CGA Grower Development Company

SEPTEMBER 2020

newsletter

ED'S NOTE

IN THIS ISSUE

The last few months have certainly been tulmutuous for South Africa and the rest of the world. The Covid-19 pandemic and the consequent national lockdown has created challenges for every single business and citizen in the country.

It is therefore heartening that the agricultural industry has set itself apart as one of the good news stories during this crisis - being the only economic sector to have expanded its contribution to the country's gross domestic product during the second quarter of 2020. This was largey due to the sector being declared a critical industry under all alert levels of the lockdown.

But this does not mean the sector has been unaffected by Covid-19. New challenges such as bottlenecks at some ports; shifts across key markets and the disruption of domestic value chains have arisen, which has been coupled with farmers having to ensure they have the necessary health and safety protocols in place to protect their farm workers.

Many small-scale farmers who have limited access to resources have been hardest hit. This is why the CGA Grower Development Company has increased its efforts in providing support to black citrus growers over the past few months to ensure they have been able to continue functioning during the pandemic. I am pleased to share some stories of black growers who persevered despite these new risks and how our team has continued to assist growers throughout the lockdown.

We also continue to celebrate the achievements of our team members and it gives me immense joy to announce that our new Financial Manager, Ms Mathaphelo Mello, has been appointed as a Shadow Member of the River Bioscience Board. Ms Mello brings a wealth of expertise and experience to her position, you can find out more about her below.

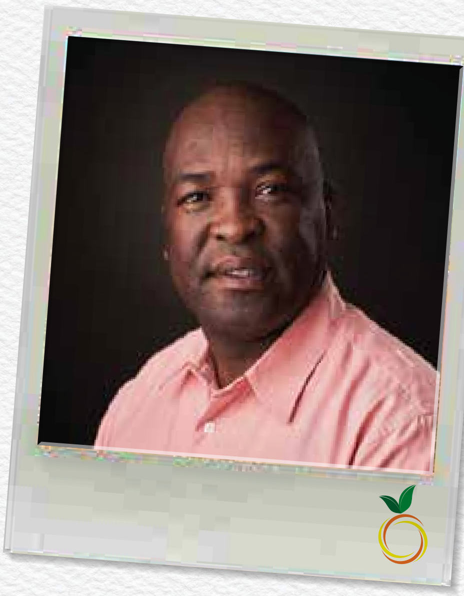
We have also received an overwhelming response to the call for applications for the R307 million Economic Transformation of Black Citrus Growers Programme and I provide a short update on the application process below. Our close partnerships with government have also remained a critical priority. In this regard, we have also identified provincial governments as a key focus area for greater collaboration going forward.

Finally, as we head towards the end of the 2020 export season, which is on track to break new records when it comes to the volume of citrus shipped, we also have received further great news. After eleven years of negotiations, the citrus industry has been given the greenlight to begin exporting to the Philippines. More details on this exciting development follows below.

The CGA Grower Development Company would like to thank all our growers for their commitment and the remarkable resilience they have shown over the past few months.

To quote Henry Ford:
"If everyone is moving forward together, then success takes care of itself."

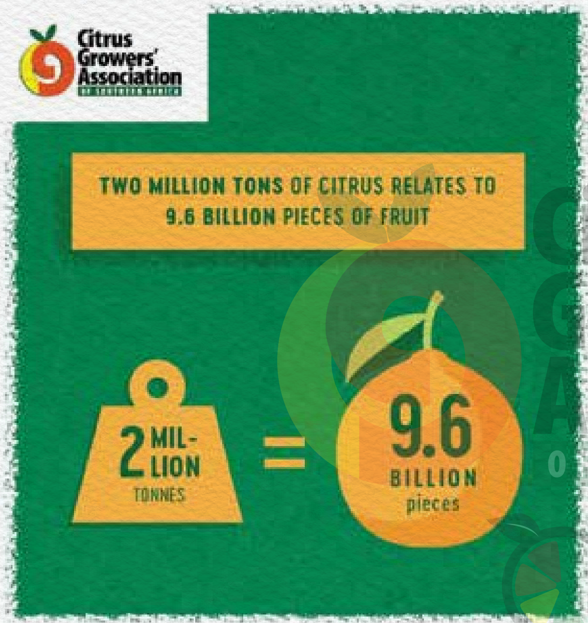
Lukhanyo Nkombisa
General Manager of the CGA Grower Development Company

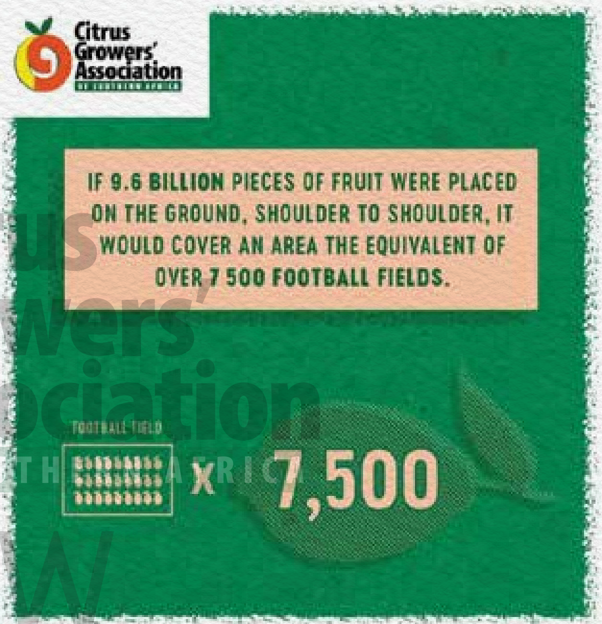


MESSAGE FROM THE CGA CEO

As we near the end of the 2020 export season, I am proud to report that the preemptive and proactive steps we have taken over the past few months - in response to the Covid-19 pandemic and national lockdown - means we remain on track to achieve another record year.

We are expected to export just over 2 million tons of citrus in 2020. These infographics nicely sum up the enormity of this achievement:





This accomplishment has only been made possible because of the hard work and extreme vigilance shown by each and every grower over the past few months.

With the citrus industry expected to grow by a further 500 000 tons over the next 3 to 5 years, our focus must now be on gaining, retaining, and optimising markets. Key markets that we have identified for further growth and expansion are the United States, China, India, Philippines, Japan, Vietnam and the European Union.

This will generate further export revenue and create more jobs in the industry. For example, the growth projections for soft citrus, lemons and valencias over the next three years predicts an additional R6.8 billion in foreign exchange earnings and 22 250 sustainable jobs

We are therefore thrilled with the recent news received from the Department of Agriculture, Land Reform and Rural Development (DALRRD) that it has finalised a workplan with the the Philippines Bureau of Plant and Industry (BPI). This means we will be able to start exporting to the country from next year.

A critical focus under our market access programmes is increasing the amount of exports by black citrus growers over the next few years. We aim to achieve this through a number of programmes that are focused on overcoming the current challenges prohibiting small-scale growers from accessing export markets. These include providing support and assistance when it comes to improving on-farm infrastructure, the production of quality fruit and capacitating growers so they are able to comply with stringent sanitary and phytosanitary standards.

The CGA looks forward to continue working with all growers to take the citrus industry to new heights over the next few years.

Justin Chadwick
CEO of the Citrus Growers Association

COVID-19: BLACK GROWERS SHOW THEIR RESILIENCE

The outbreak of Covid-19 and the subsequent announcement of the National State of Disaster and lockdown in March posed a number of new challenges for growers. In particular, the closure of international borders and restrictions on movement created a number of difficulties.

Here black growers share some of their experiences with us:

Buyiswa Steri Ndyenga of Sikhulasonke Trust

Buyiswa Steri Ndyenga who is general manager of four farms held within the Sikhulasonke Trust, in the Sunday Rivers Valley, revealed that their farms have faced a number of hurdles affecting almost every aspect of their business due to the pandemic and lockdown.

She says that the lockdown regulations required sudden and costly changes to their daily operations. The farm was unable to hire the required number of seasonal pickers, due to the limitations on staff numbers in the workplace. Funds also had to be secured to purchase Personal Protective Equipment (PPE) for all employees and strict sanitation protocols had to be implemented overnight. Farmers were also forced to incur escalating transportation fees, as they were required to make numerous trips to and from farms to fetch employees, due to the restrictions on numbers of persons allowed per vehicle.

Mrs Crewelyn Katoo of Entabeni Co-op

Crewelyn Katoo, a Farmer and one of the beneficiaries of the Entabeni Co-op in Patensie, who also assists as an administrator of the project at the Entabeni Co-op, revealed that unfortunately several of their employees were infected with Covid-19, which was a big blow to their farm. They were also forced to hire less seasonal workers than usual during their peak picking season They also felt the financial impact of having to purchase expensive PPE for all their staff. She says that the difficulties they faced as a result of COVID-19 were compounded by water shortages in the valley, but that irrespective of all challenges, they continue to work the farm to ensure it was sustainable and profitable.

Staff at Easy Farm in Northern Limpopo

The management of Easy Farm, which is owned by the late Israel Nemaorani (a past CGA Director, representing the North PDI Growers) and is now run by his son Lavhengwa Nemaorani, is situated on the southern slopes of the Soutpansberg near Thohoyandou in Northern Limpopo, also highlighted some of the challenges they encountered after the past few months. This included shops being closed at the start of the lockdown, which made sourcing inputs for the farm difficult. With borders being closed, all business also had to be conducted over the phone and international buyers could no longer physically see the fruit they intended on buying. This negatively affected potential contracts because some buyers were hesitant to rely solely on pictures of fruit.

It was also initially challenging for employees to adhere to the Covid-19 regulations and ensuring due diligence at all times. However, over time, and with proper information sharing, everyone adapted.

The farm also had a Covid-19 compliance officer who ensured that employees complied with the regulations as well individuals visiting the premises.

There was also an issue with bakkie traders who would usually buy citrus directly from the farm. As the main gate was closed in order to control access and ensure all visitors were screened, some traders assumed that the farm was closed. These screening protocols were therefore adapted so that traders knew the farm was open for business.

COVID-19: BLACK GROWERS SHOW THEIR RESILIENCE

Sam Qomondi, General Manager at Mariveni Farm on the outskirts of Letsitele near Tzaneen, says that they enlisted the help of the Department of Health as soon as the first Covid-19 case was recorded in the country. The purpose of involving the department of health was to educate the farm workers on hygiene practices and the importance of washing their hands thoroughly to avoid infection. The department also explained how people could become infected, that the virus was airborne.

The farm also put measures in place for the screening of all employees at the beginning of each day. Their temperatures are measured and they are checked to see if they are wearing proper face masks. The screening process also applies to any visitors entering the farm premises. Fortunately, the outbreak has not had any negative financial implications on farming operations, with farm workers adapting quickly to the new way of working.

Up to this point the farm has not had any Covid-19 cases and their productivity has also not been affected. As a matter of fact, the farm is pleased to have exceeded all their targets for the 2020 citrus season.

It is clear that some black growers have been more severely impacted than others by the outbreak and the prolonged lockdown. The stories that have been shared also highlight the remarkable resilience and ingenuity shown by black citrus growers to ensure they have remained productive and their workers have stayed safe.

A critical focus of the CGA and the CGA Grower Development Company over the past few months has been finding innovative ways to best insulate growers from the crisis. We are proud of the fact that we continued to provide assistance and support to growers during every alert level of the lockdown.

During alert levels 4 and 5, CGA CEO Justin Chadwick sent out weekly memos to growers, keeping them informed of government regulations and restrictions affecting their trade, in particular the closure of borders and export issues.

Sam Qomondi and a farm worker at Mariveni Farm

While the CGA Grower Development Company had to halt physical information sessions and study groups to ensure the health and safety of employees and growers, this was replaced with emails, voice calls and virtual meetings – with all telephone and data costs absorbed by the company.

The move to lockdown level 3 allowed for greater movement, providing the CGA Grower Development staff with the opportunity to visit farms again. At this stage, information and study group sessions were replaced by one-on-one visits conducted by CGA Grower Development Company Extension Officers. They travelled to a number of individual farms to offer support and assistance to growers in need, while adhering to all health and safety regulations.

Overall, the Extension Officers conducted 55 visits to black grower farms across the Eastern Cape, Limpopo and the North West from June to the middle of September. The company also did its best to leverage existing partnerships with provincial government departments to expand their reach to growers during this period.

Production and Technical Manager of the CGA Grower Development Company, Andrew Mbedzi stated that they had to adapt overnight to the challenges posed by the outbreak of Covid-19, and that it was sometimes hard to "fight something that we could not see".

We hope that the support provided to black growers by the CGA Grower Development will continue to ensure that this sector remains productive during and post the Covid-19 pandemic.

CGA FINANCIAL MANAGER MATHAPELO MELLO JOINS THE RBX BOARD

The CGA Grower Development Company has also focused on driving transformation within its own organisation over the past few years. In this regard, we appointed Mathapelo Mello as our financial manager three years ago and she has played a critical role in providing financial guidance and support to our company.

When she joined our team, she had over ten years experience working in the audit and financial sector – having spent eight years in the Office of the Auditor General and three years at Standard Bank. As a result of her exemplary leadership, the CGA Grower Development Company has received a clean financial audit three years in a row.

We are also extremely proud to announce that Ms Mello, has recently been invited to become a Shadow Member of the River Bioscience Xsit (RBX) board. The RBX aims to provide the citrus industry with eco-friendly crop protection and pest control measures, while providing growers with the innovative products they need to improve their global competitiveness. As part of her duties, Mathapelo will also serve as a member of the RBX Audit and Risk Committee, as well as the Social and Ethics Committee.

We would like to congratulate Mathapelo on this prestigious appointment and are proud that she will be representing the CGA Grower Development Company and black grower interests in these key platforms.

Mathapelo can be reached at: mathapelo@cga-gdc.org.za.

ECONOMIC TRANSFORMATION OF BLACK CITRUS GROWERS PROGRAMME – JOBS FUND UPDATE

In May, the CGA issued a call for applications for the R307 million Economic Transformation of Black Citrus Growers Programme. The programme will make funding and technical support available to black citrus growers for orchard establishment, expansion and rehabilitation, as well as on-farm development of various infrastructure including packhouses, bulk-water supply and irrigation systems.

The CGA has partnered with a number of stakeholders on the project including the Jobs Fund; the Land Bank; the Department of Agriculture Forestry and Fisheries and AGRISETA.

The CGA Grower Development Company is thrilled by the overwhelming response received from black growers, with applications worth a total of R72 million having been received by the application deadline.

These applications are currently being assessed by a joint steering committee comprising representatives from the CGA, the CGA Grower Development Company and the Lima Rural Development who has been appointed as the Programme Manager for the project.

We hope to announce the first group of successful applicants in the coming weeks.

CGA GROWER DEVELOPMENT COMPANY PROVINCIAL ROADSHOWS

During our engagements with black growers, there are a number of key challenges that are raised on an ongoing basis around land ownership as well as access to water, adequate infrastructure and government services and support. As many of these obstacles need to be resolved at a local or provincial level, the CGA and CGA Grower Development Company have prioritised strengthening its partnerships with provincial government and municipalities in grower regions.

We have therefore embarked on a series of roadshows together, in a joint initiative to meet with the leaders of provincial governments. To date, we have meet with officials in Limpopo, with the MEC of Agriculture in the Western Cape, Ivan Meyer as well as Ms Nomakhosazana Meth, the MEC for Agriculture and Agrarian Reform in the Eastern Cape. We plan to meet with Provincial Ministers in Mpumalanga over the next few months.

These engagements have provided us with the opportunity to share more information on our programmes to support the development of black growers and greater transformation within the citrus industry and to identify possible areas of collaboration and partnerships with these provincial governments going forward.

"Alone we can do so little; together we can do so much" - *Helen Keller*

CITRUS EXPORTS TO THE PHILIPPINES GET THE GREEN LIGHT

After eleven years of negotiations, the South African citrus industry has been given the go-ahead to export to the Philippines after the signing of a workplan between the Department Agriculture, Land Reform and Rural Development (DALRRD) and the Philippines Bureau of Plant and Industry (BPI).

With the Philippines importing around 117 000 tons of citrus between 2016 and 2018, this new market will help keep the local industry on its strong growth trajectory.

The CGA is always thrilled when we get the chance to take our South African fruit to new consumers in far-flung parts of the world. This market access to the Philippines is a resounding vote of confidence in the quality of local citrus and the excellence of our growers.

Mandarins make up the biggest volumes of citrus imported by the Philippines, with over 80 000 tons imported between 2016 and 2018, the majority (60%) from China, followed by Pakistan (25%). Currently, the largest exporters of mandarins from the Southern Hemisphere to the Philippines are Argentina (8 000 tons or 10%) and Australia (2000 tons or 3%).

Oranges are the second leading citrus import (28 000 tons between 2016 and 2018), with China (22%) and Australia (20%) the main sources. Lemon imports have also been growing steadily over the past few years with the USA being the predominant supplier followed by China.

With soft citrus, valencias and lemon exports showing remarkable growth over the past two years - up by (53.6%), (30.1%) and (50.8%) respectively – we hope that the local citrus industry will become the leading Southern Hemisphere exporter of these citrus groups into the Philippines over the next few years.

This achievement is largely a result of close collaboration between industry role players including the Citrus Growers' Association (CGA), Citrus Research International (CRI), South African Embassy in Manila, and DALRRD when it comes to increasing market access.

In light of the 2020 citrus season coming to a close in the next few weeks, the first shipment of citrus is only likely to head to the Philippines at the start of the 2021 citrus season.