



DEPARTMENT: AGRICULTURE

THE DRAFT AgriBEE FRAMEWORK

An Overview
by the

Director General: Department of Agriculture

24 August. 2004



Purpose of this presentation

- To provide the background context to the development of the draft AgriBEE Framework;
- To provide Parliament with information on the direct and indirect processes thus far, that have resulted in this framework;
- To present an overview of the draft AgriBEE Framework;
- To reflect on some of the challenges facing the Department of Agriculture with respect to the processes going forward and ultimate implementation;



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Purpose of the AgriBEE Framework

- The draft AgriBEE Framework establishes guiding principles and targets for broad based black economic empowerment in agriculture.

“It is intended to assist all existing and potential future stakeholders and partners in the agricultural sector to engage in a meaningful dialogue and course of action that can, in the shortest time possible, erase the negative effects of our history of a dual sector and achieve outputs that can contribute to the higher societal ideal of a better life for all. ”

— *Minister for Agriculture and Land Affairs, Thoko Didiza, at the launch of the AgriBEE Framework, 26 July 2004.*



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Background context



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Historical and Policy Context

- Our history provides both a basis and an imperative for reviving black commercial agriculture and overcoming the consequences of decades of alienation and segregation;
- Various policy initiatives since 1994 have created a basis for a mindset shift to facilitate growth and transformation of the sector - but not a clearly defined focus on measurable broad based black economic empowerment;
- Broad Based Black Economic Empowerment legislation – passed by parliament in 2003 and promulgated in 2004 provides for the development of sector transformation charters;

Historical and Policy Context

- In all of government policies since 1994 the intention to confront the legacy of the past has been consistent; the experience with the development of appropriate policy interventions difficult and the implementation of targeted programmes complex.
- The development and implementation of innovative and bold approaches to land and agrarian reform can contribute significantly to poverty eradication, employment creation, food security and peace and stability in our country.



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Transformation Initiatives

- Reconstruction and Development Programme; - (1994) - Agrarian Reform was inclusive of Land Reform and implicit in Rural Development. RDP also had a specific focus on Agricultural Reform and 30% agricultural land transfer target;
- White Paper on Agriculture - (1995) - had one specific principle related to the need for “affirmative action for black and poor people” – however the target of the policy intervention was general and as such measurement of success in terms of transformation very difficult.



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Transformation Initiatives

- Broadening Access to Agriculture Thrust [BATAT]-
(1995) -
 - was targeted at enhancing access and participation for black people into agriculture but had no specific instruments to leverage.
 - attempted to foster a much needed mindset shift that first and foremost accepted that black people could become successful commercial farmers;
 - acknowledged that over and above access to agricultural land – black entrants needed access to markets; finance; training, information, research and technology and quality advisory services;



Transformation Initiatives

- Agricultural Sector Plan (2001) – is based on a common vision for –
“A United and Prosperous Agricultural Sector”
- With three mutually reinforcing strategic objectives:
 - Enhancing equitable access and participation in the sector;*
 - Improving global competitiveness and enterprise profitability;*
 - Ensuring sustainable resources use and management*



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Agricultural Sector Plan

- Is underpinned by commitment of all originating signatories to the attainment of the three strategic objectives;
- Implies working for sustained profitable participation in the agricultural sector by all stakeholders.
- Adopted a commodity intervention approach along the total value chain of Agriculture which resulted in the development of long term sub-sector strategies;
- Realization that in the absence of clear BEE guidelines enhancing participation through the commodity strategies would be uneven and not achieve the desired equity outcomes;

Towards an AgriBEE Framework



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The processes for Broad Based BEE

- General public discourse on Affirmative Action; Two Nations debate and Black Economic Empowerment in general – ongoing [openly] since 1994.
- Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry - adopted end 2002.
- At the NEDLAC Financial Sector Summit the Financial Sector committed itself to the development of a Black Economic Empowerment [BEE] Charter in August 2002;
- Broad-Based Black Economic Empowerment Act, (Act No. 53 of 2003) passed by Parliament and Assented to on 7 January 2004.



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The AgriBEE development process



August 2002

Brainstorming workshop by the Programme TBD with a reference group representative of groups in the sector – also selected on their own merit;

October 2002

1st discussion paper;

October 2002 – September 2003

Various rounds of consultations with the reference group members and Departmental Management including on definition of AgriBEE; and potential scope of application;



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The development process continued

September 2003

Version 14 of discussion document – became first draft AGRIBEE discussion document;

October 2003 to February 2004

Targeted detailed consultation between reference group and 5 industries [red meat, grain, cotton, sugar and wine] and national agricultural related institutions and other national departments. Also involved first attempt at developing a scorecard by the same;

February 2004

Commissioned Empowerment Study Report submitted to Department of Agriculture.



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Towards a draft AgriBEE Framework



February – April 2004

- Consideration of the findings of the Empowerment Study in relation to the consultative process;
- The second draft Broad Based AgriBEE discussion document produced and submitted to Minister and Deputy Minister for consideration;

April 2004 – July 2004

- Further departmental engagement with Minister and Deputy Minister on the discussion document to take into consideration new political dispensation and imperatives for clear targets.

July 2004

Draft Framework document launched for public discussion



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The draft AgriBEE Framework



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The Vision

“To pursue Broad Based Black Economic Empowerment in support of a United and Prosperous Agricultural Sector”



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The Scope



- The Framework covers the entire value chain in agriculture and related industries from farm to consumer plate. This includes all economic activities relating to provision of agricultural inputs, farming, processing, distribution, logistics and allied activities which add value to farm products.



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AgriBEE Objectives

To eliminate racial discrimination and facilitate mainstreaming black people in the sector by:

- Promoting equitable access and participation of Historically Disadvantaged Individuals (HDIs) in the entire agriculture value chain;
- Deracialising land and enterprise ownership, control, skilled occupations and management of existing and new agricultural enterprises;
- Unlocking the full entrepreneurial skills and potential in the sector of HDIs;



AgriBEE Objectives (continued)

- Facilitating structural changes in support systems and development initiatives to assist Black South Africans in owning, establishing, participating in and running agricultural enterprises;
- Socially uplifting and restoring dignity of Black South Africans within the sector;
- Increasing the extent to which communities, workers, co-operatives, and other collective enterprises own and manage existing and new agricultural enterprises increasing their access to economic activities, infrastructure and skills training;

AgriBEE Objectives

- Increasing the extent to which black women, people living with disabilities and youth own and manage existing and new enterprises, increasing their access to economic activities, infrastructure and skills training;
- Empowering [black] rural and local communities to have access to agricultural economic activities, land, agricultural infrastructure, ownership and skills.



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The Stakeholder Commitments

- To embrace the underlying principles of the AgriBEE Framework;
- To undertake to work to create an enabling environment for the empowerment of HDIs by delivering in the following areas:-
 - Access to agricultural land;
 - Ensuring Human Resource Development;
 - Working towards Employment Equity;
 - Increasing enterprise ownership and equity;
 - BEE procurement and contracts;
 - Access to Agricultural Support services.

Stakeholder Commitments

- To ensuring appropriate reporting and disclosure with respect to progress in achieving the targets including through the use of a scorecard in order to facilitate effective Monitoring and Evaluation of AgriBEE.



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With respect to Agricultural Land



The Established Industry undertakes to:-

- Contribute to the realisation of the country's objective of ensuring that 30% of agricultural land is owned by Black South Africans by 2014;
- Contribute to an additional target to make available [20%] of own existing high potential and unique land for lease by Black South Africans by 2014;
- Make available [15%] of existing high potential and unique land for acquisition or lease by 2010;
- Support legislative development initiatives intended to secure tenure rights to agricultural land;



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With respect to Agricultural Land



The Established Industry undertakes to:-

- Make available [10%] of own agricultural land to farm workers for their own animal and plant production activities.

Government undertakes to:-

- Contribute through its existing programmes to increasing access and acquisition of agricultural land by Black South Africans;
- Proactively acquire suitable agricultural land that comes on the market for land redistribution
- Use agricultural land that reverts to the state through foreclosure of indebted farmers for redistribution;



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With respect to Agricultural Land



Government undertakes to:-

- Promote the development of a thriving, viable land rental/lease system;
- Promote sustainable management and use of natural resources.

Black South African landowners and users undertake to:-

- Ensure productive and sustainable use of high potential and unique agricultural land;



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Developing our Human Resources



The Sector [inclusive of all] undertakes to:-

- Eliminate completely the rate of illiteracy within farming communities by 2010, with a milestone of 75% by 2008.
- Ensure that all workers in the secondary and tertiary sector are functionally literate and numerate by 2010;
- Establish training programmes for farm and enterprise workers in technical and management skills by July 2005.
- Collaborate in ensuring maximum use of the resources within the relevant Sector Education and Training Authorities to achieve the above targets;



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Developing our Human Resources



The Sector [inclusive of all] undertakes to:-

- Institute a sector-wide young professionals employment and mentoring programme, targeting 5 000 black unemployed and underemployed graduates in all disciplines per annum, starting in 2005.

The Established Industry undertakes to:-

- Develop a mentorship programme of retired and knowledgeable experts and entrepreneurs with clearly defined guidelines and criteria for participation to transfer skills to new Black entrants—July 2005



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Developing our Human Resources

Government undertakes to:-

- Promote agriculture as a career and undertake a review effective demand for human resources in the agricultural sector;
- Lead and coordinate a programme in collaboration with education authorities, farmers organisations and the agricultural private to review curricula in order to enhance technical, entrepreneurial and management skills for Black entrants into the sector by 2006
- Ensure inclusion of a substantial number of Black persons as the nucleus of strategic partners in Government overseas missions, technical assistance programmes, study visits and training opportunities.



Employment Equity



The Sector undertakes to progressively achieve:-

- [30%] representativity of black people at executive management level of each enterprise by 2006;
- [50%] representativity of black people at senior management level of each enterprise by 2008;
- [60%] representativity of black people at middle management level of each enterprise by 2008;
- [70%] at representativity of black people at junior management level of each enterprise by 2008;



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Employment Equity

The Sector undertakes to progressively achieve:-

- [10%] representativity of black women at executive management level of each enterprise by 2006;
- [25%] representativity of black women at senior management level of each enterprise by 2008;
- [30%] representativity of black women at middle management level of each enterprise by 2008;
- [45%] representativity of black women at junior management level of each enterprise by 2008;



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Enterprise ownership and equity



The Established Industry undertakes to:-

- Ensure [35%] black ownership of existing and new enterprises by 2008;
- Ensure that where investment initiatives are undertaken on the African continent [10%] of the South African investment is allocated to Black South Africans;
- Enter into joint ventures and partnership arrangements to ensure that [30%] of export market opportunities accrue to black-owned enterprises by 2007;



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Enterprise ownership and equity



The Established Industry undertakes to:-

- Ensure [10%] farm worker ownership of farm-level enterprises by 2008.



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Procurement and Contracts



The Sector undertakes to:-

- Implement targeted procurement strategies and policies to realise BEE. The target will be [50%] of the total value of all procurement from BEE companies by 2010 and [70%] by 2014;
- Report annually on all BEE procurement spend;
- Progressively provide, where possible, Black South Africans and local SMEs a [50%] preferred supplier status including the supply of services and goods over a five-year period;



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Procurement and Contracts



The Sector undertakes to ensure that:-

- Contractual agreements will be based on immediate (monthly) payments for work rendered by black companies to allow the smooth running of operations and maintenance of quality results by end of October 2005.



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Agricultural Support Services



The Established Industry undertakes to:-

- Engage the Financial Sector in order to ensure that through its Financial Charter opportunities for Black Economic Empowerment in the agricultural sector are realised;
- Ensure meaningful access to and use of the infrastructure, assets and support services capacity that accumulated to them as a result of past apartheid policies to black enterprises in the sector by 2007.



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Agricultural Support Services



The Established Industry undertakes to:-

- Comprehensively apply existing BEE principles and available opportunities to provide support services for the realisation of AGRIBEE.

Government undertakes to:-

- Ensure the creation of an enabling environment to support agriculture;
- Continue with the implementation of the Comprehensive Agricultural Support Programme.



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Agricultural Support Services



Black people in the sector undertake to:-

- Proactively participate in the processes that define the need for agricultural support services and the subsequent design in the delivery of those.

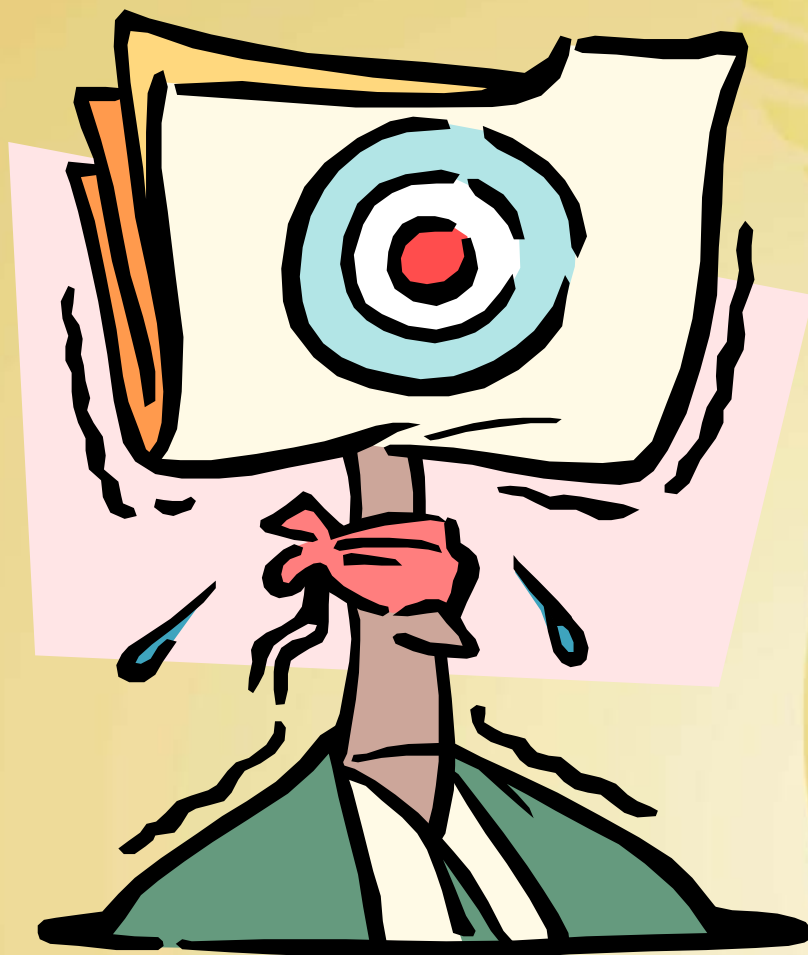


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Monitoring and Evaluation

- Each institution within the sector undertakes to fully disclose and report [within its annual report], progress towards achieving the commitments. The first such annual report will be for the 2005 financial year.
- Specific areas of reporting shall include the following: - % high potential and unique agricultural land disposal and transfer to HDIs; Human Resource Development Programmes in place; Employment Equity and Representativity targets achieved; BEE procurement spend; Agricultural Support Services initiatives.

REFLECTION ON THE CHALLENGES



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Immediate challenges

- The need for consistent, accurate and comprehensive communication and information management on the draft AgriBEE Framework;
- Putting in place the proposed Steering Committee;
- Effective engagement by all stakeholders who are potentially affected by and could affect and implement the underlying principles and imperatives for AgriBEE;
- Ensuring appropriate facilitation of a dynamic dialogue and negotiation on final document;
- Developing clear and appropriate scorecards;



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Challenges in related ongoing work

- Continued implementation of the Sector Plan in the following manner –
 - (1) Review of the strategy to ensure alignment with the Manufacturing Strategy and other key Government investment strategies;
 - (2) Continued roll out of the processes to implement commodity strategies that have been agreed to;
 - (3) Finalisation those strategies that are in the final draft stage and
 - (4) Continue to encourage those sectors that have not as yet to start processes to develop long term strategies in an inclusive manner drawing on the AgriBEE Framework.



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Challenges in related ongoing work

- Continued engagement on the agreed to “enabler” areas which can facilitate the effective implementation of the Sector Plan [e.g. -Working with Farmer Organisations, Farmer to Farmer Mentorship Programme etc.]
- Finalisation of the follow up work on the intergovernmental fiscal review in order to continue the implementation of the Comprehensive Agricultural Support Programme.
- Continued roll out and implementation of the Integrated Food Security and Nutrition and the Human Resources Development Programmes;

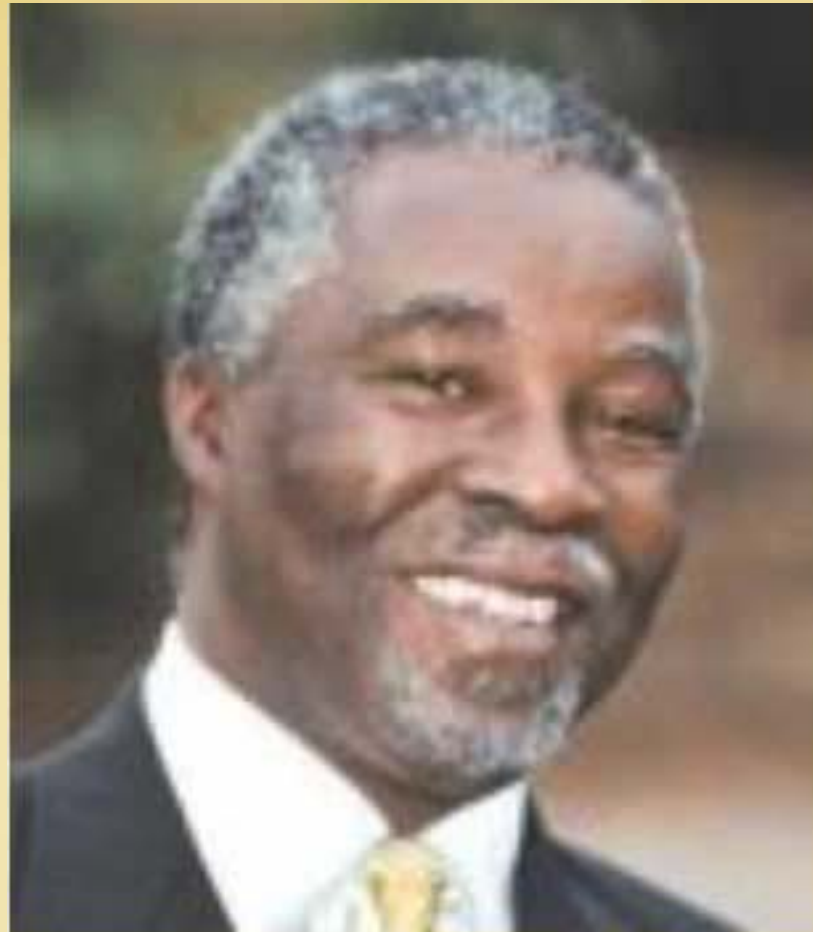
Challenges anticipated in future

- Ensuring appropriate and dynamic information flows on existing and new initiatives within the sector aimed at the promotion of AgriBEE to improve the basis for establishing effective implementation experiences;
- Alignment of the monitoring and evaluation system for the sector with the broader system as envisaged in the Broad Based Black Economic Empowerment Act.
- Ensuring alignment of the growth strategies and opportunities for the sector with the equity, competitiveness and profitability and sustainability challenges.

CONCLUSION

- “It is the acceptance of a transparent, predictable practical and implementable process of change which will introduce certainty and stability and not an illusionary absence of change”

*Deputy President Thabo Mbeki,
22 September, 1994*



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