the implementation of the National Policy on Comprehensive Producer Development Support.

*i) Blended Funding Instrument*

- a) 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 grant 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 Department of Agriculture, Forestry and Fisheries shall introduce a blended financing instrument. The blended funding instrument combines the loan and the grant into one product to 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.
- b) Blending the grants with loans will reduce the competition between the two and facilitating complementarity and facilitates establishment of partnerships and leveraging of private sector resources. Blending also reduces the risk level of the clients as it reduces the amount loaned and also assist with acquisition of needed infrastructure.

*ii) Value Chain Financing*

- a) **Contract Growing Arrangements:** A large agribusiness firm (or the “buyer”) enters into a contract with organised small producers for the large-scale production of a certain commodity with specified standards of quality and quantity that the latter must meet. The buyer facilitates the financing and distribution of inputs to producers on the condition that the produce will be sold to them upon harvest. Since the loan is tied to a purchase agreement, the risk of loan default is greatly reduced since buyers have a ready market for the produce. Financing for input supply is not the only service provided by the buyer. Producers also receive technical assistance.
- b) **Smallholder Estate Farming:** The formation of small holders’ estates, for example, in cotton, horticulture, medicinal plants, poultry and aquaculture will help promote group cooperation among producers living in a village or watershed, or the command areas of irrigation projects.

- c) **Warehouse Receipts:** A document that provides proof of ownership of commodities (e.g. tons of maize stored in a silo) that are stored in a warehouse, vault, or depository for safekeeping. Negotiable warehouse receipts allow transfer of ownership of that commodity without having to deliver the physical commodity and should therefore be eligible to be used as collateral for loan application.

## 12.4.2 Sources of finance for producer support and development

### *i) Government funding*

- a) 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 to an earlier (Maputo Declaration) commitment to allocate at least 10% of public expenditure to and ensure its efficiency and effectiveness. DAFF will lead the process to solicit funds within 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*

- a) 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, Government will work with commodity organisations, banks, Development Financial Institutions and other stakeholders to secure preferential credit and technical support packages for smallholder producers. Furthermore, infrastructure investments through Community, Public-Private Partnerships (CPPPs) are best targeted towards public goods supporting broader agricultural development for the benefit of all categories of producers.

### *iii) Producers' Own Contribution*

- a) The National Policy on CPDS advocates for a blended financial option in which the grant will only serve as financial supplementation to the applicant's loan. Therefore, Own Contribution is the resources that an applicant should bring into the process to form part of the whole capital package, viz. own contribution (loan) + 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.

*iv) Donor Funding*

- a) 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.

## **13 RISK MITIGATION AND MANAGEMENT**

- a) 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.

### **13.1 Insurance**

- a) Insurance is one of the risk mitigation instruments. Insurance will help keep producers in business even after negative disastrous events. The support provided to producers must therefore be inclusive of insurance cover.

### **13.2 Building Producer Capacity**

- a) The capacity of the business owner is central to the success of the support offered. Effective participation of 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 provision of training. 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 practices help to improve the likelihood of successful operations of the enterprise and to stabilize income from the enterprise. This further improves chances of loan repayment.

### **13.3 Credit Guarantees**

- a) It is important to have a wide range of financial support instruments. In addition to loans, grants, 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 cover to the institution that gives loan to the borrower in

case the borrower defaults. The credit guarantee is risk mitigating in financial lending. The scheme will guarantee cover to a pre stipulated percentage of the loan amount. The percentage cover shall differ according to the risk profile of the enterprise or borrower. DAFF need to 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 with agriculture, forestry and fisheries. The implementation of the guarantee scheme requires that DAFF form partnerships with financial institutions.

## **14 COMMUNICATION PLAN**

- a) Government through the Department of Agriculture, Forestry and Fisheries in collaboration with the Department of Rural Development and Land Reform will spearhead the process of creating awareness about the policy and its implications among the sector stakeholders. The information provided will improve understanding of key policy issues of Government (mainly DAFF and DRDLR) while at the same time enhancing dialogue, collaboration and participation of various agricultural, forestry and fisheries stakeholders in the development and implementation process of the policy.
- b) 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, forestry and fisheries as well as rural development will be supplied with pamphlets and posters outlining the key policy objectives, principles and conditions, application processes, etc.

## **15 MONITORING AND EVALUATION (M&E)**

- a) In support of Government's commitment to increase the use of evaluations, Cabinet approved a 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 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, forestry and fisheries sector.
- b) The M&E exercise is essential in assessing the efficiency and effectiveness of programmes/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 it will have the greatest impact.

- c) In this regard, Government will put in place systematic processes for collecting and reporting on progress on a regular basis (i.e. monthly, quarterly and yearly). Furthermore, a mid-term review on the implementation of the policy should 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.
- d) It should however be recognised that there is limited capacity currently within DAFF to effectively monitor the implementation of support programmes. Therefore, there is a need to strengthen this function by ensuring that there is close working relations with other technical units and most importantly to leverage resources (human, financial, etc.) to monitor implementation.

## **16 POLICY REVIEW**

- a) 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. 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 processes shall be transparent, broad and inclusive. DAFF shall disseminate the outcomes of the reviews to the public through agreed channels. The thresholds support and categorisation of producers as well as the proportion of ring-fenced amount per producer category will be reviewed on an annual basis in line with inflation.

## **17 CONCLUSION**

- a) To develop the agriculture, forestry and fisheries 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.

- b) 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>5</sup> and trade relations between South Africa and other BRICS (Brazil, Russia, India, and China) member countries.

## **18 POLICY OWNER/COORDINATOR**

Branch: Food Security and Agrarian Reform

Contact Person: Mr Makala Jeffrey Ngaka

Tel: 012 319 6350 / 84 815 7858

E-mail: [JeffreyN@daff.gov.za](mailto:JeffreyN@daff.gov.za) cc [Secretariat.CPDS@daff.gov.za](mailto:Secretariat.CPDS@daff.gov.za)

## **19 DOCUMENT INFORMATION**

Document/revision number: 18

Issue date: 30 May 2018

Document status: Draft 5 version 3

---

<sup>5</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 achieve the agricultural vision for the continent which is shared prosperity and improved livelihoods. The declaration was adopted by the African heads of states in Malabo in June 2014. African countries commit to triple intra-Africa trade in agricultural commodities and services by the year 2025.

## 20 REFERENCES

- DAFF (2014) Agricultural Policy Action Plan (APAP). Department of Agriculture, Forestry and Fisheries, Pretoria
- DAFF (2008) National Agricultural Research and Development Strategy. Department of Agriculture, Forestry and Fisheries, Pretoria
- DAFF (2012) Integrated Growth and Development Programme (IGDP). Department of Agriculture, Forestry and Fisheries, Pretoria
- DAFF (2012): Integrated Growth and Development Plan. Department of Agriculture, Forestry and Fisheries, Pretoria
- DAFF (2015) Integrated Agriculture Development Finance Policy Framework (IADFP) for Smallholder Farmers. Department of Agriculture, Forestry and Fisheries, Pretoria
- DAFF (2015a): The Strategic Plan for the Department of Agriculture, Forestry and Fisheries for 2015/16 to 2019/20. DAFF, Pretoria
- DAFF (2015b): Impact Evaluation of the Comprehensive Agricultural Support Programme (From its inception in 2004 to February 2013). DAFF, Pretoria
- DAFF (2015c): Integrated Development Finance Policy Framework. DAFF, Pretoria
- DAFF (2015d): Norms and Standards for Comprehensive Producer Support. DAFF, Pretoria
- Department of Agriculture, Forestry and Fisheries (DAFF) (2010). Estimate of the contribution of the agriculture sector to employment in the South African economy DAFF, Pretoria
- Department of Environmental Affairs and Tourism (DEAT) (2004) National Climate Change Response Strategy. [online] Department of Environmental Affairs and Tourism. Available from: [http://unfccc.int/files/meetings/seminar/application/pdf/sem\\_sup3\\_south\\_africa.pdf](http://unfccc.int/files/meetings/seminar/application/pdf/sem_sup3_south_africa.pdf) [Date accessed: 2011.04.07]
- DRDLR (2013). Policy for the Recapitalisation and Development Programme of the Department of Rural Development and Land Reform, Pretoria
- DRDLR (2017) The Land Audit Report, Phase II: Private Land Ownership by Race, Gender and Nationality. [online] Accessed from: [file:///C:/Users/JeffreyN.NDA/Downloads/land\\_audit\\_report13feb2018.pdf](file:///C:/Users/JeffreyN.NDA/Downloads/land_audit_report13feb2018.pdf)
- DRDLR (no date) The Rural Economy Transformation Model: One District, One Agri-Park/Every Municipality A CRDP Site
- FAO (2009) A Review of Experiences of Establishing Emerging Farmers in South Africa: Case Lessons and Implications for Farmer Support within Land Reform Programme. [online] Accessed from: <http://www.fao.org/docrep/012/i1385e/i1385e.pdf> Date accessed: 27/02/2016.
- Hassan, R (2006) Impacts of Climate Change on Crop Farming in South Africa. Policy Note No. 21. [online] Centre for Environmental Economics and Policy Analysis. Available from: <http://www.ceepa.co.za/docs/POLICY%20NOTE%2021.pdf> [Date accessed: 2011.04.13]

- Intergovernmental Panel on Climate Change (IPCC) (2007) IPCC Fourth Assessment Report: Climate Change 2007 Synthesis Report. [online] Intergovernmental Panel on Climate Change. Available from: [http://www.ipcc.ch/publications\\_and\\_data/ar4/syr/en/contents.html](http://www.ipcc.ch/publications_and_data/ar4/syr/en/contents.html) [Date accessed: 2011.04.13]
- Kydd, J. and Dorward, A. (2003) Implications of Market and Coordination Failures for Rural Development in Least Developed Countries [online] Accessed from: <http://siteresources.worldbank.org/INTPSIA/Resources/490023-1120845825946/kydd2003.pdf> Date accessed: 27/02/2016
- Le Roux, J. (2014) Soil erosion in South Africa - its nature and distribution. [online] <http://www.grainsa.co.za/soil-erosion-in-south-africa---its-nature-and-distribution> Date accessed: 05/03/2016
- Liebenberg, F. (2013) South African Agricultural Production, Productivity and Research Performance in the 20th Century. Thesis for Philosophiae Doctor. Faculty of Natural and Agricultural Sciences, University of Pretoria
- Masangu, T (2015): Implementation Evaluation of the Comprehensive Rural Development Programme. Presentation made at a stakeholder workshop on the diagnostic evaluation of government supported smallholder farming sector held on 08th Dec 2015 in Sunnypark, Pretoria
- Nkomo, J.C., Nyong, A.O., and Kulinda, K., (2006) 'The Impacts of Climate Change in Africa' A final report submitted to the Stern Review on the Economics of Climate Change.
- Phuhlisani (2008) Extension and smallholder agriculture – key issues from the review of the literature.
- Republic of South Africa (1994) Reconstruction and Development Programme (RDP). [online] Accessed from <http://www.gov.za/sites/www.gov.za/files/governmentgazetteid16085.pdf> Date accessed: 06/03/2016
- Republic of South Africa (2004) Social Assistance Act (Act No. 13 of 2004). Government Gazette no 26446
- Republic of South Africa (1996): The Constitution of the Republic of South Africa.
- Statistics South Africa (2013) Census 2011 Agricultural Households Key Highlights. Report no 03-11-01 (2011). Pretoria. South Africa
- Statistics South Africa (2014) Poverty Trends in South Africa An examination of absolute poverty between 2006 and 2011. [ONLINE] Accessed from: <https://beta2.statssa.gov.za/publications/Report-03-10-06/Report-03-10-06March2014.pdf> Date accessed: 30/04/2017
- Statistics South Africa (2017): General Household Survey 2017, StatsSA, Pretoria
- University of Pretoria Business Enterprises (2015) Impact Evaluation of CASP from its Inception in 2004 to February 2013. Report commissioned by DAFF in collaboration with DPME.
- Vink, N., Van Rooyen, J., and M. Karaan (no date): Farmer support programmes: lessons from implementation. Paper read at the "Strategies to overcome poverty



and inequality: towards Carnegie III” Conference, University of Cape Town, 4 September

## ANNEXURE A: COMMODITY SPECIFIC THRESHOLDS

Table 1. Fisheries thresholds

<b>Commodity / Enterprise</b>	<b>Threshold</b> (Total capital required inclusive of own contribution where applicable)	<b>Exit strategies</b> (The stage at which government commence to pull out financial support in an enterprise but continue to provide the required technical support to ensure business continuity and sustainability)
<b>Abalone</b> ( <i>Haliotis midae</i> ) (Landbase Marine Aquaculture: Marine Finfish e.g. Kob, Atlantic Salmon, Yellowtail)	R20 million (over 5 years)	Five years
<b>Mussels</b> ( <i>Mytilus galloprovincialis</i> and <i>Chromomytilus meridionalis</i> ) (Sea base Marine Aquaculture e.g. Oysters)	R10 million (over 5 years)	Five years
<b>Tilapia</b> ( <i>Oreochromis mossambicus</i> , <i>Oreochromis niloticus</i> and <i>Oreochromis rendalli</i> ), (Freshwater Aquaculture: Catfish, Carp, Trout)	R10 million (over 5 years)	Five years

Table 2: Forestry thresholds

<b>FORESTRY SUB-SECTORS</b>	<b>Subsistence</b>	<b>Small Growers</b>	<b>Commercial</b>
<b>Plantation forestry</b>			
Capped support	Once-off or phased-in provision of establishment costs limited to R100 000 per household.	Limit up to R3.5 million once-off or phased-in over two rotations period.	Limit up to R5 million once-off or phased-in over two rotations period.
Exit strategy	Financial support will generally be limited to two rotations period	Financial support will generally be limited to two rotations period	Financial support will generally be limited to up to two rotations period
Own contribution	Household Producers must not provide own contribution as land is already contributed	Small growers must provide 35% own contribution	Commercial Producers must provide 50% own contribution.
<b>Forestry contracting</b>			
Capped support	Once-off or phased-in provision of establishment costs limited to R100 000 per household.	Limit up to R3.5 million once-off or phased-in over five years;	Limit up to R5 million once-off or phased-in over five years
Exit strategy	Financial support will generally be limited to two years period	Financial support will generally be limited to a three years period	Financial support will generally be limited to up to five year period

<p>Own contribution</p> <p><b>FORESTRY SUB-SECTORS</b></p>	<p>Household Producers must provide 10% own contribution</p> <p><b>Subsistence</b></p>	<p>Small growers must provide 35% own contribution</p> <p><b>Small Growers</b></p>	<p>Commercial Producers must provide 50% own contribution.</p> <p><b>Commercial</b></p>
<p><b>Sawmilling</b></p> <p>Capped support</p> <p>Exit strategy</p> <p>Own contribution</p>	<p>Once-off or phased-in provision of establishment costs limited to R100 000 per household.</p> <p>Financial support will generally be limited to two years period</p> <p>Household Producers must provide 10% own contribution</p>	<p>Limit up to R3.5 million once-off or phased-in over five years;</p> <p>Financial support will generally be limited to a three years period</p> <p>Small growers must provide 35% own contribution</p>	<p>Limit up to R5 million once-off or phased-in over five years</p> <p>Financial support will generally be limited to up to five years period</p> <p>Commercial Producers must provide 50% own contribution.</p>
<p><b>Charcoal production</b></p> <p>Capped support</p> <p>Exit strategy</p>	<p>Once-off or phased-in provision of establishment costs limited to R100 000 per household.</p> <p>Financial support will generally be limited to two years period</p> <p>Household Producers must</p>	<p>Limit up to R3.5 million once-off or phased-in over five years;</p> <p>Financial support will generally be limited to a three years period</p> <p>Small growers must provide 35%</p>	<p>Limit up to R5 million once-off or phased-in over five years</p> <p>Financial support will generally be limited to up to five year period</p> <p>Commercial Producers must provide</p>

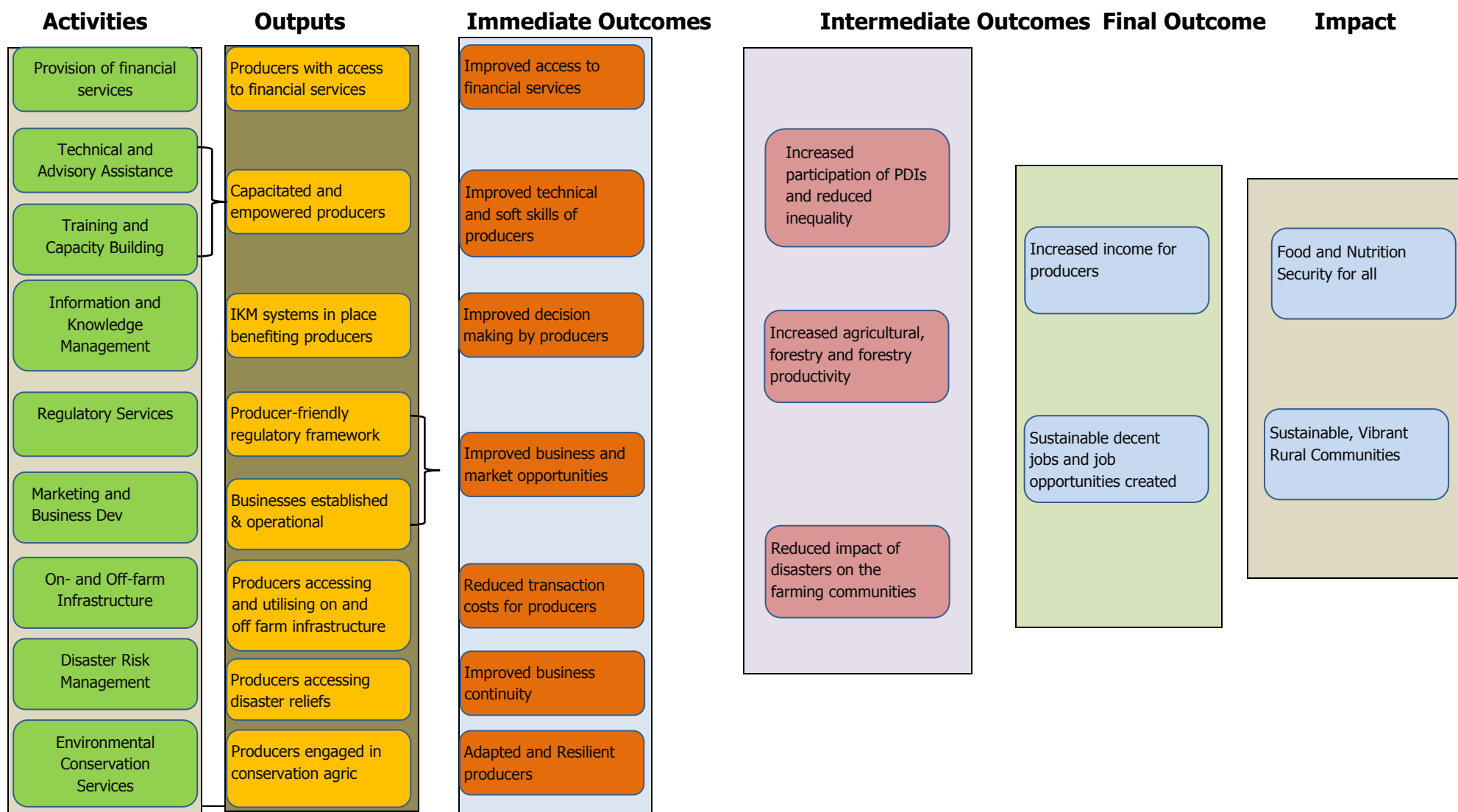
<b>FORESTRY SECTORS</b>	<b>SUB- Subsistence</b>	<b>Small Growers</b>	<b>Commercial</b>
<p>Own contribution</p> <p><b>Medicinal plants trade</b></p> <p>Capped support</p> <p>Exit strategy</p> <p>Own contribution</p>	<p>provide 10% own contribution</p> <p>Once-off or phased-in provision of establishment costs limited to R100 000 per household.</p> <p>Financial support will generally be limited to two years period</p> <p>Household Producers must provide 10% own contribution</p>	<p>own contribution</p> <p>Limit up to R3.5 million once-off or phased-in over five years;</p> <p>Financial support will generally be limited to a three years period</p> <p>Small growers must provide 35% own contribution</p>	<p>50% own contribution.</p> <p>Limit up to R5 million once-off or phased-in over five years</p> <p>Financial support will generally be limited to up to five year period</p> <p>Commercial Producers must provide 50% own contribution.</p>

<b>Honey production</b>			
Capped support	Once-off or phased-in provision of establishment costs limited to R100 000 per household.	Limit up to R3.5 million once-off or phased-in over five years;	Limit up to R5 million once-off or phased-in over five years
Exit strategy	Financial support will generally be limited to two years period.	Financial support will generally be limited to a three years period	Financial support will generally be limited to up to five year period
Own contribution	Household Producers must provide 10% own contribution	Small growers must provide 35% own contribution	Commercial Producers must provide 50% own contribution.
<b>Tourism</b>			
Capped support	Once-off or phased-in provision of establishment costs limited to R100 000 per household.	Limit up to R3.5 million once-off or phased-in over five years	Limit up to R5 million once-off or phased-in over five years
Exit strategy	Financial support will generally be limited to two years period	Financial support will generally be limited to a three years period	Financial support will generally be limited to up to five year period
Own contribution	Household Producers must provide 10% own contribution	Small growers must provide 35% own contribution	Commercial Producers must provide 50% own contribution.

Table 3: Agricultural Commodity thresholds

<b>Commodity / Enterprise</b>	<b>Threshold</b> (Total capital required inclusive of own contribution where applicable)	<b>Exit strategies</b> (The stage at which government commence to pull out financial support in an enterprise but continue to provide the required technical support to ensure business continuity and sustainability)
Citrus	R21 600 000	8 Years
Pineapple	R20 000 000	6 years
Macadamia	R17 200 000	10 years
Decidious Fruits	R38 700 000	7 years

## ANNEXURE B: IMPACT THEORY OF CHANGE FOR COMPREHENSIVE PRODUCER DEVELOPMENT SUPPORT<sup>6</sup>



<sup>6</sup> Adapted from Khulisani Management Services (2015): Diagnostic Evaluation of Government Supported Smallholder Farmer Sector (Theory of Change: Draft Models)



