Cold storage capability and other forms of expertise vital to development of black commercial farmers

Avocados and berries well placed to increase black economic participation

The Centre for Competition, Regulation and Economic Development (CCRED), a unit of the University of Johannesburg, is gauging the scope of opportunities provided by the fruit value chain for black developing farmers to participate in the economy. The South Africa citrus industry provides a good example of how black farmers have been integrated into the value chain and into world markets, but it hasn't come about by chance but through concerted effort and planning.

At a seminar last week CCRED researcher Shingie Chisoro (*right)* outlined the project: "We have identified avocados and blueberries as high-value fruits with the potential to increase participation and create jobs." However, she continued, the concentrated ownership of production in the avocado industry was an impediment to new entrants. "On production level, there are only four to five main production groups, accounting for over 50% of industry exports. The concentration of ownership has resulted in an industry inertia in which there have been no new players in the avocado industry for at least the past ten years, which clearly limits the scope for growth and inclusive participation."

The waiting list of up to seven years for avocado trees is another constraint, as well as limited export market access which translates to missed opportunities in fast-growing markets like China. This is an area of particular interest to CCRED as they investigate initiatives that assist black farmers in tapping into export markets, as is happening within the citrus industry.

"Blueberry exports are growing fast from a low base, while still small compared to competitors. Berry production is capital- and knowledge-intensive. Our research shows that a farmer requires around R1 million per hectare to establish berries. Another factor is that home-grown technology is not used, unlike in the citrus industry, which increases the cost. The berry industry also has limited capacity and resources to negotiate market access to large markets like China and it also has concentrated ownership."

CCRED believes that the growth in employment will come from a shift to higher-value and labour-intensive fruit like berries and a wider participation by black farmers.

Black citrus farmers in South Africa

The general manager of the Citrus Growers' Association Grower Development Company Lukhanyo Nkombisa (*right*) started his presentation by pointing out that a farmer cannot forever be termed an 'emerging farmer', but that the phrase 'developing farmer' is more accurate: 68 of the 123 black citrus farmers in the country have been exporting citrus for over 25 years.

As for the citrus industry's employment potential, he cited a figure of 3 workers per hectare, one permanent and two seasonal.

The Grower Development Company was established to drive transformation and enterprise development, for instance helping farmers to be market-ready and compliant. "We're looking at unlocking finances for black citrus producers because it's a major challenge and we provide business management support and technical support through our programmes of study groups and one-on-one extension support and information days. "

Of black farmers in the South African citrus industry most (44) are in Limpopo Province, followed by 36 to 40 in the Eastern Cape and eleven in KwaZulu-Natal, and some in Mpumalanga.

He pointed to the problems faced by farming projects handed over to large groups of beneficiaries, referring to citrus projects in KwaZulu-Natal and Limpopo Province with 200 beneficiaries, of whom sometimes only a minority is interested in farming and understands how much the value chain costs and the rest only interested in the profits.

Benefit to of cold storage to rural employment

The seminar was rounded off by Jack Luft, head of corporate partnerships at InspiraFarms, which have recently opened a branch in South Africa. The company has helped developing farmers in East Africa and Latin America to enter the fresh produce value chain. He spoke of the benefits of rural employment offered by cold storage on the farm (pointing out that horticulture provides on average employment to 1.6 people per hectare, compared to 0.02 people/ha in cereal production).

A mobile and modular cold room (this one in Rwanda), provided by InspiraFarms (photo courtesy of inspiraFarms)

The challenges for black farmers are the difficulties in meeting volume requirements and a consistency of supply, as well as food safety standards, which is why the company has entered the market with modular pre-cooling and cold storage facilities, packhouses and automated ripening chambers. They can offer independence from diesel generators (he noted his surprise by the electricity bills of South African producers) and importantly, they also offer asset financing. All of their technology comes ready with GlobalGAP, HACCP, ISO-22,000 and BRC accreditation.

An example of food wastage due to a lack of cold storage (photo courtesy of InspiraFarms)

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