



BUSINESS PLAN FOR THE DEVELOPMENT OF ORGANIC FARMING IN KWAZULU-NATAL

SYNOPSIS OF PROJECT MOTIVATION

9 June 2005

The following information has been extracted from a Business Plan Version 2 dated 2004/01/22 prepared for the Department of Economic Development & Tourism by E. Gori & Associates.

| 1. GENERAL INFORMATION | |
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| <p>Executive Summary (Describing Concept, Time frames and Cost)</p> | <p>In order to capitalize on the growing organic market, both locally and internationally, the harnessing of latent potential of marginalized rural and peri-urban communities located on predominantly uncontaminated land lends itself for organic certification and a higher value of agricultural product. For this reason, a holistic and co-ordinated development programme for the establishment of emerging organic farmers around the periphery of eThekweni Municipality is proposed that includes;-</p> <ul style="list-style-type: none"> • The phased roll out of a pilot project started in two communities (Umbumbulu and Ndwedwe) to assist Small Grower Groups (SGGs) to produce organic vegetables to be expanded to 60 more SGGs. • The establishment of a Pilot Farm and related organics support systems at Dube Trade Port, and/or, a series of strategically positioned small farmers support centres. • The promotion and marketing of organic products, both nationally and internationally, including market intelligence to guide organic farmers towards niche markets and expanding product lines. • The institutional capacity building of government, NGO and CBO delivery agents, including, the resourcing of dedicated programme management capacity to assist with the overall management of this initiative. |

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| Sector | Agriculture |
| Project Duration | Programme has been resource estimated for 5 Years, but, may take longer depending on availability of funds. |
| Proposed Starting Date | Pilot projects in Umbumbulu and Ndwedwe are complete and are poised for further growth. If funding is secured, the roll out for the remaining 60 SGGs can start immediately. |
| Key Partners and Responsibilities | <ul style="list-style-type: none"> • Department of Economic Development and Tourism has facilitated the development of the project thus far and has made funding available of R1,000,000 and will continue to play a catalytic role in programme managing this development and ensuring the organic orientation of all SGGs. • Department of Agriculture and Environmental Affairs will provide institutional management, provision and control of infrastructure grants, and, on-site support through its extension services. • Department of Land Affairs is expected to provide LRAD funding for development of SGGs on freehold land. • Department of Labour will be tasked with providing dedicated funding assistance for training of SGGs and extension officers in Permaculture \ organic farming skills. • Department of Trade and Industry will be requested to fund the infrastructure component of the Pilot Organic Farm at the future Dube Trade Port, which will act as a major organic packhouse and support service for all SGGs and their distribution of organic products. • eThekwini, Vulamehlo, Umzumbe and KwaDukuza Municipality will co-fund this project through institutional support via their respective LED departments. |
| Geographic Location | The 60 SGGs are located on the rural \ peri-urban belt around and within the eThekwini Municipality from as far south as Umzumbe on the South Coast, inland to Cato Ridge, and, KwaDukuza on the North Coast. |

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| Primary project deliverables | <ul style="list-style-type: none"> • The 60 SGGs will be farming a total of 1,500 ha of land certified for organic products that yield an average income of R30,000 per ha, or, R45,0m total. The average income per small grower is estimated at R37,500 pa. The volume of organic products produced by the 60 SGGs is estimated to be about 1,500 tons per annum, or, 125 tons per month based on an average conservative yield of 1 ton per ha. • The direct total number of people benefiting from the development of 60 SGGs will be, the 1,200 lead farmers who have been formally developed, and, an additional 2,400 assistants \ helpers. • In addition, there will ne numerous indirect jobs created through the distribution channels, market vendors, retailers, wholesalers, etc, as well as, amongst rural development agencies and community development workers. |
| Budget Estimate per sub-programme | <ul style="list-style-type: none"> • Development of 60 SGGs around the periphery of eThekwini Municipality R59,490,000 • Establishment of an Organic Pilot Farm and related support systems at Dube Trade Port R15,418,000 • Promotion and marketing of organic products R4,920,000 • Institutional capacity building R8,240,000 <p style="text-align: right;">Total ... R88,068,000</p> |
| Funding Requirements per responsible agency | <ul style="list-style-type: none"> • Department of Agriculture & Environmental Affairs R30,000,000 • Department of Economic Development & Tourism R32,470,000 • Department of Land Affairs R4,800,000 • Department of Labour R9,860,000 • Department of Trade and Industry R10,938,000 <p style="text-align: right;">Total Funding ... R88,068,000</p> |
| Funding Resource Distribution | <p>As the likely lead funding agency, the eThekwini Municipality may directly fund some activities, and/or, provide bridging finance to cover the first year of implementation and thereafter be reimbursed via specific funding memorandums with provincial government agencies.</p> <p>It is important to note that in order to derive the maximum programme benefits, all sub-programmes will need to be implemented simultaneously otherwise the entire programme will fail. The funding distribution is as follows;-</p> <ul style="list-style-type: none"> • Year 1 R7,350,600 • Year 2 R27,757,700 • Year 3 R33,870,100 • Year 4 R12,516,000 • Year 5 R6,573,600 <p style="text-align: right;">Total ... R88,068,000</p> |

| 2. PROJECT CONTEXT | |
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| Problem Analysis | <ul style="list-style-type: none"> • Underutilisation of natural resources (uncontaminated rural land) for commercial gain. • Capacitation of predominantly marginalized communities to competitively take advantage of economic opportunities. • Promotion of sustainable development. |
| Choice of Strategy | <ul style="list-style-type: none"> • Overall objective of the project is to turn the economy of the province around through the development of the agricultural sector and to sensitize small scale farmers about organic farming techniques and the benefits thereof. • Specific objectives are to promote partnerships between commercial organic farmers and SGGs in order to form an entity that will exploit the opportunities in this sector and bargain against market agents, retailers, wholesalers, etc. • Expected results are poverty alleviation, upliftment of rural and peri-urban communities through sustainable job creation, investment in infrastructure and a decrease in unemployment. • Developing capacity to produce large volumes of organic products that can be exported via the future Dube Trade Port. |
| Provincial Priorities Addressed | <ul style="list-style-type: none"> • Sustainable development • Poverty reduction • Empowerment of the previously disadvantaged • Promotion of equal opportunities and equitable access to resources • HIV/AIDS • Developing capacity for export of organic products |
| Link to Departmental Strategic Plans | <ul style="list-style-type: none"> • Promotion of rural development • Providing safety nets for the poor • Developing human capability • Investing in infrastructure • Investing in job creating economic growth • Strengthening of governance |

| 3. FEASIBILITY OF THE PROJECT | |
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| Relevance | <ul style="list-style-type: none"> • Creation of employment in labour intensive sectors. • Value adding production and export orientation. • It is in line with the government's Agri-BEE objectives. • Promotion of sustainable economic development. • Agri-processing is a sector of importance in the provincial economy. |
| Effectiveness | Promotion of BEE through community economic development. |
| Sustainability | <ul style="list-style-type: none"> • Growing demand for organically cultivated products in the domestic and international market and the price premium that these fetch. • Application of low external input sustainable agricultural (LEISA) practices, thereby making it affordable for and simultaneously enhancing profit margins for emerging farmers. |

Prepared by
EZIO GORI
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