

**REPORT OF THE REVIEW OF THE STRATEGIC
PLAN FOR
SOUTH AFRICAN AGRICULTURE**

FINAL REPORT

INDEX

1.	Glossary
2.	Introduction
3.	Exposition of Brief : Terms of Reference
4.	Methodology and Approach
5.	Agriculture's Contribution to GDP
6.	Philosophical Assumptions underpinning the Strategic Plan for S.A. Agriculture
7.	Governance and the Work-Breakdown of the Plan
8.	Assessment of Progress with Implementation of the Strategic Pillars 8.1 Core Strategy 1: Equitable Access and Participation 8.2 Core Strategy 2: Global Competitiveness and Profitability 8.3 Core Strategy 3: Sustainable Resource Management
9.	Progress with Implementing Priority Programs
10.	Have the Expected Outcomes Materialised?
11.	Incentives for Committed Participation in the Strategic Plan for South African Agriculture
12.	Financing of the Implementation of the Strategic Plan for South African Agriculture
13.	Role, Influence and Impact of Policies and Legislation which came after 2001
14.	Overall Conclusions
15.	Recommendations
16.	List of Task Team Members

1. Glossary

AgriSA	Agri-SouthAfrica
Agri-Sector Plan	Strategic Plan for South African Agriculture
ABC	Agricultural Business Chamber
ASGISA	Accelerated Shared Growth Initiative of South Africa
CAADP	Comprehensive African Agriculture Development Programme
CASP	Comprehensive Agricultural Support Programme
CAWG	Commercial Agriculture Working Group
COMESA	Common Market for Eastern and Southern Africa
COSATU	Congress of South African trade Unions
DLA	Department of Land Affairs
DoA	Department of Agriculture
DTI	Department of Trade and Industry
EFTA	European Free Trade Association
FAWU	Food and Allied Workers Union
FTA	Free Trade Agreement
HDI	Historically Disadvantaged Individuals
IDC	Industrial Development Corporation
ILO	International Labour Organisation
JIPSA	Joint Initiative for Priority Skills Acquisition
LARP	Land and Agrarian Reform Project
LRAD	Land Reform and Agricultural Development
MAFISA	Micro Agricultural Financial Institutions of South Africa
MTEF	Medium Term Expenditure Framework
NAFU SA	National African Farmers Union of South Africa
NAMC	National Agricultural Marketing Council
NEDLAC	National Economic Development and Labour Council
NEPAD	New Partnership for Africa's Development
NGO's	Non- Governmental Organisations
PDA	Provincial Department of Agriculture
PLAS	Proactive Land Acquisition Strategy
PPP	Public Private Partnerships
SAAPA	South African Agricultural Processors Association
SACU	Southern African Customs Union
SME's	Small and Medium Enterprises
SADC	Southern African Development Community
SPS	Sanitary and Phytosanitary Standards
UAF	Umthombo Agricultural Finance
WARD	Women in Agriculture and Rural Development
WTO	World Trade Organisation
YARD	Youth in Agriculture and Rural Development

2. Introduction

The Strategic Plan for South African Agriculture was formally signed by the Minister for Agriculture and Land Affairs and the Presidents of AgriSA and NAFU SA on 27 November 2001. The Strategic Plan was a product of the interaction between government and the agricultural sector following a clear realisation that the profitability and growth of the agricultural sector is under threat, while at the same time the majority of South Africa's population is still excluded from the mainstream of the agricultural sector. Under the leadership and instruction of President Mbeki it was decided that a Strategic Plan is needed to address all the ills and concerns in the agriculture sector. The core team that prepared the document included three members from NAFU SA, two members from AgriSA, one member from the ABC and two members from the Department of Agriculture.

One important outcome of the Strategic Plan was that government and the industry now shared a common perspective on the sector's strategic issues; they were able to build the partnership from a common framework and a common vision; they agreed to share the challenge of black economic empowerment and enhancing the profitability and sustainability of the agricultural industries. The signatories of the Strategic Plan also agreed to "now we have a common key message to convey to the public, the sector, our country, the African continent and the world"

Following the 2001 agreement, there subsequently in 2007 was a need to evaluate whether the Strategic Plan is still appropriate to guide the sector to achieve its agreed vision and whether the objectives originally set out were met.

In addition, there were concerns that the signed Strategic Plan excluded some of the major players within the agricultural industry. The major excluded role players were TAUSA, SAAPA, labour unions like FAWU, as well as vulnerable groups like women, the youth and the disabled.

It is also important to highlight the original core objectives which were supposed to guide the implementation of the Strategic Plan for South African Agriculture. The strategic sector plan has the following as its objectives:

- Create a common vision for key stakeholders
- Design and implement a strategic framework to guide policy and implementation in the future
- Address issues undermining investor confidence and the building of better understanding and good social relations
- Ensure increased access and participation in the sector through well-designed empowerment processes and programmes
- Combine, share and optimise resources and benefits among partners
- Foster global competitiveness, growth and profitability in the sector in order to attract investment
- Ensure sustainable development
- Building lasting partnerships among public, private and community stakeholders and NGO's

Parties also agreed to a vision of "A united and prosperous agricultural sector". In support of the vision for Agriculture, the parties agreed that the core focus for the strategy will be on the following strategic goal:

"To generate equitable access and participation in a globally competitive, profitable and sustainable agricultural sector contributing to a better life for all."

The parties also agreed in 2001 that the vision has a number of challenges and these included

- Constrained competitiveness and low profitability
- Skewed participation
- Low investor confidence in Agriculture
- Inadequate, ineffective and inefficient support and delivery systems
- Poor and unsustainable management of natural resources

It is against this background that the signatories of the Strategic Plan for South African, led by the Minister of Agriculture and Land Affairs, agreed in 2007 to commission a review of the implementation of the Plan over the few years since its inception in 2001 in order to evaluate the progress made.

3. Exposition of Brief: Terms of Reference

This report has as its main objective to review the implementation of the Strategic Plan for South African Agriculture and to assess whether the intended objectives have been achieved in the five years since the signing of the plan on 27 November 2001. The task assigned was not to draft a new plan, but to review the progress with implementation and to highlight possible shortcomings which could lead to a revised plan.

The terms of reference for this review specified the following:

- Cover progress, actions and omissions in all strategic pillars and actions envisaged by the Strategic Plan
- Capture and take into consideration the views of the signatories to the Strategic Plan regarding implementation
- Capture the views of all other stakeholders in the sector value chain on the implementation of the Strategic Plan
- Identify any perceived policy gaps in the Strategic Plan or in its implementation; and
- Make recommendations regarding the Strategic Plan coverage or its further implementation.

The review should also evaluate progress in the three core strategies of the Strategic Plan as might be measured against the expected outcomes envisaged for the Strategic Plan. In addition the review will also evaluate progress with each of the priority programmes specified and listed in the original document and ultimately recommend appropriate indicators for monitoring the further outcomes of the Strategic Plan.

4. The Methodology and Approach

Noting the diverse views and perceptions about the progress with the Strategic Plan it is obvious that the main questions to be asked in the review process are:

- Do we have a common vision?
- Has the plan guided policy and implementation in the agricultural sector?
- Do we all have a common understanding of unity?
- Are we united? Do we speak and act as a 'united sector' or are we still divided with different views and different objectives?
- Has access to commercial agriculture improved?
- Have we successfully addressed issues that undermine investor confidence or has investor confidence weakened?
- Have we improved social relations in the sector?
- Are we still on track to reach the vision of a "United and prosperous agricultural sector"?
- What progress have we made?
- Were the necessary programmes implemented to ensure the achievement of the various goals?
- Were there any omissions or flaws in the original plan? Are there any gaps?
- Should the coverage of the plan be widened?
- What aspects should be addressed to improve the implementation of the plan?

The initial compilation of the resource document was done through asking questions and meeting arrangements. These questions were largely answered through the views from the signatories as well as the wider group of stakeholders as suggested in the TOR. A series of consultative and participative meetings were therefore arranged to capture these views.

In addition some background research was required to contrast the elements of the 'Implementation programme of the Strategic Plan' (Attachment A to the Plan) with what was actually delivered by the different Government Departments, the SAPS, SANDF and the various agricultural unions.

This methodology was later on challenged as there no criteria set to select those who were supposed to be interviewed. The Resource Document lacked some key input due to certain organisations that were not consulted originally. In addition, the Summary Report was quite different from the Resource Document. The presentation of the report on the 8th of May 2008 focussed mainly on government weaknesses and did not reflect a balanced view of what was happening in both the public and private sector.

On the 8th May 2008, the Minister for Agriculture and Land affairs, then appointed a task team

consisting of a representative from each of the following organisations; Department of Agriculture, Department of Land Affairs, AgriSA, ABC, SAAPA, NAFU SA, ARC, TAUSA, and WARD. The team was later joined by a representative from the Presidency. The task team was mandated to produce a balanced report which would reflect the consensus views as well as views specific to stakeholders.

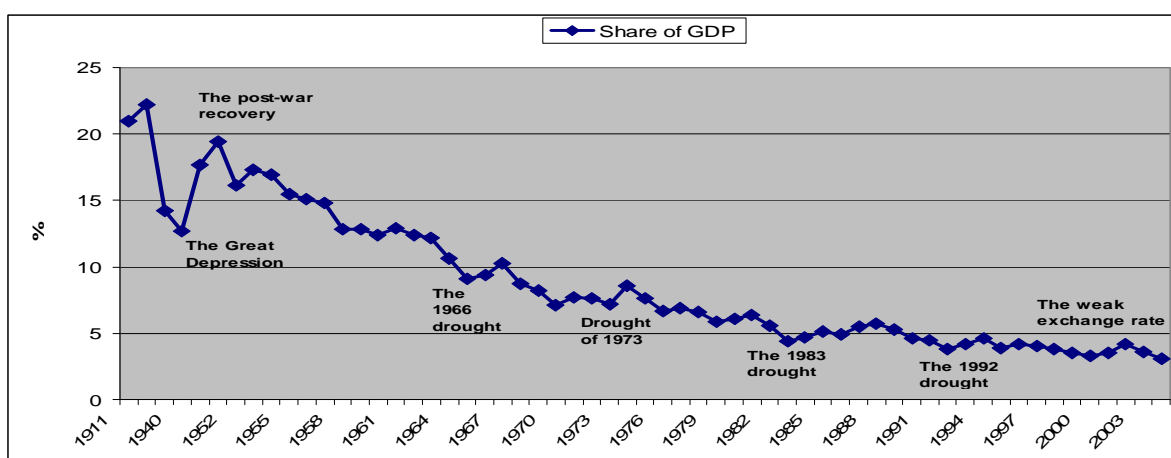
In compilation of this final report, an objective assessment tool was designed to evaluate the performance of the sector. (The tool is attached as Annexure A). This tool assisted members of the task team to really introspect and analyse the current situation.

As agreed by the members of the task team appointed by the Minister on the 8th of May 2008, the big document compiled by the original team will be regarded as a Resource Document and the team will produce a Review Report which will be presented to the President.

5. Contribution of Primary Agriculture to GDP

The contribution of South Africa's Primary Agriculture Sector to the GDP is depicted in Fig 1 and confirms a decline from roughly 20% to 3% over the last century. Over this period the effects of the depression years, followed droughts and more recently the consequences of an unfavourable exchange rate can be seen.

Fig 1 : Primary Agriculture's share of GDP (NAMC)

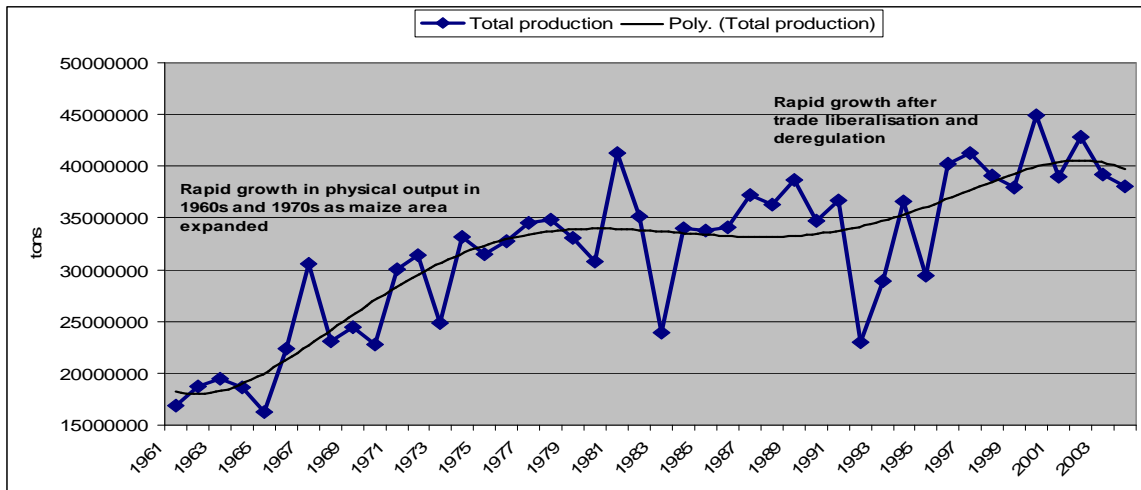


The question justifiably arises whether this decline is desirable or undesirable? Generally a decline in the contribution of primary agriculture to the GDP illustrates that an economy is growing in aggregate terms, meaning that primary agriculture declines in relative terms. Therefore, agricultural growth must also be assessed in absolute terms. To do this, one has to factor in the expansion in the multiplier effects brought by the expansion in the food and agro-industrial complex. The extended/real contribution of Agriculture to the GDP is estimated at closer to 10%, and appears in Table 1.

Agro-industrial Complex	%	Trend
Agriculture	3.1	Declining share
Food processing	3.4	Increasing share of a declining sector
Goods and services	3.2	Increasing sector but unclear whether share increasing
Total	9.7	

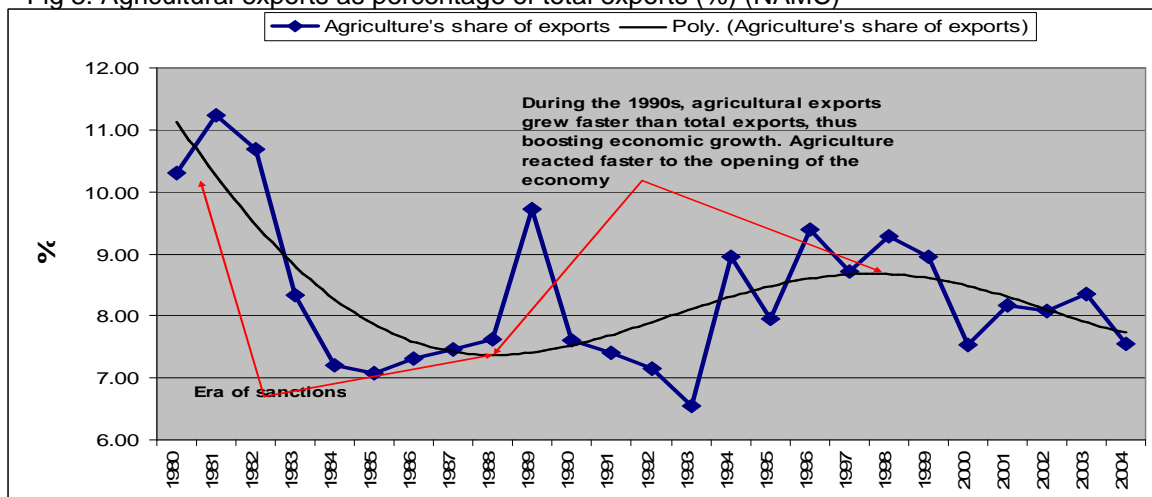
To assess the absolute contribution of agriculture requires that the actual output from the sector be looked at. Figure 2 shows the expansion in quantitative output of the sector since 1961. The graph shows two distinct periods of output. The first was induced by the significant expansion in maize production in the 1960's and 70's. The second growth period was induced by deregulation and trade liberalization post 1994. This period however depicts significant volatility as well as a decline since 2002.

Fig 2: Quantitative Output of Sector (NAMC)



To round off this argument, it must be recognized that the share of primary agriculture in Gross Geographical Product is much higher in many rural areas where greatest number of poor people reside, with high multipliers between agriculture and the non-agricultural rural economy. Agriculture's contribution to the economy must also be considered from a trade and exports point of view, especially its performance in the post-sanctions era. Figure 3 illustrates the decline due to sanctions and the relative growth in the post-sanctions era and remarkably after 1994. This response clearly confirms that agriculture was highly responsive to liberalization and its exports actually outpaced total exports in this period. This occurrence leads to the conclusion that agricultural growth must be premised on export growth and fast-tracking the inclusion of new entrants.

Fig 3: Agricultural exports as percentage of total exports (%) (NAMC)



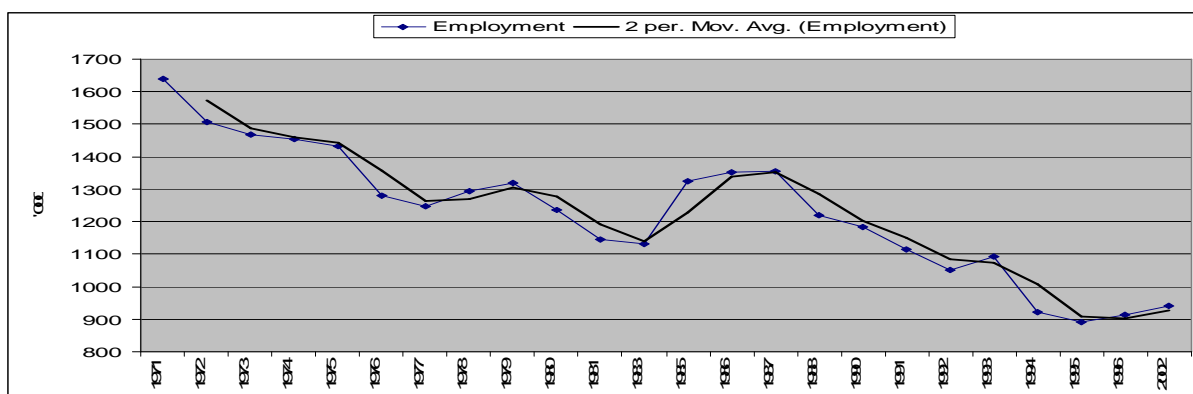
The situation is further emphasized by the trade balance shown in Table 2. The growth in exports can be clearly discerned, though the concomitant growth in imports does bring about a declining import cover. On the whole however, it illustrates the agricultural propensity to enhance trade.

Table 2: Trade Balance

	1990	2000	2004
Exports			
Total SA exports (Rm)	60 770.0	210022.1	292078.7
Total agricultural exports (Rm)	4625.1	15 819.0	22074.3
Agricultural exports as % of total exports	7.6	7.5	7.6
Agricultural exports as % of total agricultural output	21.1	30.6	32.5
Imports			
Total SA imports (Rm)	44 141.5	186345.1	304745.8
Agricultural imports (Rm)	1936.2	9 643.7	16340.8
Agricultural imports/total imports (%)	4.4	5.2	5.4
Agricultural imports as % of total agricultural output	8.8	18.6	24.1
Import cover (Ag exports/Ag Imports)	2.4	1.6	1.4

In addition to growth, the sector must also be examined from an employment absorption point of view. The situation is indicated in Figure 4 and exhibits the decline in employment since 1970. Whilst much of this decline can be attributed to technological advancement and productivity gains it must be acknowledged that this has been a global trend in agriculture. This decline is a reality and can only be offset by aggregate growth in agriculture and the agro-industrial complex.

Figure 4 : Employment in Primary Agriculture (1971 -2002) (NAMC)



The number of farming units has also been in decline and is consistent with the global norm in commercial agriculture. The cash remuneration of farm workers has shown a slight increase, partly due to favouring of higher skilled workers in agriculture.

Table 3: Farming units, employment and remuneration (NAMC)

	1993	2002	Increase (%)
Farming units	57 980	45 818	79
Employment	1 161 912	986 842	85
Employees' cash remuneration (at constant 2002 prices)	5 782 480	6 215 583	108

The case made to this point is that agriculture remains a vital sector to the economy, not in terms of its relative position but rather in its proven economic multiplier effect, its value to the rural economy and its latent potential for export growth. Furthermore, agriculture does contribute to the well being of many people including the rural poor, considering that at the moment South Africa is ranked very low in terms of the Physical Quality of Life Index.

The following section will therefore deal with strategies and actions to bring this potential to effect. Rising input costs globally and domestically seriously threatens the sustainability of the agricultural sector (at both the primary and downstream industries), and therefore the ability of this sector to supply enough food at affordable prices. Although there are many reasons why input prices soared over the past year, mainly three factors stand out, namely:

- (i) the on-going hikes in oil and natural gas prices,
- (ii) very high demand for fertilizer due to increased production for food and bio-fuel and
- (iii) very high demand for food in the world, specifically in China and India.

Crude oil prices have soared nearly 70 percent in the past 12 months, which in turn caused increases in prices of, for example, prices of ammonia and potash, packaging material and fuel. Local prices are further negatively influenced by high shipment cost and the weakening Rand/US\$ exchange rate.

On the domestic market specifically two input cost items significantly affect the production of agricultural commodities due to their significantly higher contribution to total variable input cost compared to other inputs, namely fuel (diesel) and fertilizers.

The trend in the commodity output prices is also much more variable than for input costs. This results in high variability in farm profits and hence the decreased ability to re-invest in farming operations, maintenance and repairs.

Food prices have increased to levels where major international organizations have labelled it as reaching crisis proportions. According to the FAO, food prices have increased on average by 45 percent over the last nine to ten months.

The FAO further notes that the cereal import bill of the world's poorest countries is forecast to rise by 56 percent in 2007/2008. For low-income food-deficit countries in Africa, the cereal bill is projected to increase by 74 percent due to the sharp rise in international cereal prices, freight rates and oil prices.

Factors that have been identified toward high food prices include but are not necessarily restricted to :-

- (i) the lower availability of grains,
- (ii) unfavourable climatic conditions for the production of grain in major grain producing and exporting Countries,
- (iii) trade restrictions that were imposed by major grain exporting countries, such as Argentina,
- (iv) the increased demand for animal protein that in turn requires grains as inputs for the production of more meat,
- (v) increasing energy and fuel costs making transport of grains more expensive,
- (vi) increased cost of agricultural inputs
- (vii) potential abuse of market power on the input and output sides of the agro-food chains.
- (viii) potential misuse of market power on the input and output sides of the agro-food chains.
- (viii) the growth of the bio-fuels industry
- (ix) Limited regional trade

Thus it is important to emphasise that the intervention on the escalating food prices should be in such a way that there are short and long term intervention measures which ensure agricultural production.

6. Philosophical Assumptions underpinning the Strategic Plan for South African Agriculture

The signatories to the Agri-Sector Plan come from diverse backgrounds, interests and world views and seek to converge their interests towards mutual benefit and prosperity. The parties bring the following perspectives as they approach the negotiating table:-

- In the post-1994 era, the members of the HDI community are laying a claim to be supported to access the Agriculture Sector from which they have been excluded historically.
- Members of the established commercial agriculture sector, who have an historical head start, express a view that the "shrinking agriculture cake" is not enough to cater for everybody. As the numbers will inevitably increase as the new entrants from HDI's swell the ranks in the playing field, the cake will shrink further. In principle they accept the legitimacy of the claim made by the HDI's to be given support to access the sector.
- The government professes to be a developmental state in character and is committed to advancing the development and prosperity of the agriculture sector in general and the interests of the HDI's in particular.

The challenge facing all parties is how to collectively grow the "agriculture cake" on a sustainable basis so that all players can participate and lay a claim to a fair share based on each party's contribution.

The parties also echo a philosophical outlook that asserts that South Africa continues to have the challenge of having to deal with a dualistic agricultural sector (an emerging sector side by side with an established sector) which always seems to create tension in policy design and implementation. Whilst it is accepted that a strong State should seek to uplift poor and disadvantaged farming communities and to successfully integrate them into mainstream agriculture, simultaneously, government cannot neglect the growth prospects for established commercial agriculture and needs to ensure that regulations, systems and support services are also directed to this category.

It is therefore obvious that Government will for a long time to come continue to have to deal with the dual requirements for its services and therefore has to plan, budget and design for this dual reality. To ensure a sustainable future for South African agriculture neither side of the dualistic farming spectrum should be neglected.

The private sector view is that the utilisation of the market force principles should allow performance

without constraints in a free economic environment. It remains the only mechanism that can ensure the best allocation of all resources. The role of the state should be restricted to that of a neutral regulator who should ensure that exploitation and collusion by monopolies do not take place.

They further perceive conflict wherein agriculture has to play a dual role of being a vehicle for social services and poverty alleviation while simultaneously being a vehicle for economic services for creating jobs and wealth.

The government on the other hand asserts that it is a developmental state; a state which has the capacity to lead in the definition of a common national agenda and in mobilising all of society to take part in its implementation; an activist state that intervenes decisively in the economy with a generally progressive agenda, especially where market forces fail; a state which has effective systems of interaction with all social partners; a state which exercises leadership informed by its popular mandate.

These perspectives weave a thread in the dialogue between the parties and at any given time raise the question about the balancing act that government has to walk in ensuring that the centre of gravity continuously shifts in such a way that the parties perceive and experience that they are being looked after and not neglected.

The strategic plan seeks to transform the entire value chain of agriculture and will include input suppliers, primary agriculture, commodity groups, agricultural lobby groups (farmers' unions), agribusinesses, agro-processors and marketers of agricultural products.

The stakeholders consider National Food Security to be a priority concern which should be given special attention and resources. It is thus important that everyone within the sector understand the notion of National Food Security. The recent bans instituted by various governments on the export of grains during the current food crisis, indicate that access to food can be political and can result in instability of governments. It is thus important for government to redefine and strengthen the National Food Security Strategy.

In the review, the parties maintain that the 2001 statement of the Vision remains valid and applicable as a beacon which the parties will continue to refer to as they navigate towards the future of agriculture in their respective spheres of operation.

The Review presented clear evidence that there has been widespread buy-in into the philosophy of the plan with generally good intentions amongst all stakeholders and government departments. At the intellectual level, the notions of Unity, Cohesion, Nation Building, Reconstruction and Transformation of the economy and society in general permeate the discourse and literature of the partners. Some of the unity initiatives included the signing of Memoranda of Understanding (MoU) between NAFUSA and AGRISA, which was intended to guide the parties' conduct relative to each other.

True Unity in Diversity and Purpose finds expression and manifestation in the commitment of partners to joint action while maintaining independent identities and realising different but complementary interests. The review will examine whether unity and cohesion manifests itself in the actions of practical implementation of the tasks related to the three Core Strategies of the Plan being:-

- i. Equitable Access and Participation
- ii. Global Competitiveness and Profitability
- iii. Sustainable Resource Management

Further, performance of the implementation of the above core strategies will be assessed against the set of Outcomes of the Strategic Plan for South African Agriculture.

It is against this background that the signatories of the Strategic Plan for South African Agriculture, led by the Minister of Agriculture and Land Affairs, agreed in 2007 to commission a review of the implementation of the plan over the few years since its inception in order to evaluate the progress made.

7. Governance and the Work-Breakdown of the Plan

The Agri-sector stakeholders set out to create a coherent customer-oriented agricultural public, private and civic sector governance order and partnerships and will continuously review the management of the implementation process. To this end a Strategic Plan Implementation Committee should have been appointed to realign the goals, objectives, programmes, structure and resources of the DoA and PDAs to the Strategic Plan.

Further that the DoA and PDAs will produce a coherent DoA-PDAs sectoral budget planning and spending framework for the Strategic Plan. Partnership Protocols will be drafted to formulate intergovernmental relations as well as working relations between DoA and commodity groups who will establish task teams to drive the implementation of commodity specific strategies for the Strategic Plan. Farmers' organisations will be given support to improve their governance capability.

The review process has found that the Strategic Plan Implementation Committee which would have given coherence to the overall governance of the Strategic Plan implementation, was not established as intended. Members of the Review team expressed their concern that no institutional mechanism was put in place to coordinate and monitor the implementation of the Plan.

However in this vacuum, late in 2005 a Forum for Chief Executives located in the agricultural value chain was established to drive and oversee the implementation of shared growth initiatives in the sector. Further, to foster a collaborative approach in responding to the exigencies of the agricultural sector the Presidential Commercial Agriculture Working Group (CAWG) was established. In addition, the National Intergovernmental Forum for Agriculture and Land, formerly Agriculture's MINMEC, accepted in early 2006 a protocol to formalise the political governance structure to include national, provincial and municipal levels of government and adopted an Agricultural Programme of Action derived from the Strategic Plan.

There are far reaching negative implications arising from the lack of a dedicated overarching governance and project management structure responsible for oversight of the Strategic Plan over the more than five year period since 2001. This is evident in the varied responses and submissions of the partners and signatories to the Strategic Plan for South African Agriculture.

The stakeholders maintain that the original Work Breakdown of the Strategic Plan at a high, global strategic level remains relevant and valid today. The elements of Competitiveness and Profitability as well as that of Resource Sustainability are comparable to those of any Agriculture and Land Department in the advanced industrialised economies. What is distinctively different in the case of South Africa from them is the component of Equitable Access which seeks to rebalance the skewed imbalances inherited from the past.

Following the design and adoption of the master strategic plan, the stakeholders were expected to retreat to their own areas of operation and to interpret the master plan and use it to design their internal year-on-year business plans as well as their long range time horizon strategic plans thereby defining and clarifying the roles of each partner. The evaluation process captured the trends as to how the sector plan was used by different partners in their different areas of operation.

There is evidence to show that different partners translated the master sector plan and interpreted it to suit their specific sector requirements. Each partner added its own weight to the different pillars.

The agenda items of the meeting with the President were agreed among all stakeholders and were driven by the pressing issues of the day.

Little evidence has emerged to show that the stakeholders deliberately integrated or aligned efforts to translate the global master sector plan into a co-ordinated and complementary implementation work-breakdown. What is emerging is that the attempts at implementation happened in silo formation resulting in parallel processes thereby losing the opportunity for resource sharing, economies of scale and joint learning.

Each stakeholder that had adopted a sectoral plan based on the master agri-sector plan, delivered and accounted to its principals accordingly. The lack of a Strategic Plan Implementation Committee means the loss of opportunity to realign the goals, objectives, programmes, structure and resources of the DoA and PDAs to the Strategic Plan for South African Agriculture.

8. Assessment of Progress with Implementation of Strategic Pillars

8.1 Core Strategy 1: Equitable Access and Participation

The objectives of this strategy are to enhance equitable access to and participation in agricultural opportunities; to deracialise land and enterprise ownership; and to unlock the full entrepreneurial potential in the sector. This section is dealt with extensively under pages 20 to 37 in the main resource document.

This strategy specifically addressed the problems facing black farmers in terms of access to land, tenure security, access to finance, support services, water, etc. Land reform and start-up programmes to support land reform beneficiaries form therefore a critical part of this strategy (See page 8 of 2001 Strategic Plan document). In addition the promotion of new entrants along the agricultural value chain also requires alternative economic empowerment initiatives. In this regard the AgriBEE Charter, and several government programmes launched in later years such as LRAD, CASP, MAFISA & LARP are designed to achieve these objectives.

The Outcomes or Impact Indicators to measure this core strategy were expressed upfront by the

stakeholders. The evaluation should adduce evidence to determine the extent to which the agreed targets, milestones, criteria, quality and quantity of the above deliverable has been achieved by the actions of all stakeholders relative to the elements of the plan indicated below.

8.1.1 Land Reform

For a new democracy which has recently emerged from colonial apartheid relations, the strategy, pace and achievements of land reform in South Africa are satisfactory compared to some previously colonised countries who twenty and thirty years later have still not resolved the challenges of the land and agrarian question facing them.

There is enough evidence that the private sector (agribusinesses and farmers) has bought into the argument that land reform is 'a national project' – (a project that is the duty and responsibility of everybody in the country) aimed at redressing the imbalances of the past. Since the inception of the Land Reform process, many lessons have been learned which are translated into new solutions which are negotiated between the parties in the sector.

Government had clear time frames for the Restitution program as well as the general 30% land target by 2014. However, the commercial sector feels that there is no credible land database and as a result there is a need for a further clarification and definition about which land is referred to by the 30% of land. In its pronouncements on land reform, government refers to 30% of the country's commercial agricultural land (about 24 million hectares), owned by white farmers.

There is evidence that freehold land under sugarcane owned by blacks has increased from 5% in 1994 to 17% to date.

In order to ensure that land and agrarian reform moves to the new trajectory that will contribute to the higher path of growth, employment and equity by 2014 the DLA introduced the Proactive Land Acquisition Strategy (PLAS) by the state for targeted groups in the land market in 2006. The PLAS moves from the premise that there is a need or demand for land, it might either be quantified through IDPs or other state driven processes. This means that the state will proactively target land and match this with the demand or need for land.

Land restitution is the second component of the government's land reform programme. A total of 67 531 claims have been lodged with the Commission on Restitution of Land Rights. Of the total number of claims lodged, about 80% of these claims are urban claims, involving about 300 000 beneficiaries. In contrast to this, the 20% rural claims (13 500) received represent about 3.6 million people.

Up to March 2007 a total of number of 8 775 rural claims were settled with 4 188 of the cases involving land restoration. In 4 152 of the cases the claimants opted for financial compensation. The Land Claims commissioner mention in his 2006/07 annual report that there were as at 1 April 2007 a total of 5 279 rural claims outstanding and these are as follows: Eastern Cape (600); Free State (100); Northern Cape (229); Gauteng (10); North West (247); KwaZulu Natal (1822); Mpumalanga (971); Limpopo (700); Western Cape (600).

The commission intends to settle all outstanding rural claims by the year 2008, however, there will obviously be claims that cannot be settled due to claims that are referred to the Land Claims Court for adjudication; that facing conflicts with traditional leaders and where there disputes with current landowners on issues such as land prices or the validity of the claim.

In addition to the redistributed land mentioned above it is also important to note the transfer of some 29 422 hectares of agricultural land previously owned by the state. This is, however, still a small fraction of total land owned by the state –estimated to be about 25 per cent of all land in South Africa – more than 25 million hectares. Some stakeholders argue that the government is focusing too much effort and spending too much money on redistributing privately owned land and not using state land for that purpose. It is however so that a lot of the land the state own is in arid regions where it is almost impossible to establish commercial private farms.

Getting the true statistic on the progress made with regard to land redistribution is constrained by the fact that deed registrations are not classified according to race. Analysing deed transfers is a major cumbersome process and can in any case lead to underestimations given that certain typical western surnames can easily belong to people of disadvantaged communities.

Although the current statistics of black ownership of farm land on a national scale can be contested the stakeholders agree that there is at least some indication that the private sector and the market on its own is contributing to the land reform target and thereby supporting the notion that land reform is

truly a 'national project'. However, it has to be noted that many commodity organizations, farmers' unions and the banking sector have yet to come forward with information on the number of black farmers in their industry or land holdings by black South Africans and there is therefore limited information to back up the true contribution of the private sector to land and agrarian reform.

The frustration with slow progress is not only highlighted by aspirant beneficiaries but also by current land owners who are complaining about the restitution process that is not been effectively managed with long delays in finalising transactions leading to large effects on productivity and loss in production and employment.

Without these statistics it is difficult to have a clear indication of how the sector has progressed with this important aspect of the Strategic Plan.

There are delays in achieving the targets for land reform in some pockets of the country due to systemic and structural challenges. The slow progress with land reform is largely a result of a combination of factors like:-

- challenges in the Department of Land Affairs,
- lack of coordination between the Department of Agriculture and Department of Land Affairs,
- delays with the restitution process,
- financial resource limitations,
- problems in the Land Bank,
- over pricing of land by some land owners
- residual resistance to transformation on the part of some White land owners.

These problems are acknowledged by the stakeholders in the industry sector and are being addressed through the new initiative of the Land and Agrarian Reform Project (LARP).

The financial sector has made announcements and plans about dedicating special funds to advance land reform. Little co-ordination, if any, existed between the financial sector, government, private sector and the potential beneficiaries. However, some evidence has emerged of black farmers buying land without assistance from government programmes. These statistics are however not available on a national basis and it is therefore difficult to fully report on the progress with this aspect of land reform. A strong argument is made for the extent of these transactions to be verified by both government and the private sector in order to show what progress has been made.

8.1.2 Empowerment and Participation

The Strategic Plan has specific objectives and programmes intended to empower blacks, women, the disabled and the youth in agriculture and agribusiness. Clear roles, commitments, quantities, time frames and targets were indicated in the Agri-BEE Charter proposal which has now been gazetted in 2008 after protracted negotiations between the parties.

The DoA provided funds for AgriBEE initiatives and the AgriBEE principles were supposed to be applied in industry plans. The guidelines or score card principles are intended to be used to guide HDI's and agri-business firms to configure Agri-BEE deals and commodity organisations in using levy, trust and other funds towards the objectives of empowerment.

The Review reveals that dedicated structures such as the Women in Agriculture and Rural Development (WARD) and Youth in Agriculture and Rural Development (YARD) were established. The Female Farmer of the Year Competition was introduced to incentivise the participation of women in agriculture.

However, indicators on the numbers of people of designated groups effectively empowered by the mentioned initiatives are still hard to come by but general perceptions have it that the numbers remain low. Furthermore, the Review acknowledges that a number of uncoordinated private empowerment initiatives or in collaboration with government exist but are not adequately reported on. The recent IDC/ABC survey of empowerment initiatives amongst agribusiness firms provides some evidence and shows that 92% of the respondents consider their BEE strategy to be of importance in that it is driven by senior management and their Board of Directors and indicative of the seriousness agribusiness considers empowerment.

However, there is a need to deploy more rigorous assessment strategies to measure and determine whether the private sector and commodity groups apply empowerment as one of the many narrow unsustainable corporate social responsibility projects or as a critical business imperative without which competitiveness and profitability can not be achieved. Such rigorous assessment strategies should also be used to measure the extent to which government uses procurement to drive and incentivise established business towards desired behaviour, good practice and compliance with the

empowerment and participation frameworks.

The lack of access to information, complex and unaffordable business transactional services (first economy demands) hamper the capacity of Historically Disadvantaged Individuals (HDI's) to take an active leadership role in the process of their own empowerment. The developmental state has to acknowledge that the stakeholders are not equally endowed with resources and capacity and therefore government has a duty to level the playing field so that the HDI's can be empowered to perform their rightful historical role.

8.1.3 Agricultural Support Services

In 2001 the drafters of the Strategic Plan noted: *"..post-land settlement support to participants in the land reform programmes has been organised on an ad hoc basis, with the result that its impact has been partial at best. At the same time, support services to farmers in the former homeland areas have all but collapsed."* Following benchmarking, an Extension Recovery Plan was introduced by government in 2007 which will be funded over the MTEF.

Commercial farmers receive most of their support services from the input suppliers and other service providers as loyalty services and not from government extension services. The quality of this extension service is up to date and of cutting edge information in the industry and is received as long as they purchase products.

For a number of years now, the Black emerging farmers including those from former homelands, have not been cultivating crops or participating in formal mainstream trading activities in animal husbandry. The slow down was due to the lack of capacity in the provinces to disburse grant funding leading to no productive activity. Therefore in the absence of productive activity by Black farmers, the government extension officer is in a situation where it is impossible for him/ her to perform. Government's capacity to disburse grant funding is measurably low resulting in allocated funds returning to treasury year-on-year.

Government implemented CASP in 2004 initially focusing on support for animal husbandry; efforts to improve market access through a short message service (SMS) providing market information launched in 2007; the introduction of mentorship programmes in 2006, and the launch of MAFISA in 2006 and LARP in 2007.

The Review shows that the disbursement of MAFISA loans had started late, and there had been a hiatus due to suspension by the Land Bank and expiry of the pilot agreements. Further challenges included capacity, delayed establishment of accreditation committees, prolonged process lead-times, reliance on extension services and a need to change the mindset of end users, to address interest rates and address difficulties in accessing financial services.

A recent survey amongst the commodity organisations reveals a variety of support programmes implemented by these organisations over the last three years to assist black farmers in their respective industries. These programmes vary from training programmes, farmers' days, information programmes, market opportunities and contracts and are costing the commodity organisations about R150 million in total. There is a need to follow up what happens to these Black farmers after they are trained (whether they are deployed in productive activity) in order to measure impact registered by such interventions. Alternatively, training should target those HDI's who have guaranteed grants, loans and proven access to land for cultivation so that training is not a fruitless exercise but an imperative for production.

In terms of Human Resource Development the AgriSETA also played an important role, however, given the current levy/grant funding model, Agri-SETA cannot address the need for skills development within the sector at all.

In 2007/08 government commenced with the extension recovery plan through profiling the state of extension and advisory services in all nine provinces. The results illustrated understaffing by 5 490 extension officers and a need to intensify training and visibility.

To this end an extension recovery plan with a funding of R500 million over the MTEF period 2008-2011 will be rolled out in all nine provinces to address capacity deficiencies and create a more visible and accountable extension service. A green book for monitoring visits of extension officers and all field officers like animal health technicians will be introduced.

In this current financial year, our recruitment plan will target at least 1000 extension personnel from among young people and women. Through a partnership agreement with the government of Kenya extension specialists will be seconded to support the Department of Agriculture in the development of structures and systems for the delivery of support of the Land and Agrarian

Reform Project and other initiatives.

In concluding the support services chapter, triangulation with NAFUSA is appropriate since they are the organised formation of HDI farmers. In a submission made by NAFUSA, the review process found that:-

There have not been improvements in the participation of black farmers in the mainstream commercial agriculture since 2001 to date due to numerous factors such as;

- the sluggish land reform process;
- reluctance of commercial farmers, agric-industry, agric-commodities retailers, etc to share in the agric value chain as per equity notion aspirations;
- lack of co-ordination of support services
- difficulties in accessing funding by small-scale black farmers for capital costs (for infrastructure and equipment), operational costs (diesel costs, transportation costs, irrigation costs, electricity costs, etc), production inputs costs (for fertilizers, seeds, agrochemicals and medicines);
- lack of access to information and inadequate knowledge and skills;
- adverse climatic condition;
- stringent international trading protocols and heavy subsidization of some nations to their farmers;
- unfavourable transformation developments such as introduction of the New Credit Act in 2007;
- improperly planned and coordinated farmer support initiatives, etc

8.2 Core Strategy 2: Global Competitiveness and Profitability

This subject is dealt with extensively in pages 38 to 66 of the main review report source document and includes graphs, statistics, analytical models and bench marking data about the agriculture sector in South Africa. The following indicators are reviewed in detail in the main review report resource document and form the basis for obtaining a general perception of the competitiveness and profitability of the sector.

- i. Competitiveness Index
- ii. Agricultural Business Confidence Index
- iii. Fixed Capital Investment in Agriculture
- iv. Agricultural Trade Trends
- v. Employment Trends
- vi. Profitability Index

The limited competitiveness and profitability in the sector impact on the sector's ability to be a major employment creator of sustainable livelihoods. Total employment on farms declined from 940 000 in 2002, to approximately 628 200 in 2006. In addition, the sector saw a shift to non-permanent or seasonal labour, and is referred to as the casualisation of labour. The introduction of labour regulation as well as the implementation of the Strategic Plan for Agriculture has not been unable to stem the decline in employment, nor has it halted the casualisation of the remaining labour force. Both trends have undermined the social role played by agriculture.

Forty per cent of farm workers lost their jobs between 1993 and 2006. Job losses among unskilled general workers have been the norm, and that occurred alongside an increase in the employment of skilled workers and a decline in the overall number of employed workers. Poor living and working conditions on many commercial farms meant that, by many socio-economic indicators, farm workers are among the poorest of poor South Africans. The retrenched farm workers are displaced to rural villages and squatter camps in the precincts of urban areas.

The Strategic Plan document introduced several required actions related to six factors which determine and shape the environment in which the sector competes and promote the creation of competitive advantage. Performance of the actions under this core strategy could be measured given the availability of certain key indicators. The main conclusions are:

- A negative declining trend in competitiveness of the sector after 2004
- Agribusinesses highlighted many constraints to competitiveness with the cost of crime as the most important
- Business Confidence in the agricultural sector remained low for most of the period and recovered only in the last year
- The effect of low confidence is also reflected in the low levels of investment and the declining value of capital stock in real terms
- When a sector is competitive one would expect exports to grow. The reality is that agricultural imports are growing faster than exports with net agricultural trade declining fast

- Net farm income declined for 3 years in a row after 2002, but recovered dramatically in 2006/07 due to good commodity prices and good climatic conditions.

The review process analysed the various factors impacting on the sector's competitiveness and profitability and revealed the following:

- Factor conditions are important to assist competitiveness. One aspect that has been hampering competitiveness has been infrastructure. Despite strong commitments from Spoornet and a major Agro-logistics Report prepared by DoA the consultations with Agribusiness across South Africa reveal a totally different picture suggesting that Transnet Freight Rail (Spoornet) has done nothing to alleviate the problems with availability of rail trucks, time delays in terms of delivery, and turn around times. The frustrations with Spoornet's non-delivery and total inefficiency have reached breaking point and many companies have moved 100% to road transport. This is a major cost to agriculture, to our road systems and to lives on the roads.
- Road and telecommunication infrastructure is fast deteriorating. The latest energy crisis is a further major blow to the agricultural sector's effort to be competitive and profitable
- To be competitive the latest technology and quick release of productivity enhancing farming inputs is required. Stakeholders noted that problems exist with regulatory processes delaying release of new farm requisites and varieties.
- Presence of anti-competitive and monopolistic behaviour in certain value chains of the agri-food sector is of concern.
- The availability of industry statistics and market information is critical for competitiveness. Several commendable actions were taken to improve market intelligence and industry statistics.
- In today's world trade environment complying with Sanitary and Phytosanitary (SPS) standards is critical. During the review period South Africa experienced several devastating disease outbreaks affecting the credibility of South Africa's export products in the major export markets. Despite some recent improvements SPS coordination and resources still remain a key concern and stakeholders have concerns over whether these recent very positive actions by DoA are not too little too late.(refer to page 65 of main report on Risk mitigation)
- Very little new market access has been achieved for agricultural products. This is critical in order to diversify South Africa's global agricultural export risk profile as well as expanding market entry for new producers.

A longitudinal study by international experts covering the period 1960 to 2007 shows that South African agricultural imports as a percentage of world imports have stayed relatively constant over the past, nearly 50 years. This means that when "playing in their own backyard" the South African agribusiness sector has stayed relatively competitive against other global competitors trying to gain local market share.

As a result of the 1994 democratic transition, the end of international isolation and the opening up to global trade South African exports as percentage of world exports continued to show the declining trend. This means when "playing in the markets of other countries" the South African agribusiness sector lost its ability to compete as shown by a 12-place drop in South Africa's ranking, from 38th to 50th out of 55 countries (World Competitiveness Yearbook for 2007).

In explaining South Africa's drop in global competitiveness rankings, the five most problematic factors for doing business in South Africa were identified by the studies as:

- a) crime and theft,
- b) inefficient government bureaucracy,
- c) inadequately educated workforce,
- d) restrictive labour regulations and inadequate supply of infrastructure.
- e) inadequate strategic management and leadership capacity and acumen in the private sector especially in the area of global competitive business strategy

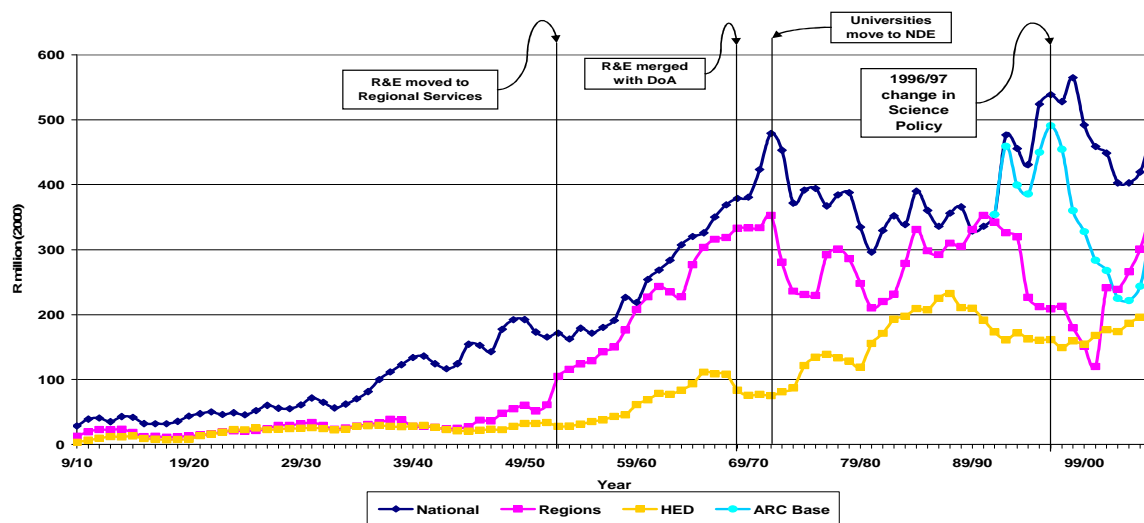
The review process shows that in 2001, the Strategic Plan for South African Agriculture set out to address the competitiveness elements mentioned above. However, the roll out of the Implementation Program (programme of action) has not moved the sector from low competitiveness rankings to higher target scores since 2001, instead the ranking declined to a low 50 out of 55 countries by 2007.

The 5% country target for overall economic growth is assumed to be the bench mark against which competitiveness and profitability of the agriculture sector should be measured. Whereas the economy of the country generally did not achieve the 6% level, the agriculture sector did not reach the country average either year on year.

Instead, the sector experienced concentration, which is, shedding of small players resulting in fewer but bigger production units. The industry shifted from labour intensive to capital intensive, highly mechanised and automated production units resulting in the shedding of jobs as mentioned above.

Public-sector financing remains the dominant source of funding for Research and Development, but public funding has come under severe pressure in South Africa in recent years. In the 2006/07 financial year, individual agricultural industries spent approximately R74.4 million on research projects. The impact of these research projects to the economy need to be monitored.

Figure 5: Annotation? (NAMC)



South Africa does not match the global benchmarks for research and development. The decline in expert personnel, quality of infrastructure and training has had a negative impact on research and development outputs in the country thereby affecting competitiveness.

NAFUSA in its submission, raises the proposal of a SADC Agriculture Sector Plan. This perspective is influenced by firstly, the fast changing global geo-politics and the strategies of regional economic integration blocks which are happening globally. Secondly, South African companies from all economic sectors are already making forays into the rest of the African continent and are gaining exposure and experience in doing business in these new markets.

Whereas the New Partnership for Africa's Development (NEPAD) Comprehensive African Agriculture Development Programme (CAADP) of which South Africa is a signatory, commits members to spend 10% of their national budgets on Agriculture. The National Treasury data shows that South Africa currently allocates 2.65% of total national budget to agriculture.

8.3 Core Strategy 3: Sustainable Resource Management

The Strategic Plan recognised the importance of sustainability as a fundamental principle "...to enhance farmers' capacities to use resources in a sustainable manner and to ensure the wise use and management of natural resources." Some critical actions are necessary given the many concerns that were raised during the review process about climate change and clean development mechanisms, the deteriorating water quality, increased pollution, soil degradation, etc.

South Africa has only 13% arable land. This means that 87% of South Africa is only suitable for natural forests, nature reserves and/or extensive livestock farming (including game farming) on natural rangeland. Soil erosion, soil fertility decline and overgrazing are some of the main degradation types reported to contribute to the environmental threat.

The challenge facing sector practitioners in the value chain, that is, input manufacturers, farmers, agro-processors and consumers is the correct application and disposal of chemicals aimed at increasing agricultural production. No baseline data is available to monitor the status of our major resources and is something that is now critically needed to improve the monitoring of our resources. Most of the figures quoted as reliable statistics, are based on expert opinions or very coarse prediction models. Soil erosion, soil fertility decline and overgrazing are some of the main degradation types reported to contribute to the bleak picture.

Although no formal statistics are available, the view shared by all stakeholders is that South Africa's natural resources continue to be under a severe threat of degradation. This concern is raised in almost

all papers or reports on ecosystem health in South Africa, and also in the last year illustrated by increasing complaints about water quality and pollution by farmers.

Due to the influence of the Kyoto Protocol, the Clean Development Mechanisms and other climate change frameworks, government has started programs to monitor trends regarding status of natural resources. Relevant legislation is in place or about to be developed at national and local municipal level to regulate environmental good practice. However, the challenge remains the capacity to monitor and to bringing to book those who transgress by destroying the environment.

In terms of animal genetic resources, animal breeders' societies as regulated under the Animal Improvement Act have been the main drivers of conservation of animal breeds. On a provincial level, livestock development centers are responsible to keep and maintain animal genetic resources as pure indigenous/landrace breeds, increase the population of endangered breeds and supply stud breeders, commercial farmers and communal farmers with sires. These activities serve as important risk mitigating measures to ensure the maintenance of agro-biodiversity.

Central to the Irrigation Strategy is ensuring that cooperative governance with other government institutions which are responsible for water resources and water allocation to enable transformation of state support for agricultural water use in South Africa, in the upliftment of the historically marginalized. The strategy includes monitoring the impacts that irrigation has on surface water quality such as water logging, desertification, salinization, erosion, etc that affect the irrigated areas. There is also the problem of downstream degradation of water quality by salts, agrochemicals and toxic leachates which result in serious environmental problems.

There are alternative Conservation Agriculture and Biological methods of production, such as "Organic" and "No Till", which are proving to be effective in rehabilitating the positive fertility status of the soil and protecting the environment. Like all new phenomena, these practices are growing in popularity and acceptance by the farming community.

Consumers are increasingly becoming aware of environmental sustainability issues, such as those in developed economies who use their buying power and choice to incentivise and drive the behaviour of producers in the whole value chain of the agri-food sector to comply with best practice standards to ensure environmental resource sustainability. There is evidence that certain supermarket chains in this country have established special organic food shelves, thereby influencing backward integration for processors and primary producers to provide organic foods.

9. Progress with Implementing the Priority Programmes

As with many of the required actions implemented under the Strategic Plan we have also noted deliberate and commendable actions taken in relation to the various priority programmes. It is worth highlighting the following main conclusions in this regard.

9.1 Implementation of the safety and security strategy:

Despite some progress this issue still remains a major concern to all farmers' unions and an absolute necessity for rural stability and rural economic growth. The continued loss of lives of farmers has major implications for agriculture's skills base as well as the important strategies of mentorship and training of new farmers as well as for rural stability and a growing rural economy. It is therefore still the feeling amongst the major role players that this key priority programme has not received the attention it requires.

9.2 Improved Governance and implementation of partnerships and mentorship programme:

The intended permanent joint committee responsible for monitoring progress of the Strategic Plan was not instituted. Several actions to foster a partnership approach in the agricultural sector have been initiated over the past few years such as the Presidential Commercial Agriculture Working Group (CAWG) and the Forum of Agricultural Chief Executives. A master mentorship programme has been instituted by Government in collaboration with commodity organizations and has performed well.

9.3 Fast tracking the programme of land redistribution for agricultural development (LRAD):

It is noted with concern that there are many plans and initiatives to fast track land reform but limited progress to the redistribution targets has been recorded. LARP is a promising new approach launched

by Government for coordinated service delivery.

9.4 Transform the system of agricultural technology development and transfer towards being more market responsive:

The agricultural research system is still under stress and it is hoped that the new R&D strategy adopted will improve matters. Strategy needs to be implemented quickly so that funding of the agricultural research system can improve.

Several education and training initiatives have been implemented but the extent and coverage remain limited. At the same time mentorship programmes, and a young professional development programme have been implemented to build capacity in the sector.

9.5 Establish a broadly accessible market information system:

Many commendable actions were taken by DoA to improve statistics but problems with regard to livestock and labour statistics remain while stakeholders expressed concern about the fact that some key market statistics are collected and kept by commodity organisations only with no funding support from government.

9.6 Develop and operationalise an effective risk management system:

A number of commendable efforts were taken in the bio-security division of DoA to fill vacancies and improve inspection services at borders. This was further enhanced with a new budget allocation specifically earmarked for SPS matters. A new Agricultural Drought Management Plan was drafted which could assist the government in dealing with this critical issue in future.

9.7 Ensuring fair competition- locally and internationally:

The Review of the Agricultural Marketing Act has been completed but recommendations still need to be implemented. These recommendations could have far reaching implications for improved market access and improve empowerment in the agricultural supply chain. A new Agricultural Trade Strategy has been drafted but still needs to be adopted. The DoA has made progress on important issues related to the WTO, SA/EU, SADC trade protocol and SACU/EFTA FTA. It is however observed that activities related to opening of markets and creating additional trade opportunities are still being underplayed with more focus being put on trade agreements and negotiations.

9.8 Implementation of the shared vision on labour and land reform:

A process of alignment between departments of Agriculture and Land Affairs and fast-tracking land reform has led to the development of a comprehensive joint project on Land and Agrarian Reform (LARP).

9.9 Process of empowerment in all sectors of the agri-food sector:

The AgriBEE Charter has been concluded following a lengthy consultative process. The provision of agricultural finance to black farmers, whether in the former homelands or as beneficiaries of land reform programmes, remains problematic. The recent problems of the Land Bank and the unconvincing and rather fragmented approach of MAFISA, as well as the reluctance of commercial banks and agricultural business to fully engage with black farmers is a clear indication that the sector is a long way from fully integrating the rural financial system so that access to agricultural finance for all farmers is secured. However the effects of FICA requirements and the National Credit Act also need to be considered in this phenomenon.

9.10 Targeted investment to enhance competitiveness:

The capacity problems with rail and harbour infrastructure and the limited investment to solve these problems by Transnet are constraining any effort to grow the agricultural sector and its exports. Additional funds were allocated during the review period to agricultural education and training and agricultural research and development happened. The required scale of these investments however, still needs to be obtained. Hesitation to cooperate with the private sector and centres of excellence on both these issues remain the main reason why there is not sufficient movement in this field.

9.11 Lowering the overall cost of production:

Organised agriculture was instrumental in negotiating annually increased diesel rebates for agricultural

use. Sharp and continuous increases in input prices necessitated the introduction of input price monitoring by the National Agricultural Marketing Council (NAMC). Despite these initiatives the overall cost of production in agriculture remain high with administrative prices such as fuel, electricity and newly introduced legislation on property rates being the major culprits.

10. Have the Expected Outcomes Materialised?

At the time of the preparation of the Strategic Plan in 2001 it was envisaged that the successful implementation of the Strategic Plan will have a number of positive outcomes. These intended outcomes present only a partial scorecard of the implementation of the Strategic Plan but it is nevertheless worth unpacking each to determine whether this was achieved:

10.1 Increased wealth creation in agriculture and rural areas.

This is a fairly broad indicator of the success of all government and social programmes and therefore rather difficult to attribute anything to the Strategic Plan. It is however so that the rural economy in South Africa remains under stress with limited economic opportunities and wealth creation. The majority of poor and landless people still reside in rural areas and many indicators from various household surveys by STATSSA indicate that very little progress has been made in this respect.

10.2 Increased sustainable employment in agriculture

Agriculture has continued to shed permanent labour and the trend of increased casualisation of labour has continued. Survey data suggest that the loss of livelihoods resulting from retrenchments and evictions from farms outweighed the creation of new livelihoods in agriculture through land reform. Agriculture has thus not lived up to its potential to create additional rural livelihoods and it could therefore be one of the negatives which could put doubt on the success of the implementation of the Strategic Plan. It could however also be that economic realities, labour legislation, general safety and security conditions made a much bigger contribution to the trend of declining employment in agriculture.

The alarming trend of declining employment in the agricultural and food industry is furthermore confirmed by the statistics of employment in the white maize and wheat milling industries which have more than halved over the last 5 years.

10.3 Increased incomes and increased foreign exchange earnings

Farm incomes have as usual fluctuated in response to global commodity prices and to the fluctuations in the value of the South African currency. The argument in 2001 was that if the plan was successfully implemented the sector would be more competitive and thus able to sell more volumes in the export market with lower imports. The results of the Review do not present a positive picture with the only increase in agricultural export volumes occurring during the period of exchange rate depreciation in 2002 and never exceeded those volumes of close to 9 million tonnes. There was also limited diversification and expansion of exports into new markets with the majority of exports still going the traditional export markets. Agricultural imports for the first time in history exceeded agricultural exports in 2007.

Net farm income in commercial agriculture increased rapidly in 2001/02 but has declined since 2002. The latest figures for 2006/07 do however provide a much better picture regarding the profitability of the sector. Net farm income rose sharply for the first time in three years, increasing by 107,3 % and amounting to R26 488 million for the 12 months up to 30 June 2007. The cash flow position of farmers improved dramatically. This increase in net farm income is largely driven by high producer prices for the major commodities which are influenced by many international factors. Again there is very little that the implementation of the Strategic Plan can claim.

10.4 Reduced poverty and inequalities in land and enterprise ownership

Despite some progress with land reform large inequalities and deep poverty still characterise South Africa's rural landscape. All stakeholders agree that for a successful land reform programme which is sustainable economically, socially and environmentally, agricultural support services will be critical. Black farmers, specifically through comments received from NAFU SA, still complain of limited access to the mainstream agricultural economy due to the non-existence of a comprehensive support programme for black farmers which highlight the fragmented nature of especially the financial services and extension services to these farmers. All stakeholders are of the opinion that support services to black farmers have not received sufficient attention thus far.

The progress with black economic empowerment in the agricultural industry was fairly slow but the publication of the AgriBEE charter in the government gazette in December 2007 and the development of the "Wine Charter" as a form of industry specific empowerment initiative, some new energy and impetus towards this goal is likely.

10.5 Improved farming efficiency

Measuring efficiency in the agricultural sector nationally is a rather difficult task and requires a lengthy study. Submissions from stakeholders and industry specific observations reveal that farming efficiency improved marginally through the use of new and sophisticated technology in selected industries but that these small efficiency gains remain under threat due to deteriorating road infrastructure, telecommunications infrastructure, and the recent energy crisis. Increased farm thefts of equipment, cables and irrigation infrastructure as well as deteriorating water quality put a further damper on any improvement in the efficiency of farming in South Africa. Most needed improvements in efficiency are required amongst black farmers but the poor performance of the extension services, limited access to new technology and finance to acquire this technology limited any possible progress in this regard. The interventions by commodity organisations and agribusiness were however too small to make any significant impact.

10.6 Stable and safe rural communities

Despite some marginal decreases in the number of farm attacks shown in the main report, rural communities remain under severe security threats. Crime varying from petty theft, to theft of crops, machinery, cables and livestock presents a major headache for all spheres of the agricultural sector. This has the potential to limit South Africa's ability to secure a continuous supply of food to its growing population in these challenging times of short food supply and high food prices. Many farm families and farm labourers are affected by farm attacks and stakeholders argue that this remains a rather unresolved issue

10.7 Improved investor confidence and greater domestic and foreign investment in agricultural activities

The discussion on the business confidence in the sector reflects that the confidence in the agricultural sector was low in most of the years after the adoption of the plan. This has also resulted in limited new investment in the sector. Fixed capital investment and foreign investment in the sector was low.

11. Incentives for Committed Participation in the Strategic Plan for South African Agriculture.

In multi-partnership projects, where the parties have different but complimentary interests and processes which are intended to benefit the collective, there is a need to clarify incentives and benefits for committing time, funds and effort. The enquiry should establish whether:-

- There were clear factors to motivate sustained compliance and buy-in by the parties?
- There were incentive mechanisms to drive desired behaviour towards achieving the Vision?

The core strategy for access and empowerment has clear commitments from all parties as gazetted in the Agri-BEE document. This empowerment framework has clear built in benefits such as procurement mechanisms and access to preferential markets for those companies which will comply with the requirements.

Apart from the profit motive, the core strategy for competitiveness and profitability does not have other effective guidelines for benefits linked to compliance and commitment to desired behaviour as in the case of the empowerment strategy. Private sector stakeholders argue that the market conditions, ambient risks and other factors outside the control of the parties continue to dictate at any given time how companies adapt and seize niche opportunities which present themselves. Any attempt at placing rigid parameters for competitiveness or over regulation would result in the opposite undesirable negative trends.

With regard to the core strategy on sustainable resource management, Government is signatory to relevant international protocols in the area of environmental protection and has elaborated regulatory instruments to guide compliance. For many enterprises especially SME's, the cost of compliance is either prohibitive or increases the cost of production thereby cancelling benefits of initiatives to lower input costs and increasing competitiveness. This is seen as a disincentive unless government intervenes to create a common good platform which will save costs to the individual producers and

reduce their input costs thereby incentivising producers. Consumer behaviour and demand is increasingly also driving and incentivising good agricultural practice and sustainable resource management.

While government has support funds for Emerging Farmers for example, for CASP, land care, etc., more information is required to establish the impact registered by this allocation nationally. There are commercial farmers who practice alternative Conservation Agriculture and Biological methods of production and efforts of animal breeders maintain pure genetic lines which is a method of preserving the natural species from extinction. Clear incentives should be given to these champions of conservation.

Monitoring adherence to environmental protection by agro-processors is a challenging area similar to monitoring manufacturers generally. This area requires more resources and sufficient expertise for it to be executed effectively.

12. Financing Implementation of the Strategic Plan for South African Agriculture

The Agri Sector Plan is a programme which has enjoyed broad acceptance at the highest level in the land. Who finances the program? How is it financed? How are financing decisions taken? How are finances accounted for? What % of the Budget of the participating organisations is spent on furthering the Vision, programmes, projects and tasks of the 2001 Strategic Plan for S.A. Agriculture?

The parties had agreed that the DoA and PDAs will produce a coherent DoA-PDAs sectoral budget planning and spending framework for the Agri Sector Plan. The review found that this framework was not done or followed. Each party budgeted and spent according to their own mandates and dictates. The Department of Agriculture funds the National African Farmers' Union's (NAFU) capacity-building programme. Further funding is provided by the United States' Department of Agriculture. Co-operatives aimed at economic empowerment are also funded and co-ordinated by the Department.

Government is by far the largest spender on the sector plan items. Over the past 3 years there has been an annual budget allocation for AgriBEE whose main expenditure areas were linked to testing business models and equity related empowerment initiatives. One such an example is the newly established AgriBEE fund with 50% of the fund earmarked towards equity (R50 million) and 50% for SMME development (R50 million).

Support for land reform beneficiaries started in 2004 with the announcement by the Minister of Agriculture and Land Affairs that a provision of R210 million had been made for the initial rollout of the Comprehensive Agricultural Support Programme (CASP) which to date has reached R1.67 billion.

Agricultural and rural finance was established after a number of reviews undertaken from 2000-2003 demonstrated that lack of finance was one of the major constraints limiting small-holder productivity. In 2004, government announced the establishment of a new government agency - MAFISA (Micro Agricultural Financial Institutions of South Africa) to help close this funding gap and earmarked R1 billion for this purpose.

The Sugar commodity group through its Umthombo Agricultural Finance (UAF) programme is the largest private sector agricultural development finance programme in South Africa. It offers financial assistance (loans and savings) to nearly 48 000 small-scale cane farmers in KwaZulu-Natal, Mpumalanga and Eastern Cape provinces. To date UAF has lent out in excess of R250 million in production loans to this sector.

Similar activities – although not at the same scale – are evident for example in the grain industry, deciduous fruit industry, red meat industry, cotton industry and potato industry. A recent survey amongst all the commodity organisations reveals a variety of support programmes implemented by these organisations over the last three years to assist black farmers in their respective industries. These programmes vary from training programmes, farmers' days, information programmes, market opportunities and contracts and are costing the commodity organisations about R150 million in total per annum.

The financial sector has made announcements and plans about dedicating special funds to advance land reform. Some black farmers buy land without assistance from government programmes through commercial banks. These statistics are however not available on a national basis, therefore a strong argument is made for the extent of these transactions to be verified by both government and the private sector in order to show what progress has been made.

However, as the review revealed, these important policies and strategies were developed and rolled out as largely independent activities which did not integrate to optimise a single coherent strategy. On their own, each of these initiatives can not have the far reaching impact compared to if they converged into a single well co-ordinated and managed process.

13. Role, Influence and Impact of Policies which came after 2001

Since the adoption of the Strategic Plan in 2001, additional policy thrusts which have a bearing on the agriculture sector have been developed or are in various phases of adoption and implementation. Many of these initiatives were not conceived of at the time of drafting of the Strategic Plan. What follows are examples of these policies or strategies referred to above :-

- 🍷 Agricultural Marketing Strategy (Policy),
- 🍷 Agricultural Research and Development Strategy,
- 🍷 the AgriBEE framework for agriculture as well as
- 🍷 the Integrated Food Security Strategy for South Africa
- 🍷 Integrated Manufacturing Strategy (2002);
- 🍷 Integrated Agricultural Development Strategy;
- 🍷 ASGISA-JIPSA framework
- 🍷 the DTI's National Industrial Policy Initiative
- 🍷 DoA/DLA leadership alignment and
- 🍷 the Land and Agrarian Reform Project (LARP).
- 🍷 Regional Integration Agenda (SADC and COMESA)
- 🍷 International Economic Development Protocols agreed to between South Africa and other foreign countries
- 🍷 NEPAD 10% of National Budget for Agriculture

In essence, these prescripts should contribute to the pillars and actions mentioned in the Plan and as such should or perhaps have already contributed to achieving the goals of the Agricultural Sector Plan or its implementation.

However, as the review revealed, these important policies and strategies were developed and rolled out as discrete independent activities which did not integrate to optimise a single coherent strategy. On their own, each of these initiatives can not have the far reaching impact compared to if they converged into a single well co-ordinated and managed process.

14. Overall Conclusions

In the Review the stakeholders recognised their joint collective responsibility for the implementation of the Strategic Plan and many perceived shortcomings in this regard.

The review process has revealed that a number of critical actions have been taken by Government and the private sector to support the implementation of the Strategic Plan. However, some of the actions were only taken some years after the plan was signed and certain actions were only implemented or only received funding within the last year or two. Furthermore, it was not always possible to report on the impact given the short time periods involved, the absence of clear milestones and targets and the partial nature with which most programmes were implemented.

The Review concluded that, despite the slow response, a number of initiatives are now in process which, if managed and implemented effectively, will go a long way to addressing many of the strategies and areas of concern in the current Plan.

While stakeholders agree that various actions were taken by government and the private sector, there is general consensus on and concerns about the slow pace of implementation, the limited capacity within government to implement many of its programmes and the limited coverage and inadequate funding of some critical programmes. Frustrations about these aspects were raised by all stakeholders and in some way led to alternative interpretations about the intentions and content of the Strategic Plan.

Some stakeholders argued that the Plan was at fault and did nothing for black farmers while others argued it is only focused on black farmers. Some also argued therefore that there is a need for a new

plan while other stakeholders were of the opinion that the content of the Plan is fine but that it was the implementation of the key programmes and deliverables that was creating most of the problems.

The Review reveals that the primary discomfort of most stakeholders with the existing Plan is due to the fact that the intended or expected outcomes have not materialised and farmers, agribusiness and historically disadvantaged communities generally feel that their situations have not improved. This is identified as being due to three lacking factors:

- Leadership in driving the Plan with a focused sense of urgency and commitment.
- Implementation capacity – essentially institutional and management capacity and skills; and
- A comprehensive implementation plan

Given that the 2001 Strategic Plan for the Agricultural Sector addresses the key strategic elements represented by the different stakeholders' positions a majority of stakeholders have suggested that a full-scale redrafting of the Plan does not at this time seem necessary.

All stakeholders recognised that inevitable changes over time in global and domestic economic, social or environmental conditions require that a regular high-level assessment of the coverage of the Plan and priorities as well as of its impact should be instituted to ensure its continued relevance. The Review identifies a number of key strategic issues that require immediate and urgent attention to ensure the relevance and currency of the 2001 Strategic Plan.

15. Recommendations

5.

1. Philosophical Assumptions Underpinning the Agri-Sector Plan

A complex programme which has a long time horizon and has stakeholders coming from different world views such as the Agri-Sector Plan requires that the parties continually dialogue and exchange theoretical and ideological perspectives to align thinking and understanding at the strategic level as the process unfolds to avoid unintended divergence from each other. Periodic seminars, position papers and exchanges with practitioners from other countries is necessary to enrich innovation and practice.

2. Governance

2.1 The Sector Principals should endorse an effective partnership approach towards managing the Strategic Plan and that duplicate efforts should be avoided.

2.2 Sector Principals should immediately establish a permanent Sector Strategy Implementation body and commit dedicated human resources to it. (The CEO Forum Steering Committee, the Land and Agricultural Reform Policy (LARP) implementation structures, or some combination thereof, could be considered). This body should:

- report to the Principals;
- be representative of all stakeholders with members who have the authority, skills, knowledge and the passion to make things really work, and who are prepared to commit the time required;
- be chaired by rotation; and
- be given the authority to call the parties involved in delivery to account against the identified and agreed upon milestones.

2.3 The Implementation Body should be tasked with developing a Sector Strategy Implementation Plan with clear achievable annual milestones and deliverables for approval by the Principals.

2.4 The Sector Strategy should be subjected to regular biennial assessments to ensure its continued relevance and effectiveness.

3. Core Strategy : Equitable Access and Participation

- 3.1 A comprehensive land audit should be conducted and a credible land database be established which includes private land reform initiatives and transactions.
- 3.1.1 A comprehensive and fully funded land transfer programme should be instituted via LARP.
- 3.2 The delivery of support services to farmers, in particular black farmers, should be restructured to make them more effective and co-ordinated. In this regard the findings of the international studies, which highlight the success of joint public-private initiatives, should be taken into account and skilled facilitators should be used to co-ordinate such voluntary joint initiatives.
- 3.3 The recovery and co-ordination of extension services (in its broader sense) should be undertaken as a joint Public Private Partnership (PPP).
- 3.4 The Department of Agriculture, Provincial Departments of Agriculture and relevant parastatals such as the Agricultural Research Council and the Land Bank which are viewed as key implementing agencies, should be fully capacitated, both in manpower and in increased expertise, to ensure that real implementation takes place.
- 3.5 Link young graduates to programmes such as internships to facilitate the entry of young individuals into agriculture and for the private sector to partner with government viz ARC on these. This would assist in developing appropriate packages for new farmers, including business skills.

4. Core Strategy : Global Competitiveness and Profitability

- 4.1 The current food price crisis highlights society's vulnerability to a weak and inefficient agricultural sector and the potential for social instability and increased rural poverty should it fail in providing efficient sustainable agricultural production and food security. Therefore, Government should institute an internationally benchmarked investment programme in public infrastructure and services, including research and development, rail transport, road and energy affecting the agricultural sector.
- 4.2 We need an effective inter Departmental Cluster System which will deliver on the recommendations.
- 4.3 The current food crisis, including availability concerns, necessitates consideration of expanding the scope of the Strategic Plan and contingency planning to SADC regional partners.
- 4.4 The revised Agricultural Trade and Tariff Policy should be aggressively implemented and Brand South Africa promoted in an agricultural context. Enforce the Southern African Customs Union (SACU) and SADC Agreements.
- 4.5 Improve market access at international, national, local, and support informal markets,
- 4.6 Government and Private sector should increase Research and Development Funding to a comparable level with international bench marks to ensure retention of expertise, development and maintenance of infrastructure as well as training thereby promoting local competitiveness.
- 4.7 Urgent attention is needed to ensure the proper functioning of the Registrar of Agricultural Products. Slow release of approvals and registrations and certain disagreements about procedures are constraining competitiveness and needs to be smoothed out urgently.
- 4.8 Improve participation at standard setting bodies and monitoring Sanitary and Phytosanitary measures instituted by other member countries.
- 4.9 Sector stakeholders to maintain and further cement their commitments in terms of the MAP Act No. 47 of 1996 to utilise statutory levy funding for empowerment, research, market development, information and consumer education.
- 4.10 The NAMC to conduct an annual review of the implementation of all projects funded by the statutory Levies
- 4.11 The Government should urgently conclude its consideration of the Review of the Marketing of Agricultural Products and implement accepted recommendations.

5. Core Strategy: Sustainable Resource Management

- 5.1 Economic, natural resource and social sustainability implications of all new strategic agricultural projects should as a matter of policy be explicitly addressed in proposals.
- 5.2 A system must be urgently developed to provide comprehensive information on South Africa's natural resource status, livestock numbers, land reform transfers and labour in agriculture.
- 5.3 Establish a system of conducting census data on small scale farming to enable special planning for this category.

6. Financing of Agri-Sector Plan Programme

- 6.1 The management and funding of each of the Sector Strategy priority programmes needs to be reviewed and urgently implemented.
- 6.2 Government should commit resources and consider hiring in professional management, including private sector, retired executives locally and internationally, to run these.
- 6.3 Additional funding should be sourced urgently to improve human capital development and skills in the sector. The limited funds available for the AgriSETA should specifically be addressed.

7. Labour Relations Dispensation

The following aspects, should be addressed to ensure sound labour practices in the sector:

- The rights of workers in terms of International Labour Organisation (ILO) requirements and the Constitution of South Africa must be defined and included in an agreed-upon protocol. The relevance of the Vision for Labour Relations in Agriculture must be confirmed.
- All workers should be entitled at least to basic conditions of employment.
- Sectoral determination and minimum wages must be subject to a consultation process involving all stakeholders.
- Regulations in respect of child labour will be formulated with reference to the ILO's guidelines.

8. Crime Prevention

- 8.1 Elevate the status of the Safety and Security Forum between the Agricultural Unions and Safety and Security Services
- 8.2 Public, private and community involvement should be encouraged in solutions to drastically reduce crime and violence affecting the sector.

9. Amending the Strategic Plan

The stakeholders should amend the old plan once the review process has been completed.

10. Urgent Matters Needing Attention

The Sector Principals should launch an urgent high-level discourse on the following key areas of urgent current strategic attention identified by the Review, namely –

- To ensure national and household food security;
- aggressive pursuance of sustainable productivity;
- Impact of Energy availability/ access and affordability on Agriculture
- Impact of Climate Change on Agriculture and farmer resilience;
- economic sustainability of strategic initiatives;
- enhanced bio security (e.g. improved sanitary and phyto-sanitary systems);
- accelerated land reform; and
- comprehensive support services to agriculture.
- Developing a viable models for Production of Small Scale farmers
- Participation of vulnerable groups in the sector

16. List of Task Team Members appointed on 8th May 2008

NUMBER	NAME	ORGANISATION
i.	Dr M E Mogajane	Department of Agriculture
ii.	Ms. M. Manny	Women in Agriculture and Rural Development
iii.	Mr J de Villiers	South African Agricultural Processors Association
iv.	Mr. M Mokoena	National Agricultural Farmers Union
v.	Mr. J Pienaar	AgriSA
vi.	Mr. B van Zyl	Transvaal Agricultural Union
vii.	Dr. J Purchase	Agri -Business Chamber
viii.	Dr S. Moephuli ARC	Agricultural Research Council

Facilitator and author: Mr M Sebakwane