**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION 1383 / NW1531E**

**MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES:**

**MR H C C KRÜGER (DA) ASKED TO THE MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES**

**QUESTION:**

Whether (a) his department and (b) all entities reporting to him are running development programmes for (i) small businesses and (ii) cooperatives; if not, why not; if so, in each case, (aa) what are the relevant details, (bb) what amount has been budgeted and (cc) how many jobs will be created through the specified development programmes in the 2016/17 financial year? **NW1531E**

**REPLY:**

Small business and cooperative development function in the department resides within the sub-programme of Cooperatives and Rural Enterprise Development whose mandate is to facilitate and support the development of businesses to ensure transformation of the agriculture, forestry and fisheries sectors. This is done by implementing the following support programmes:

1. **Cooperative development**
   1. **Facilitate establishment of Commodity Based Cooperatives**

Through the cooperative development programme, smallholder farmers are clustered into commodity based cooperatives for collective sourcing of inputs and marketing of their products. This intervention is geared towards assisting smallholder farmers maximise their outputs through collective efforts. The commodity based approach results in vertical integration of smallholder producers through their primary cooperatives along the value chain as an approach to improve access to markets, productivity, efficiencies and competitiveness. The result is the creation of enterprises which pool resources (products, savings), to engage in bulk purchasing, wholesaling on behalf of the affiliated producer cooperatives, to reduce transaction costs, to penetrate new markets, to benefit from economies of scale.

**Budget:** R 4 965 000, 00 has been budgeted for this activity for operational purposes.

* 1. **Support cooperatives with training**

Supporting cooperatives with training and capacity building aims at transferring entrepreneurial aptitudes of personal motivation, initiative, innovation, problem solving tendencies and risk taking as some of the core elements of entrepreneurship. This strengthens cooperatives and ensures that they are geared towards contributing to Departmental objectives of food security, job creation and economic growth.

In order to improve operational efficiency and managerial agility in cooperatives a number of training and capacity building programmes have been developed and are currently used to support small scale farmer cooperatives. The following are the core support programmes to assist small businesses and cooperatives to build capacity and drive efficiency and all of them are accredited by AgriSETA.

* + 1. **Farmtogether Agricultural Cooperative Training Programme**

This intervention is aimed at assisting cooperatives in the sector to integrate into the broader South African context by addressing a range of skills that include governance, business skills and making business choices. Specific intervention areas include record keeping, financial management, conflict management, enterprise evaluation, production planning, making business choices, constitution and other regulatory frameworks.

* + 1. **Business planning development**

The business plan guideline is a capacity building tool developed to equip enterprises with skills that will enable them to gain understanding of the agribusiness planning processes. The tool further guide farmers/entrepreneurs to develop his/her own business plan and better understand the business Aids in applying business principles and contributes to best practices. It contains information on the various elements of the business. The tool is comprehensive yet simple and can be used by both farmers and officials.

* + 1. **Agribusiness Appraisal Tool.**

This is a diagnostic tool used to determine or identify business strengths and weaknesses and recommend alternative solutions to drive efficiencies in SMME’s and cooperatives in the sector. The main objective is to support cooperatives and other enterprises to achieve excellence in their businesses. Farmers are exposed to conducting self assessment of their enterprises using the tool and in the process assisted to develop action plans to address identified areas of weaknesses while maximising on their strengths.

**Budget:** R 9728 000, 00 has been budgeted for this activity for operational purposes.

1. **Business Development (Incubation)**

As part of the department’s efforts to develop businesses in the sector, a Cooperation agreement was entered into between the department (DAFF), Limpopo Department of Agriculture (LDA) and the Small Enterprise Development Agency (SEDA). The purpose of this agreement is to provide integrated support interventions through incubation to farmers in the Nwanedi irrigation scheme in Limpopo. Intervention areas targeted include entrepreneurial and technical skills such as development of bankable business plans, linkages to markets, production plans linked to market requirements, linkages to financial institutions, management skills support and mentorship, market conceptualisation, negotiation skills and production processes.

An incubator (Timbali Technology Incubator) has been appointed as the project manager and 50 farmers are participating in the project. Limpopo Department of Agriculture has a responsibility in terms of the agreement to provide the necessary infrastructure to support the farmers and ensure the success of the project while DAFF transfer the funds to ensure that incubation of the selected farmers takes place. This project is now in its second phase and has seen a total of 1576 jobs created with a combined annual turnover of over six million rands. Participating farmers have been linked to markets such as Tiger Brands (tomatoes), Technoserve, Rhodes (jam tomatoes); NTK (sugar Beans) Woolworths and Freshmark (gooseberries) DUP and Wol market in Tshwane (vegetables). The second phase of this project comes to an end in 2017/18.

**Budget:** R 1 825 000, 00 (One million eight hundred and twenty five thousand rands) has been budgeted as a transfer to the incubator through the Small Enterprise Development Agency (SEDA).

1. **Financial Support (AgriBEE Fund)**

The AgriBEE Fund was conceptualized as a support intervention to enable participation of businesses owned by Africans, previously excluded from mainstream economic activities. The objectives of the Fund are to promote the entry and participation of black people in the entire agriculture, forestry and fisheries value chains, through provision of funding for equity deals (acquisition of Interests/shareholding) in economically and financially viable sector entities and enterprise development (value addition and agro-processing) to the people who were previously marginalized to participate in the economy thus, ensuring an increase in the number of black people who own, manage and control sustainable enterprises in the sector.

**Budget:** R 38 232 000, 00 (Thirty eight million two hundred and thirty two thousand rands) has been allocated for the 2016/17 financial year.