

Presentation from (DALRRD) Department of agriculture, land reform and rural development.

Presented at Potchefstroom Agricultural College: Student Exposure Programme

Directorate: Agro processing support Unit

Presentation by

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OUTLINE

- ✓ what is agro processing
- ✓ AAMP
- ✓ policies and strategies
- ✓ trade patterns
- ✓ challenges
- ✓ legislations
- ✓ products and services
- ✓ opportunities
- ✓ funding



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1. What is agro processing

- ✓ According to the Standard Industrial Classification (SIC) the agro-processing industry is categorised as a subset of the manufacturing sector.
- ✓ Further, the agro-processing industry is demarcated into the following **11 divisions**: food; beverages; paper and paper products; wood and wood products; textiles; wearing apparel; furniture; tobacco; rubber products; footwear; and leather and leather products.
- ✓ Agro processing entails performing various operations on raw agricultural products that results in modified, new or enhanced product – resulting in higher market value and/or a longer shelf life.



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2. Why agro processing

- ✓ The National Development Plan and other government policy documents identifies agro-processing for its potential to spur growth and create jobs because of its strong backward linkage with the primary agricultural sector.
- ✓ Socioeconomic benefits of competitive, inclusive and vibrant agriculture & agro-processing value chain;
- ✓ **Rural industrialisation** through establishment of agro-processing industries closer to primary products (structural adjustment);
- ✓ Contribute to **food security** through reduced post-harvest loses.
- ✓ South Africa is a **net importer** of processed products – therefore opportunity.



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Agriculture and Agro-processing Master Plan – AAMP (new strategy by DALRRD)

- ✓ It's a social compact between labour, government, civil society and industry to develop a globally competitive agriculture and agro-processing sectors that drives
- ✓ market-oriented and inclusive production to develop rural economies,
- ✓ ensuring food security and grow decent and inclusive employment and entrepreneurial opportunities for all participants in agriculture and agro-processing value chain.



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Policies and strategies guiding the development of agro processing in the country

- ✓ NDP (National Development Plan)
- ✓ AAMP (Agriculture and Agro processing master plan)-new strategy
- ✓ Strategy on the development of agro processing smme's
- ✓ There are also provincial and regional strategies on agro processing development.



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The difference between agriculture and agribusiness lies in the value addition to the agricultural commodities carried out through processing

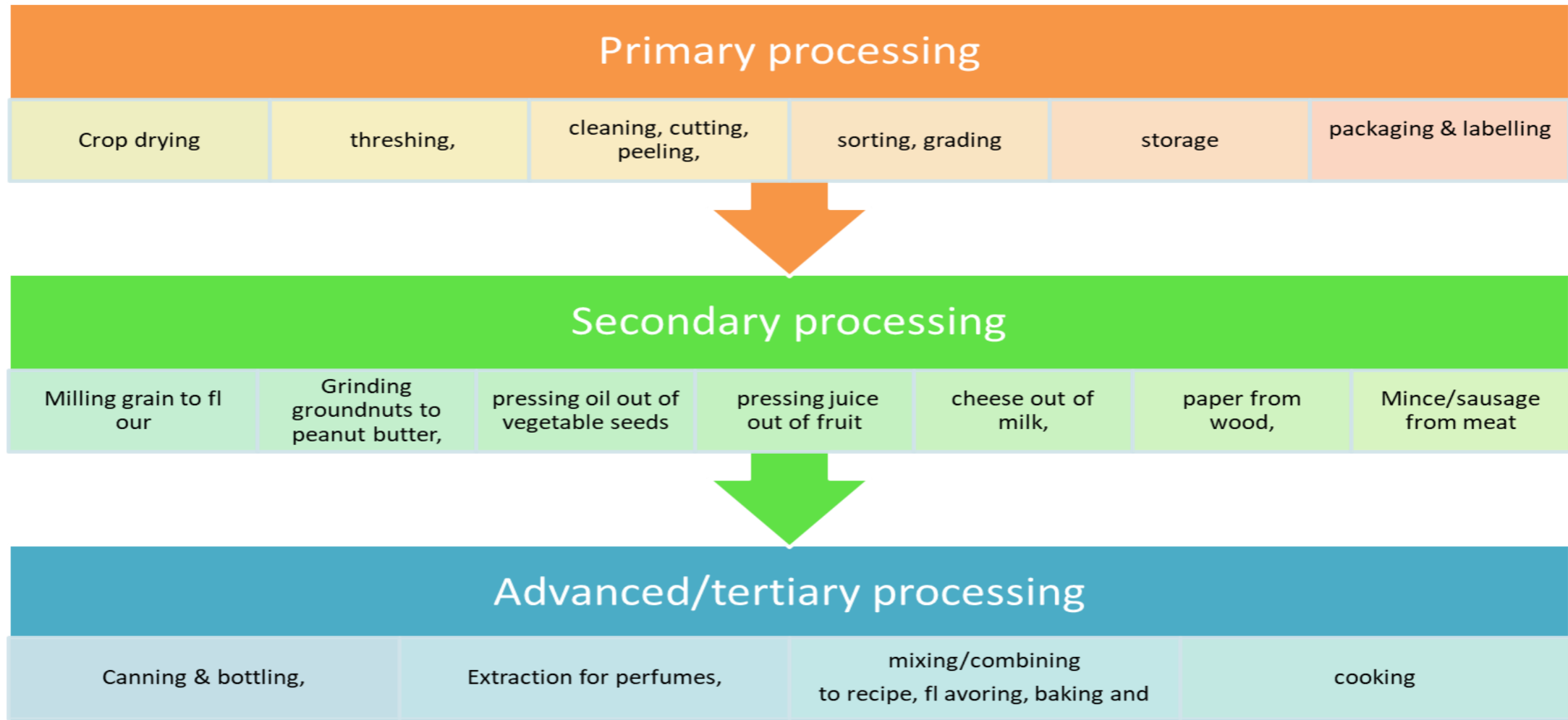
Primary agriculture products



Agro processed items examples



Agro processing phases



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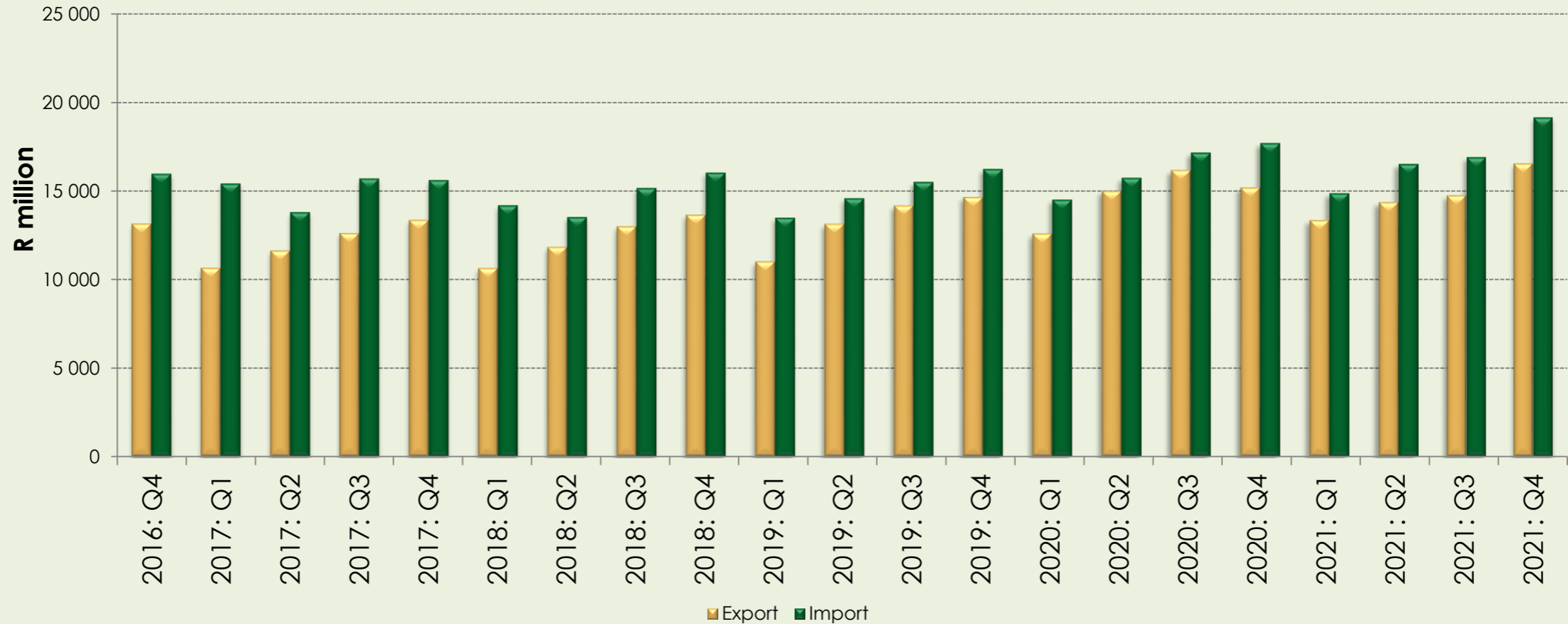
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Trade patterns

Trade Balance of Food Products



Challenges affecting agro processing smme's competitiveness and therefore participation.

- ✓ Inconsistent supply (quantity) of affordable (price) and appropriate (safe and good quality) raw material.
- ✓ High cost of energy (electricity) and other services activities e.g., water
- ✓ High establishment cost.
- ✓ Non-compliant products and facilities
- ✓ Lack of appropriate equipment and/or processing technology.
- ✓ Poor entrepreneurial and management capacity
- ✓ Lack of appropriate agro-logistical resources
- ✓ Highly concentrated sector – limited access to market opportunities.



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Legislations and Acts governing the agro-processing sector

- ✓ **The Foodstuffs, Cosmetics and Disinfectants Act No. 54 of 1972** –(DoH including subordinate legislation/regulations.
- ✓ **The Agricultural Product Standards Act 1990, (Act No. 119 of 1990)** subordinate legislation/regulations.
- ✓ **Food Safety and Food Hygiene Standards**
 - FSSC 22000 (Food Safety System Certification)
 - HACCP (Hazard Analysis and Critical Control Point) standards,
 - ISO 22 000, etc.
- ✓ **Meat safety act (Act 40 of 2000)**
- ✓ **Act 36 of 1947 e.g.-establishing of feed manufacturing sector**



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Products and services available from government to address non competitiveness and limited participation.

- ✓ Agro processing certification programme- aim to assist enterprises to comply with market standards
- ✓ Upskilling and capacity building initiatives
- ✓ Access to finance
- ✓ Access to information
- Agro processing/Food and beverages Economic review reports
- commodity profiles
- ✓ Technical advice and support



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Opportunities available in the agro processing sector.

- ✓ **Cannabis- govt legalized the production.-some parts of regulation still to be finalized.**
 - For medicinal purpose –permit required
 - Not allowed to produce to sell except for private use
- ✓ **Fruits and vegetables (drying, juicing, pulping etc.)**
- ✓ **Milling**
- ✓ **Feed manufacturing**
- ✓ **plant based meat products**



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Opportunities for self employment and innovation.

- ✓ Storage facility can be created.
- ✓ Financing for establishing those types of facilities so more people can start Processing Units of fruits and vegetables
- ✓ input supply (e.g., supply raw materials for processing or value addition)
- ✓ Processing
- ✓ Marketing
- ✓ Extension services
- ✓ Logistics
- ✓ Food preparation



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Funding instruments within DALRRD

- ✓ CASP (comprehensive agricultural support programme)-100% grant
- ✓ AgriBEE – grant plus own contribution
- ✓ Jobs Fund – loan and grant
- ✓ MAFISA (Micro Agricultural Financial Institutions of South Africa) -Loan and grant
- ✓ Ilima/letsema 100% grant



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list of possible funders for agro-processing development initiatives outside DALRRD

- ✓ Industrial Development Corporation (IDC)
- ✓ National empowerment fund (NEF)
- ✓ Small Enterprise Finance Agency (SEFA)
- ✓ National Youth Development Agency (NYDA)
- ✓ SEDA Technology Programme (STP)
- ✓ Land and Agricultural Development Bank of South Africa (Land Bank)
- ✓ The Gauteng Enterprise Propeller (GEP)
- ✓ Gauteng Economic Growth Agency (GEGA)
- ✓ Old Mutual (Masisizane Fund)



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For more info on Agro processing within (DALRRD) visit website

<https://www.dalrrd.gov.za/Branches/Economic-Development-Trade-Marketing/Agro-processing-support>

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The end

Thank You



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