FRUIT INDUSTRY VALUE CHAIN ROUND TABLE (FIVCRT)

Transformation Working Group (TWG)

ANNUAL REVIEW

2020

agriculture, land reform & rural development
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Fruit SA wishes to thank Hortgro for the design of this document.

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FIVCRT TRANSFORMATION WORKING GROUP CONVENER - ANTON RABE

Anton Rabe

For the past four years the Transformation Working Group(TWG) has been tracking transformation efforts within the Fruit industry and in this publication, we reflect specifically on 2020 activities. These activities are aligned to the fruit industry transformation strategy which was developed in 2018. What is without question is that there is a consistent and steady increase in participation of black producers and other participants in the fruit industry value chain. Although progress seems slow, this is a long-term industry with very high entry barriers relating to capital, technical and management expertise, as well as infrastructure relating to production, packaging, and marketing. The strategy and targets for 2028 and beyond will be reviewed during 2021 to incorporate the learnings from the past few years. We will also reflect on the variables and dynamics associated with climate change and the complexities of international trade and vital market access issues to ensure viable markets for the envisaged growth of the fruit exporting sector.

The year 2020 was extremely challenging. Economists described it as a black swan year with COVID-19 presenting a difficult operating environment for all sectors of the economy. From an industry perspective most activities geared towards transformation had to be revisited and aligned with COVID-19 restrictions. This tested the industry's agility and adaptability.

The essential service status of the agricultural sector allowed scope for the introduction of one-on-one extension services, virtual training, and increased utilisation of online learning to ensure that activities continue, and that key information and support could reach farmers.

However, the industry was not immune to the supply chain shocks especially with the informal markets (hawkers in particular) where all operations were halted under hard lockdown (level 5). This is an important market for developing farmers as most of their produce is delivered at the fresh produce market where hawkers source their stocks.

About 34% of fruit produced by black farmers is exported, and thus the interrupted operations at ports also had a significant impact on this profile of farmers.

Congestions and delays at ports due to operational issues and COVID-19 related interruptions risked export quality and ultimately farm cashflows.

The pandemic highlighted the significance of public-private partnerships (PPP) and we have seen stronger collaboration in 2020 than ever before. The Deciduous Fruit Development Chamber (DFDC-SA) through its socio-economic development initiatives and in partnership with the Western Cape Department of Agriculture (WCDOA) and Gift of the Givers also donated 10 000 bags of fruit towards COVID-19 relief intervention. A welcome relief for communities in need.

The TWG has served as a valuable knowledge hub for transformation initiatives and the implementation of the fruit industry transformation strategy.

We recognise the hard work that commodity level transformation managers and their teams have put in in the past four years and especially in 2020 where they operated under difficult and uncertain conditions. As we are working towards the 2028 milestones, it is heartening to note strong growth in participation of black producers, also in representative industry decision making structures. Since 2018, black fruit farmers planted 21% more hectares with overall production increasing by 29%. We trust that further collective efforts of the Fruit Industry and Government will continue to strengthen and to enable inclusive growth in the fruit industry.

LIST OF ABBREVIATIONS AND ACRONYMS

AGRISETA:	AGRICULTURAL SECTOR EDUCATION TRAINING AUTHORITY
ARC:	AGRICULTURAL RESEARCH COUNCIL
BBBEE:	BROAD-BASED BLACK ECONOMIC EMPOWERMENT
BEE:	BLACK ECONOMIC EMPOWERMENT
BEEBS:	BEE BURSARY SUPPORT
CEO:	CHIEF EXECUTIVE OFFICER
CGA:	CITRUS GROWERS' ASSOCIATION OF SOUTHERN AFRICA
CGA-GDC:	CGA GROWER DEVELOPMENT COMPANY
CGDC:	CITRUS GROWERS DEVELOPMENT CHAMBER
CRI:	CITRUS RESEARCH INTERNATIONAL
CV:	CURRICULUM VITAE
DALRRD	DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT
DFDC-SA:	DECIDUOUS FRUIT DEVELOPMENT CHAMBER
DEL:	DEPARTMENT OF EMPLOYMENT AND LABOUR
DTIC:	DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION
FISC:	FRUIT INDUSTRY SOCIAL COMPACT
FIVCRT:	FRUIT INDUSTRY VALUE CHAIN ROUND TABLE
FPEF:	FRESH PRODUCE EXPORTERS' FORUM
HR:	HUMAN RESOURCES
MOA:	MEMORANDUM OF AGREEMENT
MOU:	MEMORANDUM OF UNDERSTANDING
NAMC:	NATIONAL AGRICULTURAL MARKETING COUNCIL
NQF:	NATIONAL QUALIFICATIONS FRAMEWORK
PDI:	PREVIOUSLY DISADVANTAGED INDIVIDUAL
PMU:	PROJECT MANAGEMENT UNIT
PPECB:	PERISHABLE PRODUCTS EXPORT CONTROL BOARD
PPP:	PUBLIC PRIVATE PARTNERSHIPS
RAAVC:	REVITALIZATION OF AGRICULTURE AND THE AGRO-PROCESSING VALUE CHAIN
SANCU:	SOUTH AFRICAN NATIONAL CONSUMER UNION
SATI:	SOUTH AFRICAN TABLE GRAPE INDUSTRY
SEDA:	SMALL ENTERPRISE DEVELOPMENT AGENCY
SIZA:	SUSTAINABILITY INITIATIVE OF SOUTH AFRICA
SUBTROP:	SOUTH AFRICAN SUBTROPICAL GROWERS' ASSOCIATION
TOC:	TOP OF THE CLASS
TOR:	TERMS OF REFERENCE
TWG:	TRANSFORMATION WORKING GROUP
UK:	UNITED KINGDOM
WCDOA:	WESTERN CAPE DEPARTMENT OF AGRICULTURE

1. INTRODUCTION

1.1 CONTEXT

The Fruit Industry Value Chain Round Table (FIVCRT) is a dialogue process amongst industry stakeholders which was established by the Department of Agriculture, Land Reform and Rural Development (DALRRD) and Fruit SA. It seeks to foster collaboration amongst stakeholders to secure an enduring competitive advantage for the fruit sector.

The main stakeholders are various government departments (DALRRD, Department of Trade, Industry and Competition (dtic) as well as the Department of Employment and Labour (DEL)), parastatals (Perishable Products Export Control Board, (PPECB) and National Agricultural Marketing Council (NAMC)), Fruit SA and its member associations as well as labor unions (BAWSI Agricultural Workers Union of South Africa (BAWUSA)) and civil society (South African National Consumer Union (SANCU)).

The work of the FIVCRT is streamlined into five working groups:

- Employment and Worker Welfare (Leader: Rev N. Pieterse)
- Transformation (Leader: Mr A. Rabe)
- Research and Development (Leader: Mr W. Bestbier)
- Trade and Market Access (Leader: Mr D. Donkin)
- Resources (Leader: Mr A. Kruger)

This review is part of the work of the Transformation Working Group (TWG). All indicators and activities are backed by the transformation strategy which was adopted in 2018. The strategy set a goal of a fully transformed sector by 2038 with BEE producers contributing 30% of fruit, 30% of exports and 15% ownership across the value chain. About five strategic objectives are set with measurable indicators to achieve the 2038 goal post.

1.2 PURPOSE OF THE TWG

The purpose of the TWG is to facilitate, monitor, measure and report on the agreed transformation plan and targets; consequently, ensuring the entry and sustainable participation of black[1] South Africans, including the youth, into the economy of the primary and secondary fruit value chain.

1 As defined in the BEE Charter as Black, Indian, Coloured and South African Chinese.

1.3 FOCUS OF THE TWG

The TWG limits its focus to the economic development[2] and growth dimensions of transformation, which are required for sustainable and profitable businesses, addressing the following key areas:

i) **Ownership:**
- To increase the number of black commercial fruit growers;
- To increase black ownership and participation in the fruit value chain in local, national and international markets.
- To ensure that previously disadvantaged individuals (PDIs) and groups receive title deeds of properties.

ii) **Enterprise and Supplier Development** (business skills, training, mentorship, technical information and extension, access to funding and access to markets);

iii) **Management and Control** (promotion of black people as board members and for executive management positions), and

iv) **Increasing the availability of black and skilled human capital in the fruit industry.**

2 The labour, housing and social/socio-economic dimension of transformation are being addressed within the Employment and Worker Welfare Working Group.

1.4 OBJECTIVES OF THE TWG

The TWG outlined the following objectives to help achieve its purpose:

i) To develop targets and a framework for transformation in the fresh fruit industry that encourages existing and new initiatives/ programmes – to help ensure the success of enterprises;

ii) To review and redefine the fruit industry and subsector strategies and action plans from time to time;

iii) To develop different economic business models for different circumstances;

iv) To create a platform within which challenges to transformation in the fruit industry can be identified and resolved, and

v) To collate information and statistics on fruit industry initiatives and programmes and to inform all stakeholders in and around the sector of transformation activities and progress through reports and media exposure.

1.5 MEMBERSHIP/COMPOSITION OF THE TWG

The TWG is composed of the following stakeholders:

- Fruit SA CEO
- Transformation Managers of the various industry associations
- DALRRD officials
- The dtic officials
- Relevant experts/officials – co-opted when necessary
- Labour and worker welfare representatives

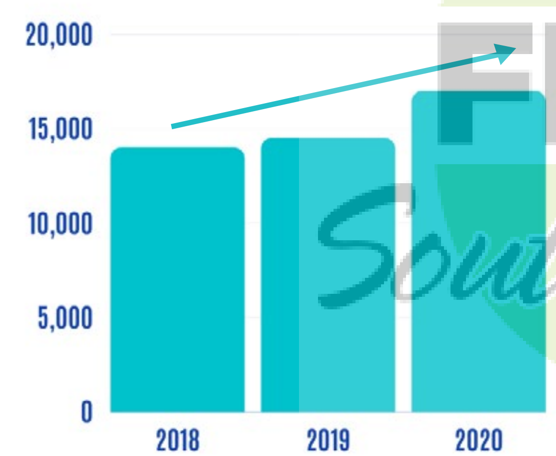
1.6 MEETINGS AND REPORTING OF TWG

The TWG meets twice a year and reports quarterly to the FIVCRT and annually to stakeholders.

2. ACTIVITIES AND PROGRESS OF THE WORKING GROUP

The fruit industry has made some progress in its efforts towards inclusive growth. The area planted by BEE growers increased by 21% since 2018 to 17 480 ha while production increased by 29% to the current level of 424 702 tons. The number of Fresh Produce Exporters Forum (FPEF) member companies with black ownership increased from 13 to 15 between 2019 and 2020. Overall, about 8% of total land under fruit production is in the hands of BEE producers virtually unchanged y/y.

AREA PLANTED BY BLACK FARMERS (HA)



VOLUMES PRODUCED BY BLACK FARMERS (TONS)

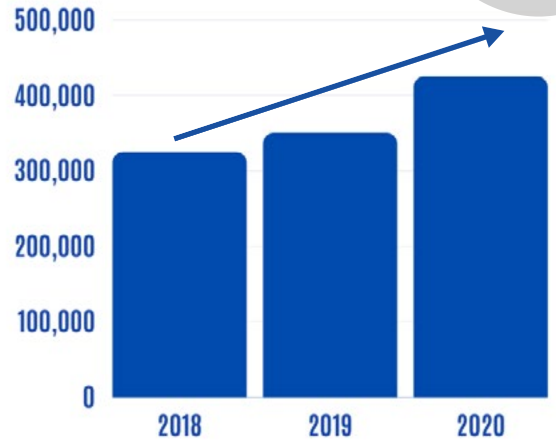


Table 1: Total BEE area under fruit production and number of BEE exporters

COMMODITY	TOTAL BEE AREA (HA)
CITRUS	9 378
POME & STONE FRUIT	4 730
TABLE GRAPES	2 134
SUPTROPICAL FRUIT	1 238
TOTAL	17 480
NUMBER OF BEE EXPORTERS	15

**Exporters (based on 42% responses from FPEF members)*

3. SUBSECTOR REVIEWS
3.1 CITRUS INDUSTRY

3.1.1 CITRUS GROWERS' ASSOCIATION OF SOUTHERN AFRICA (CGA)

The Citrus Grower Association- Grower Development Company (CGA-GDC) and the Citrus Academy are non-profit companies, mandated and resourced by the Citrus Growers Association (CGA) to address transformation in the citrus industry. Between them, they have put in place a range of support mechanisms for development growers.

CITRUS ACADEMY BURSARY FUND

The purpose of the Bursary Fund is to provide financial support to learners at academic institutions all over South Africa who are studying towards qualifications related to the citrus industry. Up to 2020, the Bursary Fund has awarded 852 bursaries to 306 beneficiaries, to the total value of R23.2 million. Of the 306 individual students who have benefited from the Bursary Fund, 78% are peviously disadvantaged individuals (PDIs), and 54% are female.

Eighty-three Citrus Academy Bursary Fund graduates are now working in the citrus industry, some in management positions, with a further 64 employed in the wider agricultural industry, government departments or academia.

One section of the Citrus Academy Bursary Fund, referred to as BEE Bursary Support (BEEBS), is aimed specifically at supporting development growers. The purpose of BEEBS is to subsidise bursaries to relatives of development growers and employees of development citrus enterprises in order to develop the internal capacity of these enterprises over time and to assist with succession planning. Support is given from school level onwards. Up to 2020, 240 BEEBS bursaries have been awarded to 74 beneficiaries, to a total value of just over R4.2 million.

The Citrus Academy has also implemented a number of workplace learning programmes to give Bursary Fund students opportunities to gain experience in the workplace, thereby making them more employable. This includes; vacation work, internships and graduate placements. We also have an industry exposure programme to enable students to attend research symposia and conferences related to their field of study.

Chummy Khoza, working at Indigo Fruit

Asanda Mditshwa, lecturing at the University of KwaZulu-Natal

CITRUS ACADEMY LEARNING AIDS AND PROGRAMMES

The Citrus Academy develops written learning material and audio-visual learning aids dealing with a variety of citrus production practices.

To date, the Academy has developed audio-visual series dealing with Integrated Pest Management, Citrus Picking, Citrus Packing, Citrus Planting Management, Citrus Pruning, Citrus Propagation, Plant Structures and Functions, and Safe Handling of Agrochemicals. Copies of this series are made available to development growers at no charge, and they are regularly handed out at study group meetings and information days. DVDs are also part of the Citrus Production Short Course resource pack, which many development growers have been sponsored to attend at no cost. In addition, audio-visual modules can be accessed at no cost on the Citrus Academy YouTube channel, where many growers, workers, students, lecturers, extension officers and many others, have viewed them to learn more about citrus production.

In 2020, the Academy added a module on Monitoring and Inspection for Phytosanitary Markets, focusing on false codling moth and fruit fly. This module was used as the basis for an e-learning programme to certify monitors and inspectors on citrus farms and in packhouses.

In 2020, the Citrus Academy developed two induction learning programmes, with the purpose of upskilling members of local communities in citrus growing areas and make them employable on citrus farms and in citrus packhouses. These programmes will be implemented as part of the Economic Transformation of Black Citrus Growers programme.

CITRUS ACADEMY E-LEARNING PROGRAMMES

The Citrus Academy is not only committed to keeping up with the latest developments in skills delivery, but also to enabling the provision of training programmes to remote rural areas by supplying mobile learning resources. In keeping with these objectives, the Academy launched its online learning platform in 2019.

During 2020 the need for e-learning programmes became even more evident due to the fact that traditional, classroom-based learning interactions that require social contact had to be suspended. The Citrus Academy online value offering was therefore expanded and new programmes were added. This provided the Academy with the means and resilience to continue to service the citrus industry's needs.

In the period under review, 279 black learners participated in and completed the following programmes: Citrus Business Administration, Citrus Industry Technical Induction, COVID-19 Compliance Officer Training, and Monitoring and Inspection for Phytosanitary Markets. Other e-learning programmes that are currently available include Citrus Export Supply Chain Short Course, Citrus Packing Short Course and Citrus Production Short Course.

CITRUS SHORT COURSES

In 2018, the very first of the Citrus Academy's short courses was held in Fort Beaufort, in the Eastern Cape. Based on industry need, the Citrus Academy developed short courses for citrus production, citrus export supply chain, and citrus packing. To date, 200 development growers have received sponsorship to attend the courses in various regions across the country. The courses are held in the form of 3-day workshops, with 2 days in the classroom and the third day being a site visit day, where the learners are exposed to the practical elements of all they have learned.

The Citrus Production Short Course focuses on citrus production practices. To date, 18 workshops have been held with 372 learners registered. The Citrus Production Short Course has been hailed by the learners as a very informative course, especially the site visit which was thoroughly enjoyed by all.

The Citrus Export Supply Chain Short Course was launched in 2019 and was very well received. The site visit for this course is at the harbour, with the learners particularly enjoying being shown around the different ports. There have been 6 workshops held, with 66 learners registered.

As the newest of all the courses, the Citrus Packing Short Course is succeeding in its aims to expand learners' knowledge on what happens in the packhouse as well as ensuring that they understand how fruit is received, treated, sorted and packed, while complying with food safety requirements. The Citrus Packing short course has had two workshops to date, with hopes that there will be an opportunity to have many more of these in 2021.

Citrus Export Supply Chain short course learners at the port

Citrus Production short course learners in the orchard

ECONOMIC TRANSFORMATION OF BLACK CITRUS GROWERS PROGRAMME – SKILLS DEVELOPMENT

In 2019 Citrus Growers' Association (CGA) initiated a programme to provide grant and loan funding to black-owned citrus enterprises for the purpose of establishing new orchards, rehabilitating existing orchards, infrastructure development (including packhouses), equipment purchases, and production costs for new orchards. To this, skills development initiatives were added to ensure that new and existing employees of beneficiaries have the necessary skills and capacity.

An application was made to the AgriSETA for funding the skills development initiatives related to the programme. In October 2019 a Memorandum of Agreement (MoA) was signed between the CGA and the AgriSETA to enable the availability of funding amounting to R12 988 585 for implementation over the duration of the project, from 2020 to 2023. In October 2020 Discretionary Grant Agreements were signed between the CGA and the AgriSETA to enable funding for learnerships, skills programmes and bursaries. The CGA is responsible for the overall implementation, management and oversight of the project, and has engaged the Citrus Academy to be the implementation agent for the skills development initiatives.

In 2020, the Academy initiated three Plant Production Learnerships (NQF level 2) for 75 beneficiaries in Brits, the Nkwaleni Valley and Fort Beaufort. All learners were PDIs made up of 46 females and 29 males. Skills programmes, bursaries and further learnerships, including for New Venture Creation (NQF level 4), will be implemented in 2021.

3.1.2 CGA- GROWER DEVELOPMENT COMPANY (CGA-GDC)

ECONOMIC TRANSFORMATION OF BLACK CITRUS GROWERS PROGRAMME – JOBS FUND

Applications were opened to black citrus growers and the CGA-GDC used internal platforms to reach out to growers to apply as this call for applications coincided with the COVID-19 hard lockdown. The initial approach was to have a manual application, but due to the prevailing restrictions, online approach was the only option. CGA-GDC availed facilitators to assist prospective applicants with this application process. To date twenty-four applications were received through the online platform. The applications are at various stages in the process as follows:

Table 2: Progress on applications received

APPLICATION STAGE	NUMBER OF APPLICATIONS
APPLICATIONS IN PROGRESS (PIPELINE APPLICATIONS)	4
APPLICATIONS PASSED BY THE PROJECT STEERING COMMITTEE	14
APPLICATIONS REJECTED BY THE PROJECT STEERING COMMITTEE	4
APPLICATIONS REJECTED AT TECHNICAL ASSESSMENT LEVEL	2
APPLICATIONS NOW AT FINANCIAL DUE DILIGENCE STAGE	14

BUSINESS PLANS

Seven business plans were developed for the following farms in the Eastern Cape:

- Battlesdene
- Lovers Retreat
- Gatyena
- Oakdene
- Jerico
- Zanentlutha
- Letas Farm

ENTERPRISE DEVELOPMENT

The Citrus Grower Development Chamber (CGDC) approved criteria for this fund and an application form was sent to all qualifying growers to submit their needs. The value of the fund was R150 000 per enterprise which covered production inputs, equipment and trees. This fund is on a rotation basis and the focus of this phase was the North Region and KwaZulu Natal. Thirty farms were supported as follows:

- Four in North West
- Six in KwaZulu Natal
- Eighteen in Limpopo
- Two in Mpumalanga

DALRRD LAND DEVELOPMENT SUPPORT PROJECT

A memo from DALRRD approving R9 813 664.00 for the implementation of this project in Batlhako Temo in the North West was received. The farm will be supported with orchard establishment and production support, mechanisation and infrastructure support. Joint funding and grant funding accounts were opened towards project implementation. CGA-GDC is getting 2% service fee for the implementation of these projects. An implementation plan was prepared and approved by the provincial department of agriculture. A steering committee was also established to oversee project implementation. To date, the mechanisation phase of the project is complete.

Mechanisation delivered at Batlhako Temo as part of the LDS project

CGA-GDC AGRICULTURAL EXTENSION SERVICES

The CGA-GDC assists citrus developing growers with extension services. Agricultural extension (also known as agricultural advisory services) plays a crucial role in boosting agricultural productivity, increasing food security, improving rural livelihoods, and promoting agriculture as an engine of pro-poor economic growth.

Due to the COVID-19 pandemic, group extension methods such as citrus study groups, information days and farmers days were stopped in line with the COVID-19 protocols. However, one-on-one method was used and is probably the most universally used extension method in both developed and developing countries.

The extension officer meets the farmer at home or on the farm and discusses issues of mutual interest, giving the farmer both information and advice.

Developing citrus growers were also reached through COVID-19 memos, SMS, emails and telephonic conversations. It was very critical to keep in contact with the growers to provide them with the relevant information for their farming activities.

NEW ENTRANTS FARMERS

Two new citrus farmers requested assistance for assessments of their farms' suitability for planting citrus varieties. One of these farmers has already planted 5 ha of citrus plants in Buysdorp in Limpopo while the other in Ramatlabama in North West Province will be planting 6 ha and is busy with land preparations.

Tshiambwa and Melton on a farm visit at Buysdorp in Limpopo

Melton conducting farm assessment in the North West

CRI, CGA-GDC and Government extension officers at Easy Farm

BIOSECURITY

Citrus huanglongbing (HLB) which is caused by the Asian psylla is a destructive disease of citrus and a major threat to the citrus industry around the world. It is moving towards South Africa and as such the Citrus Research International (CRI) has started putting traps along the citrus farms in the north-eastern side of our country.

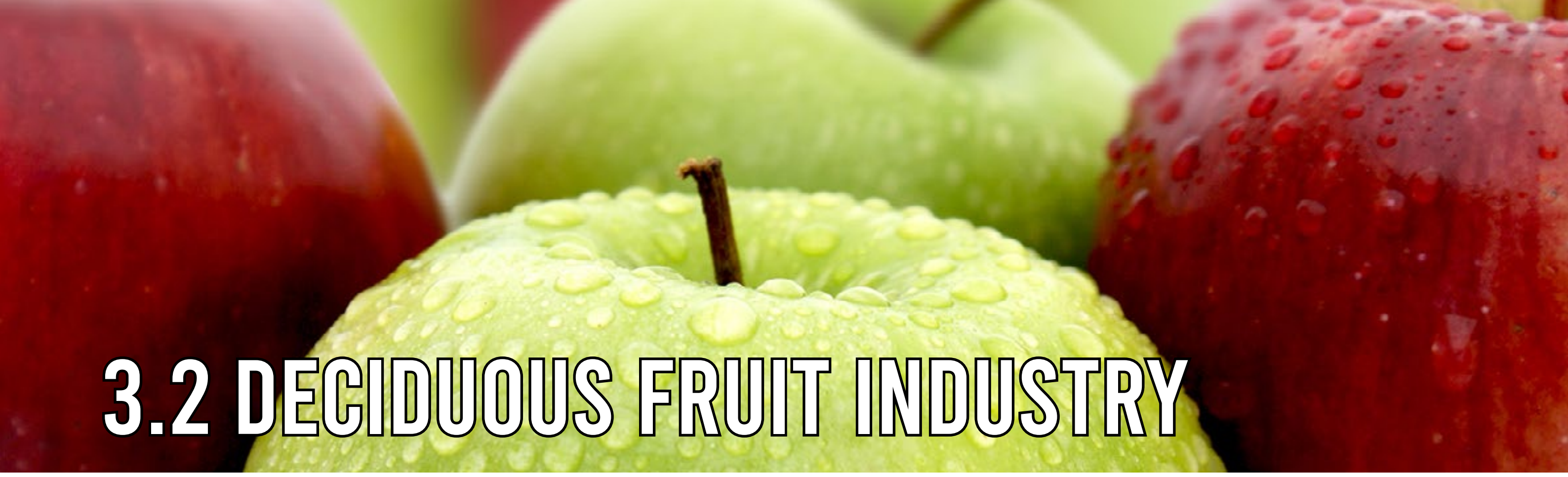
The CGA-GDC, CRI and Government extension officers were involved in putting Asian citrus psylla traps at Easy Farm, Tshivhilwi in Limpopo. The aim of putting the traps is to monitor the movement of this pest.

CRI REGIONAL EXTENSION WORKSHOPS

CRI hosts three Regional Extension Workshops every year. The workshops are Citrus Post Harvest, Citrus Production and Pests and Diseases Management. In year 2020 the CRI has managed to host the Citrus Post-Harvest workshop which is held in January and February. The other two workshops were cancelled due to COVID-19.

The Citrus Post-Harvest workshop also well known as the Citrus Packhouse workshop looks at the previous season's achievements and challenges and prepares growers for the upcoming citrus packing season.

Post-Harvest workshop in Eiland SPA



3.2 DECIDUOUS FRUIT INDUSTRY

3.2.1 HORTGRO

EXECUTIVE SUMMARY

The Pome and Stone fruit industries have over the past 10 years demonstrated their commitment towards sustainable development and transforming the industry through various initiatives such as the tree planting project, the Deciduous Fruit Development Chamber (DFDC-SA) commercialisation programme and Deciduous fruit Value Chain financing project referred to as Hortfin which was introduced in 2018. Statutory levies create an enabling platform through a transformation mandate set out by the NAMC. The levy funding is used to gear additional funding towards inclusive growth and development of the pome and stone fruit industries through dedicated projects with National Treasury via the Jobs Fund and Public-Private-Partnerships (PPP's) with Government Departments such as the Western Cape Department of Agriculture (WCDOA) and Eastern Cape Department of Rural Development and Agrarian Reform (DRDAR). The principle of effective and efficient PPP's has been established and confirmed through the implementation of various economic development initiatives and the results and achievements to date. This would not have been possible without these partnerships including the support from the commercial grower constituents.

During 2008, DFDC-SA was established to ensure participation of black growers and value chain players in all decision-making structures within the pome and stone fruit industries. In 2014, the DFDC-SA was positioned as a dedicated sub-structure under the HORTGRO umbrella to drive economic development, influence Government policy and perceptions, ensure participation and representation on all industry structures and obtain additional funding in support of the various economic development initiatives to fast-track growth and development. Transformation is a strategic focus area within Hortgro Pome and Stone as well as across all industries functions and are therefore dealt with at a DFDC-SA & HORTGRO Pome and Stone Boards referred to as the DFI. The DFI acts as an advisory committee regarding transformation initiatives and strategy, which is represented and supported by DFDC-SA Executive management and HORTGRO Pome and Stone Executive management.

Farm visit to Jobs Fund beneficiary, Errol April at Amanzi farm in Villiersdorp

Over the past decade transformation initiatives were refocused from a training, worker welfare and skills development centered approach towards greater emphasis on economic development initiatives and support programmes with an excess of 90% of industry transformation funding channeled to economic development. Transformation is however a broader concept than only addressing the production profile of pome and stone fruit growers, and should not just be focused on primary production but include the entire value chain. Therefore, not only is the industry committed at a primary production level but to ensure transformation throughout the value chain (forward and backward integration) including research capacity.

The DFI held a strategic session at the end of September 2020 to consider the progress to date, revisit the industry vision, mission, objectives and activities to ensure alignment between the various role players and develop a prioritised and measurable plan to achieve the transformation objectives.

The DFI Transformation vision is: “A globally competitive, equitable, unified and economically transformed Deciduous Fruit Industry”. At the conclusion of the session, participants agreed to all sign a pledge to demonstrate their unwavering individual and collective commitment to the transformation journey that was unanimously agreed.

ECONOMIC DEVELOPMENT INITIATIVES

DFDC Commercialisation Programme (JF1): 2016 - 2020

The DFDC Commercialisation Programme was initiated during 2016 to address the challenges faced by a large number of black owned businesses within the pome and stone fruit industry. These challenges in particular referred to the small area under production by 100% black owned entities (economies of scale), lack of access to markets, quality of produce and export capacity, production and market infrastructure which were not optimal to support the required growth strategy, limited access to finance and financial resources to become commercial.


Deciduous Fruit Industry

TRANSFORMATION PLEDGE

We the undersigned, being the creators and custodians of the **DFI Transformation Alignment Initiative**, do hereby pledge our individual and collective support for the Transformation Vision and Mission that was unanimously agreed to:

“A globally competitive, equitable, unified and economically transformed Deciduous Fruit Industry.”

Thembi Xaba	Angelo Petersen	Anton Rabe
Mariette Kotze	Andre Smit	Job Mthombeni
Ismail Motala	Uthmaan Rhoda	Elton Jefthas
Nicholas Dicey	Lien Visagie	Mono Mashaba
Bongani Ndimba	Ricardo du Preez	Stephen Rabe
Pitso Sekhoto	Zodwa Nkosi	signed October 2020

HORTGRO

The signed Transformation Pledge


New plantings on Amanzi farm, Villiersdorp

The DFDC Commercialisation Programme was a R120 million project funded through the Jobs Fund (R60 million); The Western Cape Department of Agriculture (R40 million) and Hortgro (R20 million). These funds were invested into 21 black owned businesses in order to commercialise these entities in the Western and Eastern Cape. This programme was implemented over a 4-year period with a 3-year post monitoring period by the Jobs Fund. The beneficiaries of this programme were selected based on the following criteria: 100% black ownership; existing pome and stone fruit producers; the ability to be commercialised; the ability to expand and create new jobs. The high-level project objectives were to expand and/or replace 306 ha and the creation of 505 new jobs of which 350 would be permanent and 150 seasonal.

The identified constraints to commercialisation were addressed through the fast-tracking of expansion and upgrading of primary production capacity, replacing obsolete cultivars, increasing the area under production, assistance with production inputs of newly established plantings, increased mechanisation and supporting infrastructure including the upgrading of packhouses, increased marketability of produce through better cultivars and quality standards, compliance with market requirements in order to supply any market of choice (Global GAP and SIZA compliant), integration into the value chain, and the creation of sustainable employment.

The implementation of the DFDC Commercialisation Programme was completed at the end of October 2020. The table below reflects the performance of the programme against the targets as envisioned.

Table 3: Performance of the programme against the targets as envisioned

PROJECT INDICATORS:	TARGET	PERFORMANCE (OCT 2016 - OCT 2020)
NUMBER OF HECTARES PLANTED (NEW AND/OR REPLACED)	306	310
NUMBER OF NEW PERMANENT JOBS CREATED (REVISED)	241	188
NUMBER OF SEASONAL JOBS CREATED	149	849
NUMBER OF SHORT-TERM JOBS	32	630
NUMBER OF BENEFICIARIES TRAINED	97	542
NUMBER OF SIZA ACCREDITATIONS	21	19
NUMBER OF GLOBAL GAP CERTIFICATIONS	21	19
AMOUNT OF FUNDING IMPLEMENTED	R120 mill	R134.2 mill

Key Learnings:

- An organised commodity partner supported by an effective and efficient project steering committee has proved crucial during the implementation of the programme. The commodity partner was able to bankroll the project as and where cashflow constraints were experienced, unlocked additional funds through obtaining a Value Added Tax exemption from SARS unlocking an additional R12.2 million through VAT claims and interest. The industry also ensured that the required support was provided timeously to the project and its beneficiaries.

- The development and maintenance of a monitoring and evaluation tool such as the web-based platform to track development going forward which can be extended to include all development programmes within industry. This developed framework provides an integrated tool to assess production and financial performance and provides a tool to measure the greater impact of the project.

- Extension of the Public-Private Partnership (PPP) with Government (WCDOA; the Jobs Fund and the Eastern Cape DRDAR (to a lesser degree) has once again proven to be very beneficial to all stakeholders.

- Strategic partnerships are key not only between Industry and Government to roll out support programmes but on an individual entity basis as well. Especially where both parties have skin in the game and financially contribute towards achieving the required result. The strategic partner can stabilise the financial position of the business and share in the risks, provide access to systems, structures, networks and infrastructure to support the development and growth of the business.

- During the establishment of long-term crops sufficient provision needs to be made for maintenance costs, especially if the business does not have a supplementary income and/or other enterprises. In hindsight the production inputs allocated to newly established orchards should not have been reallocated.

Strategic partners, Georgie Wolfaart (Verdun Estates) and Raymond Koopstad (La Vouere Stone Fruit)

- Business Management competencies and capabilities remain one of the critical elements towards commercialisation and require more focus. Record keeping and the ability to report in a timely manner.

- Ownership from the beneficiaries with regards to their businesses and business decisions is of paramount importance.

- Care should be taken not to create a dependency on grants (or planning with grant funding in mind) which is not a sustainable funding model and does not yield the results.

- Job creation on long-term crops (especially permanent employment) takes longer than anticipated and the real impact is only realised 2 to 3 years after the establishment and/or replacement of orchards.

- Cash flow management of the programme should take into consideration that payments from all participating entities may happen later than anticipated and sufficient provision must be made for this. Provision should also be made for additional costs not originally part of the process, for instance the development of the programme business plan, the implementation plan and sourcing the required capacity and infrastructure should be included in the budget from the onset.

- The budget for a multi-year programme should include a contingency fee to ensure that cost escalation due to annual inflation are provided for.

- Communication between all role players – producers, industry, government in terms of what is expected, what has been achieved and developmental gaps. Communication of what works and what does not work is just as important and the documentation thereof.

- Technical support is critical to ensure effective and efficient implementation and to provide guidance and support during the implementation phase to ensure the required results. This also helps to establish a pro-active approach instead of being reactive.

- Flexibility in the implementation plan to adapt to changing conditions is paramount within the context of the project objectives and scope.

- The contracting of beneficiaries has also proven to be a critical element to success as it provides a mechanism to ensure cooperation and participation.

- The funding of the DFDC commercialisation programme was prioritised according to achieving the outcomes of the support provided with a big emphasis on new job creation and the production capacity. Therefore, not all items required were prioritised. The assumption was made that due to the fact that these funds were invested in the form of grants and increasing the balance sheet of these entities that these businesses would be in a position to obtain commercial finance. However, this was not proven to be true for all the participating entities. The latter proved true only for the entities that are privately owned or where a title deed from Government was obtained. In the case of PLAS (Pro-Active Land Acquisition Strategy Farms) - State-owned farms this is not the case and these entities are not receiving the benefit from these investments in the form of a strengthened balance sheet and more security to obtain commercial finance.

Charles Willemse, Franko Isaacs and Jan Davids, shareholders of Klipfontein farm in Vyeboom.

Visit to Verdun packhouse in Prince Alfred Hamlet where La Vouere's fruit is packed

Fruit Value Chain Financing Project – Hortfin (2018 – 2023)

A key constraint to commercialisation that was identified was access to commercial finance. This was only partially addressed with the DFDC Commercialisation programme and only benefitted businesses that were selected as the beneficiaries of this programme basically only considering existing producers. In the broader transformation environment, the lack of meaningful participation of previously excluded groupings in the fruit value chain partly due to the lack of access to finance is still a reality. There are businesses that are unable to access debt finance as a result of a lack of track record, security, associated risk, etc. which is creating barriers to entry, economic growth, job creation and greater inclusivity. These businesses are being referred to as the "missing middle" and are targeted through the Fruit Value Chain Financing project to contribute to growth and transformation of the value chain.

Hortfin was initiated in 2018 and is a ring-fenced debt facility to the value of R600 million to implement a different and comprehensive financing and support system that would result in economic growth, sustainable development and job creation. The amount of grant funding is not enough to fund the required level of interventions to support agricultural development and transformation at the required scale and furthermore does not provide a sustainable development funding mechanism over the long-term. A new comprehensive and sustainable development finance instrument is required to enable the anticipated growth and transformation that is required in various policy documents.

The Hortfin fund in addition was created based on the experiences with the DFDC Commercialsation Programme to address the gap in finance identified and the positive results achieved with a range of interventions where the involvement in the business from the onset has been proven.

Hortfin is funded by the Jobs Fund (R200 million grant); Industry – including Deciduous Fruit Producers Trust (DFPT), South Africa Table Grapes Industry (SATI) and Wine Industry Transformation Unit (R100 million – interest free only capital repaid over long-term) and the Landbank (R300 million loan). These various funding streams are blended and made available at very competitive rates provided for the risk category. Interest rates vary from Prime -2% to Prime +1%. Repayment is matched to cash flow and the ability to service debt. The focus therefore is not only on finance but creating a sustainable business and the financing thereof.

The eligibility criteria applied are (1) majority black owned businesses (51% black ownership and more) (2) with the ability to expand and create additional jobs (3) at an average cost per job of R300,000 (4) in the fruit value chain (5) and have the ability to repay and become sustainable. This is a multi-stakeholder project that includes pome and stone fruit, table grapes and wine grapes. Furthermore, the purpose of this project is to attract additional funding to grow this fund and in future focus on black ownership of less than 51% that is meaningful and impactful. The current Hortfin programme will be implemented over a 4-year period, with a repayment period of 15 years.

New plantings funded by Hortfin

Table 4: Hortfin Progress indicators

HORTFIN PROGRESS INDICATORS	NUMBER	VALUE (RAND)
APPLICATIONS APPROVED BY HORTFIN BOARD	8	R144.1 mill
APPLICATIONS DISBURSED	5	R114.6 mill
APPLICATIONS AWAITING APPROVAL BY LANDBANK	3	R31 mill
APPLICATIONS IN FINAL DD	4	R41,6 mill

JOBS CREATED AS A RESULT OF HORTFIN SUPPORT	
NEW PERMANENT JOBS	26
NEW PERMANENT SEASONAL JOBS	283
NEW SHORT-TERM JOBS	26

Of the 8 applications approved by Hortfin board – 6 applications are within the pome and stone fruit industry. The applications are spread across the value chain ranging from pallet manufacturing, fruit tree nursery, expanding primary production and the expansion of cold storage and packing capacity.

Discussions with other Development Impact Funders and commercial institutions is on-going in an attempt to grow the fund and address other developmental needs and requirements not currently addressed through Hortfin.

The Commodity Approach (2011 to current)

The commodity approach is a formalised PPP between the WCDOA (Farmer Support and Development) and Hortgro in support of transformation projects and initiatives. The WCDOA and industry have shared transformational objectives such as: increased participation of black people in the economy; increased black ownership throughout the value chain; increased job creation & addressing unemployment issues; reduction of poverty; economic growth; and long-term sustainability.

This partnership started in 2009 since the inception of the “boompie projek” that paved the way for greater collaboration. Through this partnership the industry and the WCDOA are able to build on each other’s strengths in order to be more successful with the funding and implementation of government and industry support programmes. This enables the WCDOA and industry to leverage expertise and funding from one another. Subsequently, Hortgro via the DFPT has been gazetted as an implementing agency for the WCDOA.

Over the last 10 years the DFPT administered and implemented R208,1 million in collaboration with the WCDOA through the commodity approach. Sixty percent of these funds were spent on 100% black owned entities and 40% on shared equity. Additional funding is geared through this approach from the commercial partners that matched Government funding in relation to shareholding. These grants via the Comprehensive Agricultural Support Programme (CASP) were invested in pome and stone fruit, pomegranates, citrus, fynbos and other alternative crops and bee projects.

The industry provides project management, financial support, regular reporting, technical expertise and assistance and mentorship.

Other economic development support provided

Apart from the implementation of the various programmes the industry also provides a range of supporting services such as:

- Business Development support – Business plans, feasibility, profitability, etc. (100% & partnerships; new entrants). This is addressed either by contracted capacity and/or internal capacity (only dedicated to economic development programmes)
- Technical assistance (horticulturist, soil scientists, irrigation specialist) and mentorship (on business management related matters) as and when required
- Market Access/Readiness – participation in the WCDOA Supply Chain and Logistics Programme; subsidised arial baiting for black producers as part of the area wide management programme for fruit fly to ensure that SA can retain exports to European markets; and ensuring that producers stay abreast of SIZA & Global GAP compliance matters.
- Continuous monitoring & evaluation
- Capacity building – symposiums, workshops, training, field days, study groups
- Policy related inputs with regard to transformation, AgriBEE sector codes, etc.
- Accessing of additional funding to augment existing programmes to expand and grow the industry inclusively such as EDI from Culdevco.

DECIDUOUS FRUIT INDUSTRY DEVELOPMENT TRUST (DFIDT)

The Deciduous Fruit Industry Development Trust (DFIDT) was established in 1997 after the deregulation of marketing boards. The reserves of the then Deciduous Fruit Board were ringfenced for the development of PDIs in the pome and stone fruit industries and the transformation of the industry. The current value in the DFIDT is approximately R18 million which is invested and capitalised for optimal growth. A dividend of R380,000 was declared for the 2020/2021 financial year that will be utilised for a feasibility study in the Free State.

FRUIT WORKERS DEVELOPMENT TRUST (FWDT)

The purpose of the Fruit Workers Development Trust is to address the social conditions of agri-workers on pome and stone fruit farms. These employees are faced with challenges relating to alcohol and drug abuse, domestic violence and a range of other social issues. The Fruit Workers Development Trust was established in 2005 where the industry recognised the opportunity of investing in shares and where the proceeds are to the benefit of permanent farm workers to improve their livelihood, assist with life skills training and contribute to improved welfare. In addition to these, registered permanent workers also receive a financial dividend from the funding that was invested on their behalf. The total dividends paid to 1500 workers over the last 5 years is R6.1 million – a dividend of R 1.2 million was declared for the 2020/2021 financial year.

BURSARIES

The focus of the bursary programme is on addressing scarce and critical skills. The programme is also linked to research projects to address specific industry needs and to ensure that there is sufficient research capacity to address gaps within the industry. Bursaries are provided at undergraduate and post-graduate level. Over the last 7 years, a total of 179 undergraduate students were supported through the industry transformation funding to the value of R8 million. In addition, 349 post-graduates and 31 post-doctorates were supported with R23,3 million. The total funding invested over the last 7 years is R31.3million. The profile of post-graduates and post-docs including project leaders have changed dramatically over the last 7 years to ensure equal opportunities to historically disadvantaged individuals.

AGRIBEE CHARTER COUNCIL

Two council meetings were hosted at the end of September and end of October. Hortgro on behalf of Fruit SA will be participating in Work Group 3 which is responsible for reporting on AgriBEE Sector Code implementation, developing a system for reporting, develop annual report on implementation and M & E of initiatives.

The new draft amended AgriBEE codes were received and circulated to all Fruit SA members for inputs.

3.2.2 DECIDUOUS FRUIT DEVELOPMENT CHAMBER (DFDC-SA)

COLLABORATION & PARTNERSHIPS WITH OTHER GOVERNMENT DEPARTMENTS & STAKEHOLDERS

The previous report indicated the intention of the DFDC-SA to partner with government and private sector to formalise relationships with the focus of growing deciduous fruit in non- traditional areas, in line with 'doubling the deciduous fruit industry by 2050'. Progress made to date is as follows:

MEC visits Mpumalanga apple project

Mpumalanga Department of Agriculture (DARDLEA)

It was reported in the annual review 2019, that a Memorandum of Understanding (MoU) was signed with Mpumalanga Department of Agriculture, with the planned roll out of the project to be 1st April 2020. This MoU is aligned to the Mpumalanga agriculture masterplan, and the focus on greening the province with fruit trees (economic revitalisation). The roll out was negatively impacted by COVID-19 as the Mpumalanga provincial government needed to adjust its budget allocations, which was leaned more towards COVID relief programmes.

Limpopo Department of Agriculture (LDARD)

An MoU with Limpopo Department of Agriculture and Rural Development was finalised and signed to implement the key components of Revitalization of Agriculture and the Agro-processing Value Chain (RAAVC). This MoU seeks to create jobs through commercial agriculture, by growing commodities with high potential (deciduous being one of them).

Agricultural Research Council (ARC) MoA

Research is critical to guide the deciduous fruit industry growth. The DFDC- SA is currently finalising a MoA with the ARC. This agreement seeks to formalise the partnership to align with supporting development initiatives through research and development, technical support, technology and innovation for deciduous fruit producers in the Western Cape and most importantly to non-traditional areas (Mpumalanga), Limpopo and Free State.

Joe Gqabi Development Agency (JoGEDA) MoA

There are discussions underway with Joe Gqabi Development Agency (JoGEDA), on collaboration to be formalised. The MoA is in a draft phase, and the partnership is based on JoGEDA having approached the industry for deciduous fruit development in the Senqu Municipality, Eastern Cape. The MoA has two components; the first phase which is the feasibility study to be conducted in the Senqu Municipality, and the second phase which is deciduous fruit development in the area in line with feasibility study recommendations. This development phase will be supported by industry capacity and expertise and will also draw in the ARC to provide a comprehensive development delivery model.

LAND DEVELOPMENT SUPPORT FUNDING (LDS)

Ordinarily it has been an investment shy period, worsened by COVID-19 with the industry needing more funding support with little funding available in the market (both from government and the private sector).

The DFDC-SA signed a MoU with the then Department of Rural Development and Land Reform in 2019 in support of the stimulus package towards Land Development Support (LDS) for a number of pre-identified beneficiaries on Government owned fruit farms. This support programme is now in its implementation phase with R4.5 million that has been allocated towards two deciduous fruit farmers in the Western Cape. This roll-out has enabled farmers to de-risk the impact of COVID-19, but importantly the capital injection served as leverage for business continuity with prospects of raising more funding.

TRADE AND MARKET ACCESS (OVERSEAS STUDY TOURS)

The DFDC-SA was funded by the dtic to participate in Fruit Logistica, Berlin. The DFDC-SA was represented by the DFDC-SA CEO at the trade fair. Deciduous fruit producers also joined the trade fair, funded by the WCDOA. Producers had site visits and back-to-back meetings to discuss trade relations and negotiate markets.

TRAINING & CAPACITY BUILDING

Corporate governance training was conducted for Langkloof farmers. The training was intended to empower producers on the role of Directors, but most importantly the Company's Act of 2008.

Mpumalanga producers were trained on financial management (virtual).

The training included compliance to tax, Unemployment Insurance Fund (UIF) and Audited Financial Statements (AFS).

Funding was also obtained from the Post-Harvest Innovation Fund for a specialised market access training course for BEE farmers within the industry including the DFDC Commercialisation Programme beneficiaries.

Deciduous fruit producers at the DFDC-SA stand in Berlin.

SOCIO-ECONOMIC DEVELOPMENT INITIATIVES

Corporate Social Responsibility – COVID-19 relief

Deciduous fruit producers and industry partners, working with the WCDOA, and in partnership with the Gift of the Givers donated more than 10 000 bags of fruit towards COVID-19 relief intervention.

This initiative was well-received by communities, as it came at a period when it was most needed. Gift of the Givers were given the distribution mandate, noting their involvement in social relief and disaster management competencies.

Laeticia and Ricardo du Preez from Langfontein farm in Langkloof

Fruit being packed at D& M Fresh packhouse

Fruit being uploaded to be donated to communities

Fruit being donated to communities by Gift of the Givers

COVID-19 preliminary impact study

An impact study (preliminary) was conducted on deciduous fruit producers. What has been noted with COVID-19 and emergency responses, is that deciduous fruit producers are the 'missing-middle'. They could not access funding or relief packages when government funding was made available for small scale producers, and yet funding in the open market was also not readily available for them, as markets are risk averse due to economic uncertainties.

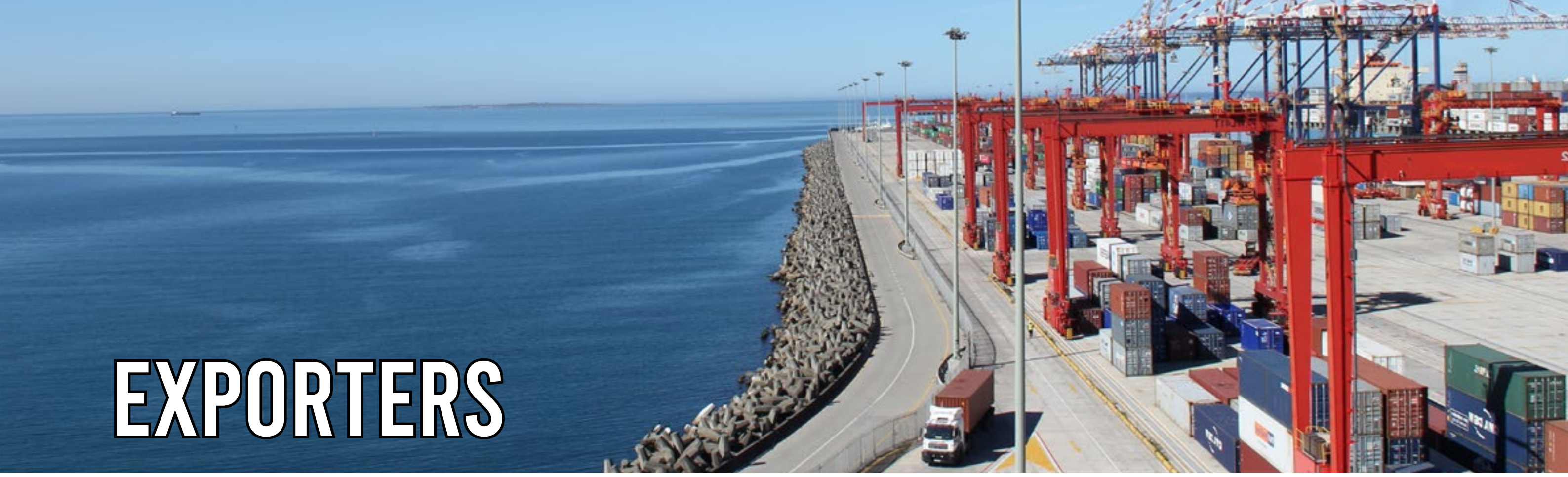
POSITIVE SNIPPETS

The previous year producers were still recovering from drought, and in 2020 while assessing harvest, the below positive outlook from deciduous fruit producers were captured:

Ricardo du Preez, Langfontein Estate, Klein Karoo:
"This year's harvest is better than last year. Although temperatures are still very high, the corrective actions over the last three years are beginning to pay off. The trees also flowered at the same time, resulting in better pollination. In short, the harvest is bigger and the quality of the fruit better."

Patrick Cornelius, Mistico Farming, Langkloof:
"Due to the ongoing drought, the last three seasons were difficult. Harvests were small with yield per hectare constantly in decline. Where a normal year yields 9 500 crates, we only had 5 500 last year. This forced us to form a partnership with another company. Our challenge was to pay off our production loan, but it is not at zero yet. However, this year's harvest looks very promising with a yield prediction of 12 5000 crates."

Elton Jeftas showing how new deciduous fruit rootstocks are cultivated at De Fynne Nursary in Paarl



EXPORTERS

3.3 FRESH PRODUCE EXPORTERS FORUM (FPEF)

The Fresh Produce Exporters' Forum (FPEF) is a voluntary, non-profit organisation with more than 140 members, accounting for over 90% of fresh produce exported from South Africa. FPEF members consist of fruit exporters, producer-exporters, export and marketing agents, pack-houses, logistics and other service providers. Whilst membership is voluntary and open to all South African fresh produce exporting companies and industry service providers, strict accreditation criteria and a Code of Conduct apply to ensure that only competent and reliable marketing agents and grower-exporters are admitted to the Forum.

The neutral and representative status of the FPEF enables it to raise funds for the export industry to ensure attendance of major international trade fairs like Fruit Logistica Berlin and Asia Fruit Logistica, during which an Export Directory is distributed. Essentially a service organisation, some of the FPEF's services include industry transformation, generic promotions for new and existing markets and the distribution of information to members.

FPEF EMERGING EXPORTER COMPREHENSIVE SUPPORT PROGRAMME

In August 2020, the FPEF reached a new landmark with the formation of a transformation working group, comprised of CEOs of a few FPEF members, the FPEF CEO and Transformation Manager. The outcome of the first meeting was the signing of a Letter of Intent by the FPEF board stating the following;*The FPEF hereby declares its intent to achieve the following objectives:*

1. *To create a funnel to enable promising new and existing black entrepreneurs within the sector to gain the necessary skills and experience to successfully and sustainably export fresh produce*

2. *To develop and provide a comprehensive support system to overcome the obstacles hindering capable black entrepreneurs from establishing sustainable, black owned fresh produce export companies.*

It is noted that the above cannot be achieved without extensive and sacrificial support from FPEF member companies.

To this end, a transformation working group, comprised of a number of CEO's of FPEF member companies and the FPEF's CEO and Transformation Manager, has been established. The task of the working group is to develop and facilitate the implementation of the above initiatives.

The Letter of Intent speaks for itself, stating the FPEF's intention to develop and provide tangible solutions to the struggles faced by promising new entrants into the industry.

As a next step, the working group invited 7 aspiring black exporters to submit prospectuses, which were reviewed by the working group. Four candidates were short listed and following an interview process, they were invited to participate in the newly established comprehensive support programme.

A key aspect of the support programme is to partner the emerging exporters with established FPEF member companies, who will provide mentorship, coaching, guidance and practical support in areas such as export market compliance, post-harvest quality management, market access and negotiations, risk management, information systems etc.

Ikarabele Motshwane, Fruit Attraction in Madrid

Ikarabele Motshwane, from Soweto, is one of the aspiring exporters we are supporting under the programme. In his company's prospectus, he introduces himself as follows;
"Having lived, worked and studied abroad. I possess a global perspective on making choices that affect our business. I am proudly South African and committed to its growth prospects. Driven by a compulsive need to offer a different perspective; I come with childlike curiosity in exploring the relationship between SA as an export powerhouse and who gets it there."

In 2019, the FPEF provided co-funding and arranged for Ikarabele to attend the Fruit Attraction trade fair in Madrid, Spain and he had the following to say after the trip.

"It was interesting to see South Africa's global position and understand the scale at which it operates. The program is excellent in its intent and it really changed my orientation, it allowed me to feel like I have a place in the industry or at least a fighting chance to create a place. The exposure, is an invaluable tool in creating a valuable business and competing with other great businesses."

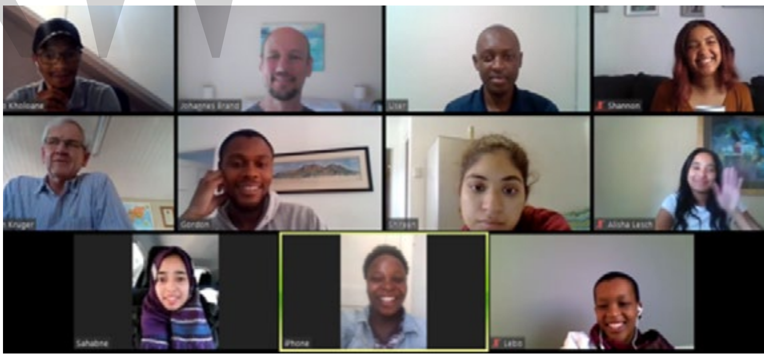
GRADUATE INTERNSHIP PROGRAMME

Six interns were placed in 2020 through the FPEF's graduate internship programme. Five of the interns were placed in four FPEF member companies, while the FPEF also took on one intern, Kuhle Ndyondya. Kuhle provided the following feedback on her experience;

"My FPEF experience entailed learning about the export value chain and how the PPECB and cold stores operate to make sure the fruit reaches its final destination in its best state. I also did data analysis and reported on pome fruit, stone fruit and grape export volumes and varieties. I assisted with a lot of admin work and gained experience in this area. All of these experiences have shaped me for the better and have given me direction for my future endeavours."

Since the programme was launched in 2016, 80% of the interns have received permanent appointments in the industry following their internship and we remain excited in the role that this programme is playing and will continue to play in transforming our industry.

In 2020, Agrijob came on board to take responsibility for recruitment for the programme. Their close collaboration with the Universities of Stellenbosch and Pretoria, including an annual career fair at each university, is bearing fruit.



Networking between current and former interns on Zoom during hard lock-down

TOP OF THE CLASS (TOC) FRUIT VALUE CHAIN TRAINING PROGRAMME

Necessitated by COVID-19, 2020 marked the first time that the TOC programme was delivered online. The success of the first online TOC programme prompted the FPEF to include the online option in their standard offering, which makes it easily accessible to participants spread across the country. In 2020, a total of 56 industry employees nationally undertook the TOC programme in 3 groups, two of which were online, bringing the total number of people who have completed the TOC course since its inception to 980.

EMERGING FARMER AND EMERGING EXPORTER MARKET ACCESS SUPPORT

In February, the FPEF facilitated a half-day market access training session for a group of emerging farmers sponsored by the Western Cape Department of Agriculture to attend Fruit Logistica in Berlin.

The FPEF also arranged the itinerary for a group of 18 emerging citrus and subtropical farmers and government officials from the Vhembe district who visited the Cape from the 9th to the 13th of March. The itinerary included a visit to the Epping Fresh Produce Market, a visit to Ocean Network Express Shipping Line, a FPEF presentation on the logistics process, two days with various PPECB departments covering amongst others, container yards, coldstores, inspections and phytosanitary

Members of the Vhembe farmers delegation with the PPECB

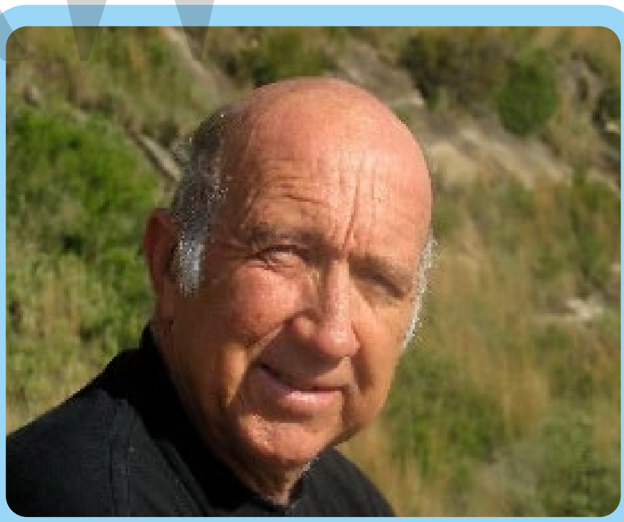
In September, the FPEF partnered with the DFDC-SA to provide a 3 day, tailor made, Export Market Access training programme to 24 DFDC-SA growers in Stellenbosch.

Further to this, the FPEF continues to provide a “help desk” for aspiring and new emerging exporters to guide them in the process, with a focus on risk management as well as a minimum of two years free FPEF membership with full benefits. Some of the individuals from these interactions will feed into our new export development initiative, with successful applicants qualifying to benefit from a comprehensive export support programme as detailed above.

FPEF ANNUAL TRANSFORMATION SEMINAR

In September 2020, the FPEF held its fourth annual transformation seminar in a webinar format. The seminar is aimed at senior executives in FPEF member companies and sister organisations under Fruit SA and our goal is to inspire and equip members towards effective, proactive transformation in their businesses.

This year’s speakers where Prof Dons Kritzinger and Mahlatse Mashua. Both speakers’ talks were challenging and inspiring. Prof Kritzinger provided an overview of the history of inequality and racism in South Africa and challenged each of us to recognise the past injustices and be part of the solution. Mahlatse answered the question, “how do we move from a shared troubled past to a shared hopeful future”, while embracing the complexity of everyone’s lived experience. Recordings of the talks are available.



Prof Dons Kritzinger

Mahlatse Mashua

The FPEF received excellent feedback on the webinar and a few snippets are highlighted below.

"I have attended a number of webinars and online sessions before, and this was the first one I stayed until the end and was completely hooked."

"Thank you for a uniquely different approach to transformation and well done to both speakers for opening our hearts and minds and challenging us to have the proper conversations starting within our own circle of friends"

"Thanks, this was brilliant!"

FPEF BEE CERTIFICATION

Given that the turnover from the FPEF's direct activities exceeded R10 million during the 2019 financial year, the FPEF no longer qualifies as an Exempt Micro Enterprise with level 4 recognition. Consequently, the FPEF underwent BEE certification for the first time in 2020 and is BEE complaint with level 7 recognition as a Qualifying Small Enterprise under the amended agricultural sector scorecard for specialised entities.

TABLE GRAPE INDUSTRY

3.4 SOUTH AFRICAN TABLE GRAPE INDUSTRY (SATI)

From the valleys of the Berg and Hex Rivers to the Bushveld in the tropical north, from the foot of Table Mountain in the Western Cape to the dry desert land of the Orange River, a wide diversity of climate and soil, where man and nature combine to produce grapes of excellent quality. Imagine a place where people of all cultures and religious persuasion work together to fulfil a common goal – growing the finest grapes in the world. The story of South African grapes is the story of people and their endeavours, of opportunities, of betterment and creating a future for all those involved with the industry.

The strategic objective of SATI remains to create a progressive, sustainable and equitable table grape industry.

Table 5: Categories of BEE initiatives

	NUMBER OF BBBEE INITIATIVES 2020	TOTAL BBBEE AREA (HA) 2020
100% BLACK	10	369
≥ 50% BLACK	11	306,9
≤ 50% BLACK	13	1156.24

SATI facilitates and supports transformation within the table grape industry by focusing on economic development, land reform, training and capacity building. This is in line with the guidelines of the NAMC.

SATI views transformation as the creation of equal opportunities for black agriculturists and entrepreneurs to participate as owners, co-owners, managers and professionals in the table grape industry; to share in the economic benefits the industry potentially offers to all.

The transformation portfolio facilitates the following support to black farmers in addition to our normal services:

- Enterprise development - vines programme and helpdesk
- Skills development – bursaries and training
- Social Economic Development – Farmworker initiatives

SATI LEADERSHIP

Mr Hendrik Davids and Mr Warren Bam were re-elected on the South African Table Grape Industry NPC Board. We wish them well with the new term. Mr Davids also serves on the SAPO Trust Board and Mr Bam on the PPECB Board as industry representatives.

ENTERPRISE DEVELOPMENT
PREFERRED CULTIVAR PROGRAMME

Cultivar choice is one of the most important decisions in the production of table grapes. Most of the emerging farmers have older varieties on their farms, therefore SATI has this programme to finance planting material of the latest varieties on a cost-share basis. SATI contributed over R3.2 million towards vines for the 2020 planting season to nine BBBEE initiatives and a further R2.8 million is budgeted for the 2021 planting season. The photos above show developments and vineyards funded over the last 3 years. An average of approximately 40 ha per year have been subsidised with planting material over the past 5 years. Farmers have mainly used the support to replace old cultivars and expand their operations, to use their natural resources more optimally, improve their income and become more profitable.

Examples of of work done during estblishment, tracking performance of young vines after planting and during production phase at BBBEE initiatives implemented over the last two years

TRANSFORMATION HELPDESK

This initiative is to support potential and/or existing BBBEE initiatives with the planning, performance, and compliance of their businesses. The bulk of the budget was spent on resource utilisation studies, recommendations and mentorship. Through the helpdesk, support with business plan development, feasibility studies, resource utilisation, compliance management, mentorship, extension services and management tools are all utilised to increase performance and monitor progress. Approximately R370 000 was spent on specialist services to support the BBBEE initiatives with the full amount used at 100% black owned farms.

MARKET ACCESS

Despite being the world's largest producer of table grapes, China also imports double the size of the average South African crop of 63 million 4,5 kg equivalent cartons. The Table Grape Industry embarked on a China Market Development Campaign to the benefit of all table grape producers and particularly those in the three production regions of the Western Cape. The aim is to raise the awareness of South African table grapes amongst predominantly the trade in Tier 1 cities to demonstrate to them that SA has a quality and reliable offering.

This will further demonstrate that SA adheres to labour, social, environmental and food safety measures. In turn it is hoped that this increased awareness will lead to positive buying influence and thus an increase of sales over the next three years thereby setting a platform for future growth of South African table grapes as a supplier of choice in China.

SATI is proud to announce that 3 empowerment businesses (1 farm 100% black owned, 2 farms 51% or more black owned) are partaking in this campaign. This is an illustration of the flexibility and competence of the management of these farms to produce and pack grapes on a set of specifications prescribed by the campaign.

Grapes produced and packed by BBBEE businesses for the China market development campaign in March 2021

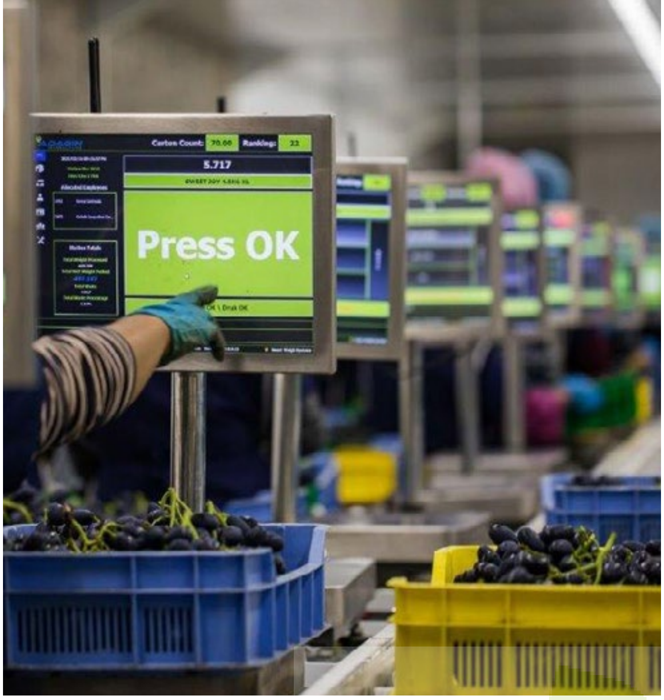
STUDY TOURS

The transformation portfolio occasionally organises local, national and international study tours for black farmers. SATI's intention is to visit the cultivar breeders at least once every two years with first generation black farmers to see varieties in the pipeline and related world trends. Although SATI budgeted for a visit to USA in 2020, we had to postpone due to the COVID-19 pandemic and travelling bans.

HORTFIN

The deciduous industry supported by the Jobs fund and Landbank started a loan fund. The South African Table Grape Industry supports this initiative and contributed approximately R2.2 million towards the fund by the end of October 2020.

This contribution gives qualifying table grape businesses the opportunity to apply for loan funding through this industry initiative. More than R20 million worth of loan funding has been approved to date for our industry. These funds were utilised for establishment of vineyards, upgrading and increasing the packing facility of a farm, water infrastructure development and a production loan facility.



Infrastructure development done to increase the capacity of packing facility and the introduction of smart technology at a BBBEE initiative

SKILLS DEVELOPMENT

SATI believes that part of transformation is the improvement of the skills and knowledge of black professionals within the industry. The SATI bursary fund targets individuals who aspire to a career in the table grape industry. The study fields supported are at primary production level and within the value chain.

BURSARIES

In the 2020 academic year SATI supported 9 black students (see table 6) with their tuition fees, study material, accommodation and living expenses to the value of approximately R450 000.

Table 6: Students supported by the SATI bursary fund in the 2020 academic year

STUDENT	RACE	GENDER	STUDY PROGRAMME
K. Toolo	B	F	MSc Agric Viticulture
M. Sadikge	B	M	MSc Soil Science
M.Mahlo	B	F	MSc Wine Biotechnology
A. Sigadla	B	M	M-Tech
S. Govindasamy	I	F	Advanced Diploma Horticulture
T. Buxeka	B	F	PG Diploma Agronomy
M. Skippers	C	M	National Diploma Farming Management N4-N6
L. Cloete	C	F	BSc Agric Food Science
L. Phahlamohlaka	B	M	Research Methodology (Module)

SATI would like to congratulate Ms Govindsamy, Mr T Buxeka and Ms L Cloete who obtained their qualifications in 2020.

The transformation portfolio will support a group of students (11 black students) in the 2021 academic year with a total cost of approximately R750 000. These young men and women attend different tertiary institutions of their preference in South Africa. Their respective qualifications range from Master of Science degrees, Bachelor of Science degrees, Post Graduate Diplomas and National Diplomas.

SATI is proud to introduce the following individual bursary holders by means of their own personal stories.

Tandile Buxeka

Lesley Cloete

"I am Tandile Buxeka, born and bred in the Eastern Cape (eNgcobo). I am a wedded husband to Sibabalwe Buxeka with one lovely daughter (OweNkosi Pleasure Buxeka), and we are currently residing in Stellenbosch, Kayamandi.

I obtained a Diploma in Agriculture at Elsenburg Agricultural Training Institute in 2016 and furthered my studies at the Central University of Technology towards Advanced Diploma in Agricultural Extension in 2017. I did not study in 2018 and 2019, but in 2020 I was accepted to further my studies at the University of the Free State (UFS) towards Postgraduate Diploma in Sustainable Agriculture (NQF level 8) for which I was funded by SATI. I was specialising in both Plant and Animal production and I made SATI proud of me by producing best-earned results at the end of that academic year. Last year, when I was still studying, I applied for master's degree in Sustainable Agriculture at UFS and I was accepted. Again, SATI has committed to fund my master's degree. If it was not for SATI, I would not have studied last year and wouldn't be studying this year. It is for that reason that I am so grateful for what SATI has done and is doing for my family and me as a person. Furthermore, I extend my gratitude to the entire industry and Table Grape Farmers in particular for funding SATI programmes, which in turn assist us as beneficiaries (bursary holders) and build professional leaders out of students. My long-term plan is to obtain a PhD in Rural Development related studies in Table Grape Industry and be a fit-for-purpose researcher of this century. In summary, SATI support means the world to me as far as my academic life and profession is concerned."

"My name is Lesley Cloete from Atlantis in the Western Cape. I began my studies back in 2017, where I enrolled for a BSc Food Science course at the University of Stellenbosch. For the first two years of my studies, I had no funding. My parents that are working-class had to pay for my accommodation, books and monthly food allowances. I received a recruitment bursary that paid for my tuition fees for my four-year course, which made my financial burden a little bit easier. The extra expenses that my parents had to fill, put a lot of strain on my studies, mental health, and my parents.

My financial assistance breakthrough came in the beginning of 2019, during my third year of studies. I got a bursary from the South African Table Grape Industry (SATI) for the remaining two years of my studies. The bursary covered my accommodation, books and monthly food allowances. This bursary helped in ways I could not have imagined. This opportunity allowed me to focus more on my studies and worry less about where the next funding will come from.

I graduated in December 2020 as a BSc Food Scientist. I am currently unemployed, in the hopes of being enrolled in a graduate program, where I can utilise my skills and knowledge appropriately. I am eternally grateful and appreciative to SATI for giving me the opportunity to be one of their bursary applicants and for their support."

Mashoto Mahlo

"My name is Mashoto Mahlo. A community is how I would describe SATI. I came across this acronym at the beginning of 2016 during a passive research. I was in my 2nd year of a BSc Agric. majoring in Soil Science at UFS. At that time, I only had a merit bursary when I realised SATI also has a bursary program, but I was too late to apply for that year, so I waited to apply for the subsequent year. It was in January 2017 when I received the acceptance letter, but I was not excited because I thought it was a spam, in my experience bursary companies do not reply let alone an acceptance letter with allocated funds, as much as I hoped for good news with every application. SATI was different of course, they believe in students, they see potential and they nurture it. The communication I was eagerly waiting for to ensure that it was not a spam began shortly after the acceptance letter and it has not stopped till this day. As a student, tuition bills weigh you down. I went through my 3rd and 4th year with ease because financially I had nothing to worry about, all I had to do was study hard and forward those stressful e-mails to SATI.

Since January 2019 till present, I have been registered at the University of Stellenbosch for my MSc with the SATI bursary. Everyone at SATI is willing to help with just about anything from just a mere a conversation to making sure none of their students is evicted from their accommodation. With SATI I also had table grape industry exposure, I went on farm visits, conferences, block competitions and they also made sure I had vocational work during one of the long holidays. I will forever be grateful to SATI for not only lifting my financial burden but for believing in all their bursary holders and making sure goals are achieved."

MODULAR COURSE IN TABLE GRAPE PRODUCTION

During lockdown, 19 days of the Modular Course in Table and Raisin Grape production were presented online to 80 persons from the industries. This course (pitched on NQF Level 7) presented by SATI in collaboration with the ARC Infruitec-Nietvoobij, Stellenbosch University, Raisins SA and Elsenburg, originated in 2001 and was previously presented through physical contact sessions.

The main focus of the course is to understand the "why's" behind the production practices of Table Grapes and Raisins in South Africa.

The 2019/2020 course presentations started as physical presentations in Upington and De Doorns. During lockdown, the remaining modules were presented and assessed online. From the 80 participants during the online training, 34 were previously disadvantaged individuals, SATI subsidised 25 of these individuals. The physical locations of the participants included Bellville, Paarl, Stellenbosch, Worcester, De Doorns, Porterville, Redelinghuys and Vredendal (Western Cape), as well as Upington, Keimoes, Kakamas, Springbok and Douglas (Northern Cape).

The online teaching brought a new dimension to the course and going forward, future presentations are planned to be through the "hybrid" model, where physical presentations and demonstrations (when and where possible), will be combined with online teaching.

The target audience for this course includes:

- supervisors
- experienced farm workers
- technical persons of marketing companies and other agri-businesses
- new entrants to the industry
- junior, middle, and senior production managers
- extension officers
- people with no tertiary education

Online training due to the COVID-19 pandemic

SUBTROPICAL INDUSTRY

3.5 SOUTH AFRICAN SUBTROPICAL GROWERS' ASSOCIATION (SUBTROP)

The South African Subtropical Growers' Association (Subtrop) manages the affairs of the South African Avocado,Litchi and Mango Growers' Associations (SAAGA, SALGA and SAMGA).

Subtrop has refocused its transformation activities, categorising them according to five pillars namely, Education & Training, Development, Grower support, Black Grower Database and Long-term Projects.

The education & training pillar focuses on study groups, training of emerging avocado growers, and government extension officers' training. The developmental pillar includes linking emerging growers with mentors (mentorship programme), the Subtrop Transformation Summit, 1 ha developmental project, SAAGA Bursaries and publication of transformation success stories.

On the pillar of grower support, emerging growers meeting certain criteria are supported through the partial funding of infrastructure and inputs on a 50/50 basis. A SAAGA transformation committee was established to oversee the implementation of these transformation projects and focus on growers' needs.

Subtrop has developed a database of black growers and this database is linked to a special emerging grower association membership category. The aim of having such a database is to develop tailor made support for assisting emerging growers to transition into becoming commercial grower members of the Subtrop associations. The Long-term Projects pillar focusses on projects which are likely to take more than five years.

EDUCATION & TRAINING

Study groups

Although 2020 has been extraordinarily unusual, Subtrop has been able to run a number of study groups. Government extension officers, commercial growers and Subtrop worked together to present avocado, litchi and mango study groups for emerging farmers.

SAAGA hosted two study groups in 2020. The first was on the 28th January 2020 to focus on maturity testing, harvesting & marketing and the second was hosted along with Prokon on the 17th November 2020 in Levubu. The main objective of this study group was for Prokon to train emerging growers on maturity testing and ripening of avocados. The training involved practical demonstrations and was recorded on video for future use.

Talks were also given on management of Phytophthora root rot and Cercospora spot in avocado orchards.

SAMGA held two study groups where harvesting, fruit handling and marketing were the main topics. SALGA held a study group on packaging, fruit cracking & browning, and alternate bearing just prior to the harvesting season. The event took place on a commercial farm near Louis Trichardt and an experienced commercial farmer gave a talk on packing and commonly experienced problems such as fruit cracking, fruit browning and alternate bearing.

GROWER SUPPORT

Partial funding of infrastructure and inputs (50/50)

SAAGA launched a cost-sharing support project in 2020 under this initiative. Through this initiative, the association has availed funds to support the expansion of existing avocado operations for its members who are under the emerging farmers category. This funding is available to subsidise inputs such as machinery, equipment, and infrastructure (fences and irrigation systems) on a 50/50 basis thus the grower contributes 50% of the value of improvements and SAAGA contributes the remaining half.

A SAAGA transformation committee has been formed to oversee SAAGA's transformation projects.

SAAGA Transformation Committee > L-R: Derek Donkin (Chair), Stephen Mantsho (Subtrop Transformation Coordinator), Vhahangwele Bongwe (Venda Growers' Representative), Lungi Mukansi (Letaba Growers' Representative) and Carl Henning (SAAGA Board Member)

AVOCADO QUALITY CONTROL ON LOCAL MARKET

This is an initiative by SAAGA developed to address the need to reduce premature harvesting of avocados. This programme is developed for emerging growers and assists them to comply with minimum fruit maturity standards. The programme encompasses the following.

- Subsidising maturity testing

SAAGA partners with packhouses in Levubu and Letaba regions to subsidise the cost of pre harvest fruit maturity tests for emerging growers to ensure that recognised testing facilities are available at an affordable price.

- Educating emerging growers

Annually before the harvesting season commences, emerging farmers are informed at study groups as to the importance of ensuring that avocados meet minimum maturity requirements before being harvested.

- Government officials are involved

Subtrop runs training sessions for government extension officers on all aspects of avocado production, including fruit maturity. This equips them to advise growers regarding fruit maturity. As a result of raised awareness of the importance of fruit maturity, SAAGA emerging growers in the Vhembe district have decided to have their fruit certified for maturity to differentiate themselves from other avocado growers which may harvest their avocados too early.

BLACK GROWER DATABASE

Registration of emerging growers

Subtrop is currently working with various provincial departments of agriculture to capture information on the Subtrop database of black avocado, mango and litchi farmers (both emerging and commercial). Up to date information will help to plan to address the needs of black farmers.

For the past number of years, Subtrop has been encouraging black farmers to join the avocado, litchi and mango growers' associations as full grower members. The increase in commercial grower members and associated hectares is indicated in the table 7.

Table 7: Record of black growers registered as full members of the Subtrop member associations

COMMODITY	NUMBER OF BLACK MEMBERS		HECTARES PLANTED	
YEAR	**2019**	**2020**	**2019**	**2020**
AVOCADO	66	79	444	551
MANGO	75	82	486	499
LITCHI	32	40	133	188

DEVELOPMENT

Subtrop's emerging farmer mentorship programme

When subtropical fruit farming is raised in conversations, there is usually a flood of questions on what needs to be done. And with emerging farmers, this is no exception. Therefore, mentorship, which is a process of guidance and training by passing one's knowledge and expertise on to another person, is essential. Farming methods and systems have changed over time and new innovations and processes are constantly being introduced.

Traditionally, emerging black growers have not applied best practices when it comes to land preparation, irrigation, application of chemicals and have marketed their produce in the informal sector.

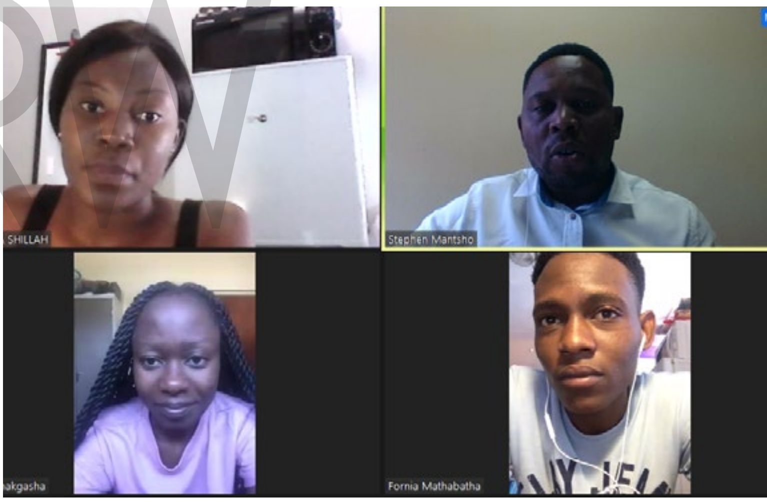
Subtrop understands that commercial farming of avocados, mangoes and litchis is a complex business requiring experience and expertise. Therefore, as part of its transformation initiatives, a programme which links emerging black farmers with suitable mentors has been introduced.

At the time of writing this report, 10 black farmers had been linked with mentors under signed mentorship agreements which outline the responsibilities of both mentor and mentee in order to facilitate a productive mentoring relationship. Subtrop will continue to encourage mentoring of black farmers and it is expected that this programme will grow in future years.

SAAGA bursaries 2020

SAAGA awarded three bursaries to black students studying towards degrees in agriculture. It is envisaged that on completion of their degrees, these young people will be absorbed into the avocado industry and Subtrop will link them with potential employers. The 2020 recipients were:

- Fornia Mathabatha studying Honours in B Agric Management (Plant Production) at the University of Limpopo.
- Mmakoma Letsoalo studying Honours in B Agric Management (Plant Production) at the University of Limpopo.
- Ndalama Shillah Mashava studying BSc Agricultural Management (Horticulture) at the University of Venda. She is currently in her third year and has held a SAAGA bursary since 2019.



Subtrop's Transformation Coordinator having a mid-year meeting with bursary holders

Emerging farmers doing it themselves by partnering on group buying

Vhembe Emerging Growers started a group buying initiative to acquire nursery trees. The Vhembe growers are known to be leaders in such initiatives. Namadzavho Sikhipha, who is a Subtropical coordinator for the Limpopo Department of Agriculture and Rural Development (LDARD), Vhembe District told Subtrop that these are initiatives which growers speak about daily, make it easier for them to better serve the farmers. She further highlighted that emerging growers approached nurseries themselves but were assisted with administration and transport by government officials. From early 2019 to March 2020, 35 000 mango, avocado and litchi trees have been planted as a result of the group buying initiative. It is very encouraging to see that emerging growers are taking the initiative and thus playing their part in the transformation of the industry. With the aid of Government officials who are on the ground daily and Subtrop, growers can access information and help that they need.

There are a number of benefits of group buying which growers emphasised as important when taking such initiative:

Purchasing power and economies of scale

Purchasing in groups has an advantage in terms of economies of scale. When buying larger quantities, discounts can be negotiated with suppliers. Purchasing goods in bulk creates an economy of scale by allowing a lower cost per unit and contributing to lower production costs. Growers are extremely pleased that group buying has saved them money. Savings made can now be used for other inputs.

Greater negotiating power for lower prices

Purchasing in a group generally enables the group to negotiate lower prices for the goods purchased with respect to what could be obtained by individuals working alone. The Vhembe growers were able to negotiate a long-term agreement for purchase and supply of nursery trees. This has helped them to save time.

Reduction of transaction costs

Growers who are in a Purchasing Group can effectively simplify their procurement processes. Growers contribute funds for transport and only a few nominated people were needed to negotiate the deal. If all farmers are to negotiate individually, transaction costs would have been higher. Therefore, both transaction costs and the cost per tree were reduced due to the reduced number of contracts to be negotiated, prepared and managed. When growers come together in this manner, they can share information about suppliers, new technologies and market knowledge, as well as past purchasing experiences, thus eliminating redundancy in the supply chain, as well as reduced transaction costs and achievement of far more cost-efficient processes.

Reduced workload and improvement in best practices over time

Since the Purchasing Group manages all stages in the lifecycle of contracts on behalf of their network, the individual businesses benefit from a significant reduction in their workload and are free to focus on their core business, which makes strategic sense.

It is commonly known that emerging farmers usually inherit orchards from their parents or obtain it through land reform programmes. Sometimes it is found that an orchard is old and cannot produce profitably. In many cases, these farmers depend on government grants and assistance and have orchards which are poorly managed and financial management problems. The Vhembe emerging farmers, however, are breaking out of this mould. They understand that being organised and producing efficiently is very important. That is why they are improving their operations by replacing trees, replanting and establishing new orchards. They are therefore, hoping to start exporting avocado and litchi. We are hoping to see more from them in 2020/2021 and years to come.

Emerging growers receiving nursery trees

MAKING SUCCESSFUL TRANSFORMATION A REALITY

A profile of commercial mango grower, Ernest Mukhawane of Makatleni Trust

Coming from a family with history in farming, Ernest Mukhawane grew up in the Letaba region where he used to help his parents produce cash crops at Tabina. Later on after realising the importance of farming, he developed and planted his own small orchard of 40 mango trees which was mostly harvested for achar production. As his 40-tree business was booming, he saw the need to expand. In 2011 he acquired a farm in the Deer Park area near Tzaneen, along with other business partners and formed the Makatleni Trust together with 8 other members. In time, he bought the shares of four of the members and later acquired shares of the other four members. Currently he is the sole owner of a 105 ha farm with 50 ha under mangoes. He started farming as an "emerging farmer" and has now transitioned to being a commercial farmer.

Joining SAMGA and roles played by study groups

When he started on the farm at Deer Park in 2011, the only thing he had was an idea and sought guidance from nearby farmers, Lucas McLean of Rietvlei and Theuns Botha of Lapland who advised him to join SAMGA.

Later that year he joined SAMGA where he was introduced to study groups. Initially, like any other emerging grower he joined the emerging growers' study group, but later graduated to the commercial study group after acquiring some knowledge and experience in mango farming.

Study groups became very important to him; in informal gatherings which follow each study group meeting, he was able to converse with experienced growers where he heeded valuable advice such as, procurement of used implements instead of new ones as one tries to get their business off the ground. This will help ease cost pressures for the farmer. Determined to learn from their success, he followed this guidance. Mr Mukhawane acknowledged that some things were not done correctly on his farm, but through implementing knowledge gained at study groups, he was able to make a success of his operations.

Using funds correctly

In 2017 the Makatleni Trust received funds through the Recapitalization and Development program (RABP) of the Department of Rural Development and Land Reform. This enabled him to convert his ideas and plans into reality and change operating methods on the farm in line with SAMGA recommendations for grafting, spraying and fertilisation. Realising how important SAMGA was to his journey, he never missed a single SAMGA Symposium since 2015.

Importance of mentorship

Soon after starting out at Deer Park in 2011, he approached Subtrop which facilitated mentorship and linked him with Rob Morris as a mentor. Rob Morris introduced him to an accountant who helped him to realise that farming is a business. He was mentored on day-to-day operations, cash flow, income statements, reporting and compliance requirements such as income tax submissions (SARS), recording of inputs and outputs, registration of personnel with UIF, Skills Development Fund and salary or wage payments.

The farm currently has good record keeping systems in place. Some of the important records include income statements, petrol and diesel which was used on each implement, the lubricants, the oil and how much was spent on repairs. All records are audited annually by accredited auditors. Accounts for municipality and electricity also are recorded. This has been useful for planning and budgeting for the coming season.

Contribution to the community

Ernest plays a prominent role in the community and the local community knows him as one of the economic contributors. His farm has two permanent employees and provides jobs for ten seasonal workers. One of the good things about him is that he contributes with ideas which help in bettering the community. He is a member of the management committee of the Agri-Letaba and member of the Letaba fire protection representing Deer Park.

Advice to emerging growers

"Focus on the basics," is Ernest Mukhawane's advice to emerging growers. Those basics include cleaning the orchards, pruning, and having separated dedicated knapsack sprayers for weed control and fungicide application. He added that farmers need to focus on orchard sanitation and remove panicles after harvest. Like most growers, he also experienced some difficulties in the first years trying to find a balance, but with experience things tend to become less difficult.

Since he is the first generation in the Makatleni Trust farm, he highlighted that they have a succession plan in place, drawn up by the family lawyers. He says, "farming is a business and SAMGA taught him that wherever money is involved, everything must be recorded in a legal agreement."

He enjoys the peacefulness of being on the farm, but the return on investment that it provides is the most satisfying thing. When he started, the farm was producing 2-5 ton/ha but currently produces 15-20 ton/ha. "If the farm is not clean with no spraying and fertiliser program, then you will get less," says Mukhawane.

Ernest Mukhawane takes a very pragmatic view when it comes to the government's role in supporting farmers, "Firstly, government needs to review its relationship with black farmers because a lot of money has been spent with little or no return on investment. Secondly, the government needs to review its monitoring systems. A strict monitoring policy must be drafted. Submission of appropriate records to government by farmers who receive funding should be compulsory. A policy on screening of candidates for funding should be put in place. Part-time farmers must be excluded because a number of farms are lying fallow." He believes that land reform has not been well structured, with many people not participating as they should, but wanting to reap what where they did not sow.

The Makatleni Trust farm will be planning its first avocado orchard next season.

A topworked mango orchard at Makatleni Trust

Ernest Mukhawane in one of his neatly kept mango orchards

Who is Ernest Mukhawane?

- Mr. Ernest Mukhawane was born in Tzaneen at the old Pusela township on August 17, 1957. He started his primary education at Dan Primary School in 1963 and completed his matric at Orhovelani High School in 1975. He then enrolled for a BSc degree at the University of Fort Hare which he completed in 1980. His first work experience was as an intern at Propan Pharmaceuticals (Germiston).
- He later enrolled for a BPharm degree at the University of the Witwatersrand which he completed in 1985. He had a stint as an intern at Letaba Hospital in 1986 before studying for his MSc (Pharm) at Rhodes University in 1987.
- Mr Mukhawane held senior posts in companies like Ciba Geigy, Roche Products & SAA. He then acquired a farm in 2011 through Proactive Land Acquisition trategy (PLAS) in Deer park where he farmed avocado and mango.

New Dawn Farming

Over the last few years many new doors have opened in the mango industry.

New Dawn Farming is a cluster of 18 mango and citrus farms spread around Hoedspruit in the Limpopo Province, awarded to the Moletele community after a lengthy land claims process.

Since 2013 the Lona Group has been in partnership with the Moletele Community Property Association (MCPA), bringing mango into its large citrus portfolio because this is one of the best areas for large scale commercial mango production in South Africa.

It has been a hard road getting the erstwhile commercial farms back into the game – and that's not necessarily through any fault of the land beneficiaries.

These farms, as well as some other entities, were transferred to the Moletele community by commercial farmers according to the willing seller-willing buyer principle, putting 7,000 ha at the disposal of the community.

"They didn't get top farms, many of the farms weren't economically viable when they were transferred to the new owners," explains Daniël Victor, general manager of operations at New Dawn Farming. "The farms weren't in excellent condition to start with."

New Dawn Farming now consists of 225 hectares of mango and 370 hectares of lemons, grapefruit and Valencias, operating on, as Daniël says, the 'bread-and-butter line' of the industry. "We grow the fruit you buy in a supermarket."

He emphasises that on citrus they have only invested in varieties that have proven themselves in the area, and he is doubtful of the area's suitability for certain high-value soft citrus commodities.

Wind damage in their area can be fierce, on the picturesque edge of the escarpment where they are located, and it is not unknown to lose up to half of a crop in young orchards due to wind damage.

'Sensation' mangos (photos supplied by New Dawn Farming)

Margin of returns on citrus slimmer than before
He notes that the margin of returns on citrus has shrunk considerably over the past twenty years, while input and accreditation costs continually rise, meaning it becomes increasingly difficult for small producers to survive without the financial backing of a partner.

"This is where Lona has assisted us throughout. We have very good backing from Lona - if it weren't for that we probably wouldn't have survived. About half of the farms were covered by young trees just four years ago and they're only now starting to bear. In the intervening years before the first crop, spraying costs and labour costs remain the same and have to be met, but for four years you're not getting an income."

He adds: "It's only now that we're at the turning point. For the next couple of years we're expecting a 60% growth in volumes."

The community is represented at all levels of management as well as on the board; skills transfer is a large component of the partnership and local community members get preference when vacancies arise.

Mango exports, both fresh and processing
"This is an excellent area for mangoes," he says. "We have made big strides in our mango marketing. Many doors have opened for us in the mango industry over the past two years, but it wasn't always like that."

They have a variety of mango varieties: Tommy Atkins that starts the season in December, followed by Kent (the large fruit is suitable for fresh cut and drying), Sensation and Keitt, also for fresh exports.

They have their own mango packhouse and have been exporting mangoes for the past two years, mainly to the Far East (including China), the Middle East and Russia.Locally, New Dawn Farming delivers significant mango volumes for retail. "We have established a good brand for our quality in the market."
Lona has a majority share in M-Pak, a large mango drying facility in Hoedspruit and Musina. Mango drying is a good avenue for fruit with marks on the skin and is growing in importance for mango producers.

Fruit fly presents an increasing problem on both mango and citrus, but producers deal with it through blanket area-wide sprays applied by gyrocopter.

"We have established quite good foundations here, we've ironed out some wrinkles, and I think this will become a worthy enterprise in future."

This story was originally published on FreshPlaza on the 8th September 2020.

The mango packhouse being prepared for the new season; during the citrus season, fruit for the domestic market is packed here.

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