



RASET KWAZULU-NATAL STRATEGY

1. Executive Summary

Underdeveloped markets are not progressing whilst existing markets are already defined. Participation of the majority of local communities in a value chain is limited, despite social assistance; R130 billion per year, nutrition demand for 1.5 million



children
as well as

social relief of distress at R500 million per year, that is pumped into social development beneficiaries. This excludes the Department of National Schools Nutrition Programme which supplies fresh vegetables to 619 schools comprising 259 000 students on a weekly basis. Existing previously advantaged entrepreneurs are benefiting from these Government Programmes.

Many previously disadvantaged entrepreneurs particularly Africans in rural and township areas are not benefiting from Government markets. They do not even have access to agricultural oligopoly markets due to dominant producers from previously advantaged communities. Also, high barriers to entry within markets and government bureaucracy such as full exploitation of government food procurement system for the benefit of well-established commercial farmers. Compounding this challenge is the under-utilisation of agricultural land and constrained production levels of small farmers.

2. The current environment

Internal Environment

Strengths	Weaknesses
1) Highly motivated Black South African subsistence and smallholder primary	1) The essentials of setting up the RASET Project Management Unit



<p>producers particularly Africans.</p> <p>2) Targeted subsistence and smallholder primary producers have organized themselves into business entities by sector/commodity in the following 19 x Local Municipalities: Umhlabuyalingana, Jozini, Big Five Hlabisa, Mtubatuba, eDumbe, Nongoma, Umlalazi, Mthonjaneni, Umhlathuze, Nkandla, Umfolozi, Mandeni, KwaDukuza, Ndwedwe, Maphumulo, Ubuhlebezwe, NDZ, Umzimkhulu and Kokstad.</p> <p>3) Eight out of nineteen have registered with the Companies and Intellectual Property Commission (CIPC) as Secondary Cooperatives.</p> <p>4) Four District Development Agencies have been set up Umkhanyakude, iLembe, Ugu, and Harry Gwala as well as one Fresh Produce Market in King Cetshwayo.</p>	<p>(PMU) are not in place yet.</p> <p>2) The risk of exclusion of targeted subsistence and smallholder farmers continues to loom over them due to either lack of understanding among Departments and implementing officials or sheer neglect of these farmers and their business entities; namely, targeted Secondary Cooperatives per sector/commodity per Local Municipality.</p> <p>3) The process of assisting targeted farmers organise themselves into business entities remains incomplete.</p> <p>4) The linkage among major implementers (buying Departments, DDAs/FPMs, Secondary Coops and targeted primary farmers) of RASET is not closed and is thus open to the risk of misalignment.</p>
<p>5) Five independent suppliers are already servicing Government markets; namely, Widowed Women of South Africa, Insikazi, Healing Peps, SAFSDA and CPK.</p> <p>6) About 1200 independent Service Providers support the National School Nutrition Programme.</p>	<p>6) Departmental commitments are not consistent with the strategy of the RASET Programme</p> <p>7) The identification and selection of primary producers to supply DDAs/FPMs is not consistent with the strategy of the RASET Programme.</p> <p>8) The Project Steering Committees that have been set up with</p>



	<p>DDAs/FPMs exclude targeted primary producers as represented in Secondary Cooperatives.</p> <p>9) Too many non-RASET initiatives by Departments are being presented to targeted farmers in the name of RASET without consultation with the RASET Technical Team.</p>
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Opportunities	Threats
<p>1) Empowerment of Black South African particularly African primary producers.</p> <p>2) Building of a sustainable economic supply system that can solve the challenges of poverty, unemployment, inequality and unfair competition among Black South African particularly African Communities.</p>	<p>1) Fronting resulting from openness of the system and poor organization of targeted primary producers.</p> <p>2) Lack of resources for primary production.</p> <p>3) Control of agricultural resources by non-farmers.</p> <p>4) Controlled and poor availability of inputs from existing suppliers.</p> <p>5) Expensive transport.</p>



<p>3) Many Government premises are lying empty and available for use as distribution facilities.</p>	<p>6) Unavailability of land</p> <p>7) Expensive rental of available land especially that in the hands of privileged landlords and religious institutions.</p> <p>8) Scarcity of natural water</p> <p>9) Complex processes of obtaining licenses for accessing natural water.</p> <p>10) Expensive equipment for drawing water from ground.</p>
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The external environment

Political	Economic
<p>1) Rising interest in ways of solving the challenges of inequality, economic exclusion, poverty, unemployment and unfair competition.</p> <p>2) Continued interest in good work ethics and high performance standards.</p>	<p>1) Continued interest in the empowerment of Black South African particularly African primary producers, service providers and suppliers in rural and township areas.</p> <p>2) Continued interest in the establishment of economically sustainable food supply operations among Black South Africans particularly Africans.</p> <p>3) Improving the economy of the Province of KwaZulu-Natal.</p>



<p>Social</p> <ol style="list-style-type: none"> 1) Achievement of a better life for all. 2) Mobilization of communities to participate in economic activities and supporting them in solving the economic problem (scarce means to satisfy unlimited needs) for their benefit in order that results listed below can be realized: <ol style="list-style-type: none"> a. Economic inclusion b. Employment c. Equality d. Eradication of poverty e. Fair competition 	<p>Technology</p> <ol style="list-style-type: none"> 1) Ensuring access to latest available technology for the purpose of effective implementation and efficient management of the RASET Food Supply System. 2) Coaching, mentorship and training on familiarity with the tools of trade using advanced methods and skills that yield accurate results the first time, speed and flexibility.
<p>Legal</p> <ol style="list-style-type: none"> 1) Employment and utilization of legislation to support activities and authentic players within the RASET Food Supply System. 2) Effective employment of the Promotion of Access to Information Act with our database, founding and operational documents. 	<p>Environmental</p> <ol style="list-style-type: none"> 1) Improving internal processes so that less waste is emitted in producing and delivering produce / products / service. 2) Researching and developing new methods for managing waste.

3. Strategic Plan

The
RASET



Programme will focus its attention on delivering a Food Supply System that is underpinned by the supply of fresh fruit and vegetables, poultry and red meat from previously disadvantaged Black South African primary producers particularly Africans in rural and township areas as well as buying Government Departments that support public institutions and the destitute.

3.1 Vision

The vision of the RASET Programme is to provide a progressive food supply system for an inclusive economy in the country beginning in KwaZulu-Natal, by the year 2030.

3.2 Mission

The mission of RASET is to implement a radical agrarian socio-economic transformation (RASET) system that seeks to build an effective agro food value chain with the capability of empowering previously disadvantaged Black South African primary producers particularly Africans in rural and township areas to participate meaningfully in the entire food value chain thus providing food security and improving the economy for a better life for all in KwaZulu-Natal.

3.3 Overall Strategy

Focus on Government markets through low cost mass supply of produce and products from Black South African subsistence and smallholder primary producers particularly Africans in previously disadvantaged rural and township areas.

In building an effective agro food system the RASET programme proposes to:

- 3.3.1 Identify, propose and facilitate the establishment and preparation of **economic infrastructure** required for production, processing, packaging, cold chain and trading as well as facilitate the implementation of **quality standards** for operating the facilities in the most effective and efficient manner.



ing the Government's food procurement purchasing power to give direct **market access** to small farmers and entrepreneurs. This will leverage access to the private markets. It will be achieved by quantifying and consolidating government demand from various Departments and sourcing supply from PDIs using **latest available technology** for handling financial and logistical transactions in the most effective and efficient manner.

- 3.3.3 The utilization of **District Development Agencies / Fresh Produce Markets** and **Secondary Cooperatives** as primary implementers of the RASET programme. DDAs will develop District Food Markets (Depots / Distribution Facilities) and make use of them to deliver to end consumers / customers. Secondary Cooperatives will consolidate fresh produce from small scale farmers (subsistence and smallholders) and prepare it for transfer to District Food Markets.
- 3.3.4 Organising individual local producers and suppliers, primary cooperatives and clustering them into a single **Secondary Cooperative** per Local Municipality. These Secondary Cooperatives will be capacitated and empowered through the provision of a set of business services and support ensuring their competitiveness (with respect to product, price, promotion and physical distribution), viability and a **healthy cash position** throughout the local food supply system.
- 3.3.5 Working with various stakeholders to provide active support in establishing and maintaining an Information Technology (IT) based **local agro food platform** with a capability of trading in food products.
- 3.3.6 Facilitating the implementation of **quality standards** as well as their regular **monitoring and evaluation**.

3.4 Short term objectives

In the short term, the RASET Food Supply System should be created with priority to the following objectives:

- 3.4.1 Establish a team that will implement the RASET Food Supply System.

3.4.2

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t up and link together major implementers of the RASET system. These major implementers include the following:

3.4.2.1 Subsistence and smallholder primary producers.

3.4.2.2 Secondary Cooperatives.

3.4.2.3 District Development Agencies / Fresh Produce Markets.

3.4.3 Establish physical infrastructure in support of the RASET system.

3.4.4 Install systemic infrastructure to support RASET activities and transactions.

3.4.5 Obtain and implement commitments from Government Departments in support of the RASET system.

3.5 Medium to long term objectives

In the medium to long terms, the RASET Food Supply System should be able to achieve the following objectives:

3.5.1 Empower subsistence and smallholder primary producers.

3.5.1 Economic sustainability of major implementers of the RASET system to solve the challenges of poverty, unemployment, inequality and unfair competition. The major implementers being the following:

3.5.1.1 DDAs / FPMs

3.5.1.2 Secondary Cooperatives

3.5.1.3 Black South African particularly African subsistence and smallholder primary producers in rural and township areas.

3.6 Operational Plan

During the 2019/2020 financial year the RASET Programme will focus on strengthening the network of major implementers of the Food Supply System and players as well as relationships among them. In doing so, the following should be ensured:

3.6.1 **Demand-side supply agreements**



linear relationship between buying Government Departments and District Development Agencies / Fresh Produce markets should be developed and maintained. Each buying Government Department should ideally have eleven (11) supply agreements with eleven DDAs/FPMs at each District Municipality. Each demand-side supply agreement must be accompanied by a Food Safety Data Sheet as an Addendum thereto. The FSDS should specify detailed requirements of each food item that will be included in the agreement.

3.6.2 **Readiness of a DDA/FPM**

A DDA/FPM must declare its capacity to lead and manage efficient distribution of orders and food parcels to Government beneficiaries. In making the declaration it must state a model that will be adopted between models below:

- 3.6.2.1 **In-house** provision of logistical support; where the handling of physical produce/products will be done by the DDA/FPM; or
- 3.6.2.2 **Outsourced** provision of logistical support; where the handling of physical produce/products will be done by a third party operator.

Logistical support includes:

- A physical facility with suitable equipment, tools, processes, and personnel to achieve the most optimal levels of service which includes, inter alia, the following:

Inbound logistics

- Receive produce from Secondary Cooperatives
- Check and sign the delivery note noting any visible variances on the delivery note.
- Unload and stage accepted produce among stock items on hand.



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bound logistics

- Plan small multiple stops orders as well as bulk direct orders from confirmed orders.
- Pick ordered stock items from stock on hand and prepare loads.
- Check loads and produce relevant documents; delivery note and invoice
- Load delivery vehicle, security check it and issue a gate pass.
- Dispatch the load and delivery vehicle.
- Manage reverse logistics.
- Correct delivery fleet to achieve the most optimal:
 - Collection of bulk produce from Secondary Cooperatives or their appointed Agri-Hubs; and
 - Delivery of parcels and loads to Government beneficiaries.
- Technological system to support the activity outlined above as well as a manual system as fall-back in the event of malfunctioning of the electronic system.

3.6.3 **Physical distribution facility at District Level**

3.6.3.1 A physical facility at District level should be established. It must be controlled and owned by the Government through a DDA/FPM.

3.6.4 **Independent Suppliers and Service Providers**

3.6.4.1 Existing independent suppliers and service providers who deliver food parcels and orders to Government beneficiaries; namely, schools, hospitals, CNDCs, SRCs, ECDCs, and so on, should be sub-contracted by and linked to the DDA/FPM.



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ey should not be contracted directly by and linked to the buying Department.

- 3.6.4.2 The buying Department may assist the DDA/FPM using its experience in procuring and managing the suppliers / service providers that have been appointed.
- 3.6.4.3 Suppliers and service providers are paid a management fee for executing the distribution service. They must not add any mark-up to produce / products being delivered to Government beneficiaries.
- 3.6.4.4 Independent suppliers and service providers must be procured, monitored and evaluated bi-annually according to RASET's Monitoring and Evaluation Criteria. Such criteria must be an Addendum to the main agreement.

3.6.5 **Supply-side off-take agreements**

3.6.5.1 **Business entities of targeted primary farmers**

Business entities of targeted primary farmers must be established and supported to support its member primary producers. Their main purpose is to act on behalf of and in favour of member primary producers with respect to:

- Sourcing produce from targeted primary farmers who are their members.
- Cleaning, sorting, grading, weighing, packing, labelling, recording and invoicing produce for delivery to the DDA/FPM.
- Recording produce according to the policy of RASET. A special tally of accepted produce should be created for every commodity in which volume accepted is recorded in ascending order by member by grade by date received. Produce is to be issued on a first-in-first-out basis starting



th smallest volume. This should be internal arrangement which should not reflect on the delivery note.

- Invoicing produce according to the policy of RASET. A single delivery note may be made up of multiple quantities from two or more member primary producers even though a single quantity will reflect on the delivery note. However, separate invoices must be produced in respect of each batch of quantity contained in the delivery note.
- Scheduling shared resources for supporting production activities.

3.6.5.2 **Secondary Cooperatives**

A linear relationship between District Development Agencies / Fresh Produce markets and Sectorial Secondary Cooperatives at Local Municipality Level should be developed and maintained. Each DDA/FPM should ideally have as many off-take agreements per commodity as the number of Local Municipalities in its District because targeted farmers have organized themselves into single business entities at Local Municipality level; Ubuhlebezwe, NDZ, Umzimkhulu and Kokstad. Each supply-side off-take agreement must be accompanied by a Food Safety Data Sheet from a Department as an Addendum thereto. The FSDS should specify detailed requirements of each food item that will be included in the agreement.

3.6.5.3 **Physical facility at Local Municipality Level**

Physical facilities at Local level should be controlled and owned by targeted primary producers through their business entity that is registered as a Sectorial Secondary Cooperative.



hub

Each Sectorial Secondary Cooperative may organize and manage its cargo consolidation and preparation activities through a Hub established at each Ward.

3.6.6 Operating system and infrastructure

The transacting and logistic system should be owned by the Government through the RASET PMU but accessible at various options to:

- The RASET PMU
- DDA / FPM
- Secondary Cooperative
- Member primary producer (of the Secondary Cooperative)
- The supporting Banking institution.

3.6.7 Business process

The RASET PMU through the DDA/FPM remains the custodian of the business process for matching demand with supply from targeted primary producers with respect to:

- Demand planning, working with relevant customers and DDA/FPM.
- Production planning, working with Secondary Cooperatives supported by DARD and DRDLR.
- Logistics planning:
 - **Inbound:** planning with Secondary Cooperatives
 - **Outbound:** planning with DDAs/FPMs as well as independent Suppliers and Service Providers.

4. Risks

Some of the risks that can be estimated with reasonable certainty include the following:



Priority	Area of Risk	Risks	Level of risk	Proposed intervention	Person Responsible	Estimated Cost
1	Transport	<ul style="list-style-type: none"> • Harvested produce rots on farm land • Loss of customers due to non-deliveries • Cash drain due to expensive hired transport 	High	<ul style="list-style-type: none"> • Support with 2 x delivery vehicles per Sectorial Secondary Cooperative: <ul style="list-style-type: none"> ○ 2 x 3 ton refrigerated branded trucks for deliveries ○ 1 x 8 ton branded and insulated truck 	<ul style="list-style-type: none"> • Government Departments initially • Sectorial Secondary Cooperatives to maintain and replace 	<ul style="list-style-type: none"> • R230 000 per 3 ton 4x2 volume body truck • R550 000 per 8 ton truck
2	Mass of produce	<ul style="list-style-type: none"> • Loss of customers due to over estimating the mass of cargo. • Loss of profit due to under estimating the mass of cargo. • Inaccurate allocation 	High	<ul style="list-style-type: none"> • Support with the purchase of load cells (scales) per Sectorial Secondary Cooperative: <ul style="list-style-type: none"> ○ 1 x 100kg price computing scale per farmer ○ 2 x 300kg price computing platforms at premises of 	<ul style="list-style-type: none"> • Government Departments initially • Sectorial Secondary Cooperatives and primary producers to 	<ul style="list-style-type: none"> • R1 200 per 300 kg price computing platform • R600 per 100 kg price computing platform



		of costs.		Sectorial Secondary Cooperative	maintain and replace.	
3	Water	<ul style="list-style-type: none"> • Crop diseases • Human diseases • Lack of harvest 	High	<ul style="list-style-type: none"> • At least 1 x 10 000 litre water tank per single hectare per primary producer • At least 1 x borehole per primary producer • At least 1 x borehole on the premises of a Sectorial Secondary Cooperative. • At least 10 x 10 000 litre water tanks on premises of a Sectorial Secondary Cooperative. • River bridges at strategic points of big rivers and streams 	<ul style="list-style-type: none"> • Government Departments initially • Sectorial Secondary Cooperatives to maintain and replace 	<ul style="list-style-type: none"> • R65 000 per borehole • R7 000 per 10 000 litre tank • Cost of bridges to be determined through SCM processes.



4	Equity	<ul style="list-style-type: none"> •Lack of quality supply •Lack of cash to source necessary supplies 	High	<ul style="list-style-type: none"> • Non-refundable venture capital for small scale farmers. • Interest free credit facility in favour the Sectorial Secondary Cooperative for the purchase of fresh produce from member primary farmers 	<ul style="list-style-type: none"> • Government Departments initially • Sectorial Secondary Cooperatives to maintain and replace 	<ul style="list-style-type: none"> • R1 million rand credit facility • Costs estimated in various proposed interventions of this plan



5	Machinery and Equipment	<ul style="list-style-type: none"> •Lack of suitable equipment to support crop production 	High	<ul style="list-style-type: none"> •Support with the provision of suitable equipment to support the production of crops. A minimum of the following implements: <ul style="list-style-type: none"> ○ 1 x tractor per Sectorial Secondary Cooperative ○ 1 x set of tractor attachments per Sectorial Secondary Cooperative: slasher, tiller, disc, planter and utility trailer ○ 1 x set of axe, sickle, pitchfork, spade, scythe, shovel, trowel, hoe, fork, rake, cane knife, etc. per farmer ○ 4 x 20L backpack sprayers per farmer ○ 5 x sets of PSE per farmer 	<ul style="list-style-type: none"> • Government Departments initially • Sectorial Secondary Cooperative to maintain and replace 	<ul style="list-style-type: none"> •R750 000 per tractor •R17 500 per slasher •R5 000 per tiller •R10 000 per disc •R4 000 – R35 000 per seed planter •R50 000 per utility trailer •R7 000 for handtools •R2 500 per 20L backpack sprayer •R10 000 for PSE per farmer •R15 000 per set of drip pipes per hectare •R45 000 per tunnel •R9 500 per 5500W diesel generator •R54 000 12.5kva (10kw) per heavy duty
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				<p>for head, eyes, neck, mouth, nose, ears, chest, hands, arms, legs, feet per farmer.</p> <ul style="list-style-type: none"> ○ 2 x sets of drip water pipes per farmer ○ 6 x tunnels per Sectorial Secondary Cooperative ○ 1 x 5500W diesel generator per primary producer ○ 1 x 12.5kva heavy duty silent diesel generator per Sectorial Secondary Cooperative ○ 1 x 5000L fire fighter trailer per Sectorial Secondary Cooperative. ○ 1 x 1000L mobile water pump & transport unit per 	<p>silent diesel generator (380V)</p> <ul style="list-style-type: none"> • R40 000 per 5000L fire fighter trailer • R7500 per 1000L mobile water pump & transport unit. • R300 per industrial stapler for packaging
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				<p>primary producer</p> <ul style="list-style-type: none">○ 1 x industrial stapler for packaging per farmer		
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6	Land	<ul style="list-style-type: none"> •Lack of ownership of hard worked property •Trespassing •Damage to vehicles •Potential injury or loss of life due to concealed wild animals •Lack of pedestrian pathways 	High	<ul style="list-style-type: none"> •Facilitation of title to land with the relevant body. •Proper fencing of property •Regular maintenance of gravel roads. •Building of pedestrian pathways. 	<ul style="list-style-type: none"> •Government Departments 	<ul style="list-style-type: none"> •Cost to be determined through SCM processes
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7	<ul style="list-style-type: none"> • Sectorial consumer market • Fruit & Vegetable bulk market 	<ul style="list-style-type: none"> • Consumers who cannot afford to buy from major retailers may not have access to fresh vegetables. • Risk of putting all eggs in one basket 	High	<ul style="list-style-type: none"> • 1 x Sectorial Fruit & Vegetable Consumer Market per Sectorial Secondary Cooperative. • 1 x Sectorial Fruit & Vegetable Bulk Market per Sectorial Secondary Cooperative • Formal planning of the consumer market by licensed construction practitioners: <ul style="list-style-type: none"> ○ Engineers (civil, electrical, process, etc.) ○ Architects ○ Builders ○ Environmental specialists • Approval of plans by relevant authorities. • Construction of the bulk and consumer markets according 	<ul style="list-style-type: none"> • Government Departments to set up • Sectorial Secondary Cooperatives to maintain 	Costs to be determined through SCM processes
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to approved plans.

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8	Input material	<ul style="list-style-type: none"> • Risk of no production • Risk of poor quality harvest 	High	<ul style="list-style-type: none"> • Provide support for the procurement of high volume input material with long life span for distribution by the Sectorial Secondary Cooperative to member primary producers: <ul style="list-style-type: none"> ○ Seeds ○ Fertilizers ○ Chemicals • Provide support for the erection of a state of the art nursery for producing seeds and seedlings 	<ul style="list-style-type: none"> • Government Departments initially • Sectorial Secondary Cooperatives subsequently 	Costs to be determined through SCM processes (selection of a suitable supplier)
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9	Transactional and Quality Management Systems	<ul style="list-style-type: none"> • Risk of non-compliance 	High	<ul style="list-style-type: none"> • Provide support with IT setup: connections, electricals, hardware, software and networks. • Provide support for the auditing, implementation and maintenance of quality management systems: <ul style="list-style-type: none"> ○ HACCP ○ Quality controls ○ Private specifications / protocols 	<ul style="list-style-type: none"> • Government Departments initially • Sectorial Secondary Cooperatives to maintain. 	Costs to be determined through SCM processes (selection of a suitable service provider)
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10	Advanced business management skills	<ul style="list-style-type: none"> • Risk of commercial illiteracy • Risk of financial illiteracy • Risk of poor cash management • Risk of poor governance • Risk of poor controls 	High	<ul style="list-style-type: none"> • Provide support in: <ul style="list-style-type: none"> ○ Training, ○ Coaching & ○ Mentorship 	<ul style="list-style-type: none"> • Government Departments initially • Sectorial Secondary Cooperatives to maintain. 	Costs to be determined through SCM processes (selection of suitable service providers).
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