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FRUIT INDUSTRY VALUE CHAIN ROUND TABLE (FIVCRT)

Transformation Working Group (TWG)

ANNUAL REVIEW

2020 EXECUTIVE SUMMARY



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 work of the FIVCRT is streamlined into five working groups, namely; employment and worker welfare; transformation; research and development; trade and market access, and resources and infrastructure.

As part of its work, the Transformation Working Group (TWG) has published three annual reviews summarising industry initiatives for the period 2017 to 2020. The respective industries represent producers and exporters of citrus fruit, pome (apples and pears) and stone (plums, prunes, peaches, nectarines and apricots) fruit, subtropical fruit (avocados, litchis and mangoes) and table grapes.

This document is an executive summary of the third report and it reflects on transformation programmes and achievements of Fruit SA member associations¹. 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.

The fruit industry has made some progress in its efforts towards inclusive growth. The area planted by BEE growers increased by 21% to 17 480 ha since 2018 while production increased by 29% to the current level of 424 702 tons. The number of Fresh Produce Exporters Forum member companies with black ownership increased from 13 to 15 between 2019 and 2020 (based on 42% response from FPEF members).

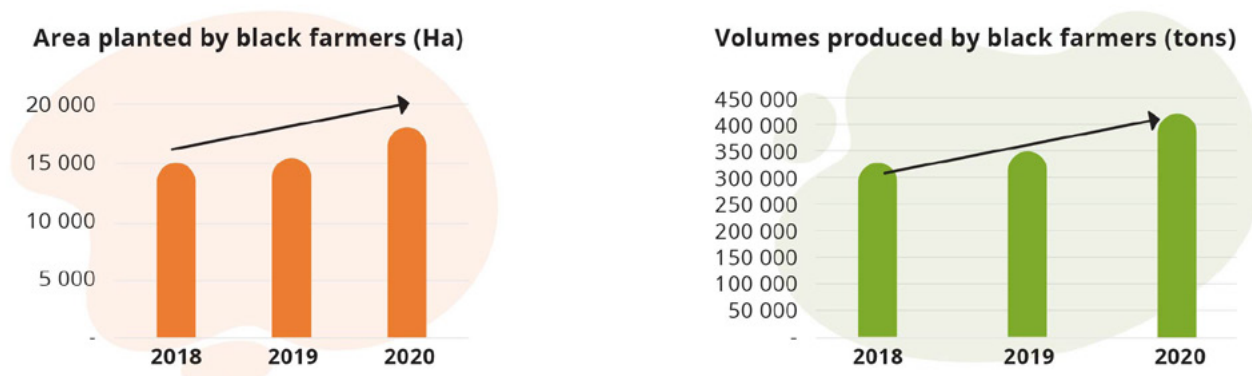


Table 1: Total BEE area under fruit production and number of BEE exporters

Commodity	Total BEE Area (ha)
Citrus	9 378
Pome & Stone Fruit	4 730
Table Grapes	2 134
Subtropical Fruit	1 238
Total	17 480
Exporters (based on 42% responses from FPEF members)	15

¹ This excludes Berries ZA who joined Fruit SA in December 2020.

2. SUBSECTOR REVIEWS

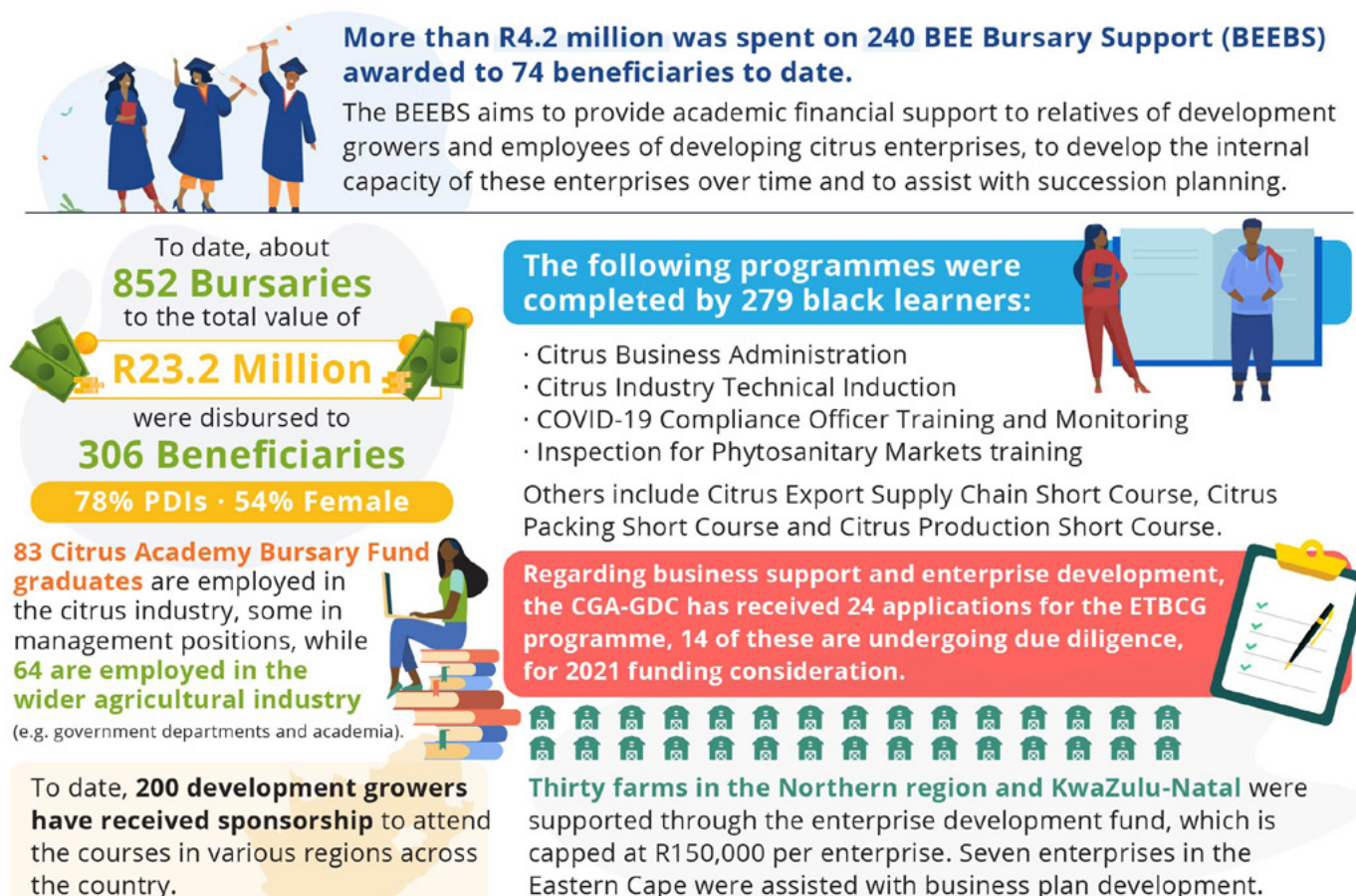
2.1 CITRUS INDUSTRY

The Citrus Growers' Association-Grower Development Company (CGA-GDC) and the Citrus Academy are non-profit companies, mandated and resourced by the CGA to address transformation in the citrus industry. They have a range of support mechanisms for development growers and the previously disadvantaged individuals (PDIs) within the sector.

The Citrus Academy's focus is skills development and attracting young minds into the industry. This includes the Citrus Academy Bursary Fund, aimed at providing financial assistance to learners in the sector, the development of study materials and short courses that are delivered through online learning and classroom-based teaching, and implementation of work-based learning programmes to assist graduates in obtaining relevant experience and thus employment opportunities. For the 2020 academic year, the need for online tools increased as restrictions did not accommodate gatherings. In 2020, the Citrus Academy implemented learnerships and skills programmes in six citrus-growing regions, in support of the Economic Transformation of Black Citrus Growers (ETBCG) programme.

The CGA-GDC provides enterprise development to ensure effective and efficient support of developing farmers. Its services include extension support, study groups, information days, business planning support and overall enterprise development. The company also leverages Public Private Partnerships (PPPs) for holistic and sustainable support of development growers within the industry.

The following are some of the citrus industry achievements:



2.2 DECIDUOUS FRUIT: HORTGRO AND THE DECIDUOUS FRUIT DEVELOPMENT CHAMBER (DFDC-SA)

Over the past decade the pome and stone fruit industries have 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) commercialisation programme and the deciduous fruit value chain financing project (Hortfin), which was introduced in 2018. The industry also recognises the value of PPPs and has made great strides in securing joint efforts with government towards transformation. In 2008, the 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.

The industry has also developed socio-economic initiatives to ease financial pressure and to improve the livelihoods of farm workers in the industry. These include bursaries to undergraduate and post-graduate students, the Deciduous Fruit Industry Development Trust (DFIDT) and the Fruit Worker Development Trust (FWDT), which invest funds on behalf of the permanent farm workers.

Below are some of Hortgro and DFDC-SA's achievements to date;

DFDC Commercialisation Programme (JF1): This programme was established in 2016 and has reached its four-year implementation period in 2020. The four-year progress made:



Fruit Value Chain Financing Project – Hortfin (2018 – 2022)

Of the 8 applications to the value R144.1 mill approved by the Hortfin board, 6 are within the pome and stone fruit industry.

The applications are spread across the value chain, ranging from pallet manufacturing, fruit tree nurseries, expanding primary production and the expansion of cold storage and packing capacity.



Bursaries: Over the last 7 years, R8 million was spent on 179 undergraduate students through the industry transformation funding; 349 post-graduates and 31 post-doctorates were supported with R23.3 million.



Land Development Support Funding (LDS) in partnership with the Department of Rural Development and Land Reform - R4.5 million has been allocated to two deciduous fruit farmers in the Western Cape.

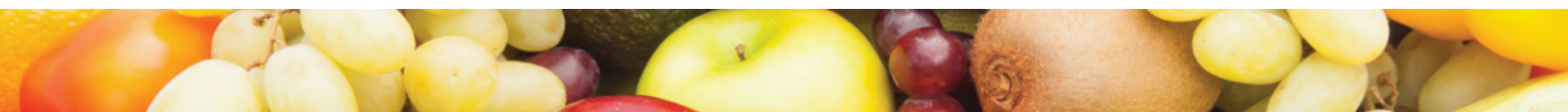
Fruit Workers Development Trust - The total dividends paid to 1 500 workers over the last 5 years is R6.1 million. A dividend of R 1.2 million was declared for the 2020/2021 financial year.

Under the Commodity Approach (2011 to current) - A formalised PPP between the Western Cape Department of Agriculture (WCDOA), Directorate Farmer Support and Development, and Hortgro:

The DFPT administered and implemented R208,1 million in collaboration with the WCDOA (60% of these funds were spent on 100% black-owned entities and 40% on shared equity).



2.3 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. Its members comprise fruit exporters, producer-exporters, export and marketing agents, packhouses, logistics and other service providers.

The FPEF transformation vision is to increase the inclusion and sustainable participation of black South Africans in the fresh produce export value chain.

Transformation initiatives of FPEF are the FPEF emerging exporter comprehensive support programme; Graduate placement programme; Top of the Class (TOC) fruit value chain training programme; emerging farmer and emerging exporter market access support. In August 2020, the FPEF reached a new landmark with the formation of a transformation working group, comprising CEOs of a few FPEF members, the FPEF CEO and Transformation Manager.

Here are some of the achievements:



Four aspiring black exporters were invited to participate in the newly established comprehensive support programme.



In 2020, a total of **56 industry employees and emerging farmers nationally undertook the TOC programme**, bringing the total number of people who have completed the TOC course to 980, since its inception.

FPEF arranged an itinerary for a group of 18 emerging citrus and subtropical farmers and government officials from the Vhembe district in the Cape.



The itinerary included a visit to the Epping Fresh Produce Market, a visit to Ocean Network Express Shipping Line, an FPEF presentation on the logistics process, two days with various PPECB departments covering amongst others, container yards, cold stores, inspections and phytosanitary protocols and a visit to a local citrus farm.



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



The FPEF underwent BEE certification for the first time in 2020 and is BEE compliant with level 7 recognition as a Qualifying Small Enterprise, under the amended agricultural sector scorecard for specialised entities.



Six graduates were placed with an employer in 2020 through the FPEF's Graduate placement programme. Since 2016, 80% of the graduates have received permanent appointments in the industry, following their placement.

2.4 SOUTH AFRICAN TABLE GRAPE INDUSTRY (SATI)



The strategic objective of SATI remains to create a progressive, sustainable, and equitable table grape industry. In line with the guidelines of the National Agricultural Marketing Council (NAMC), SATI facilitates and supports transformation within the table grape industry by focusing on economic development, land reform, training, and capacity building.

The transformation portfolio facilitates the following support to black farmers in addition to their normal services: enterprise development – vines programme and helpdesk, skills development – bursaries and training, and social economic development (farmworker initiatives).

These are some of SATI's transformation achievements:



Contributed over
R3.2 million
to nine BBBEE initiatives towards vines for the 2020 planting season.

A further R2.8 million is budgeted for the 2021 planting season.

An average of approximately 40 ha per year has been subsidised with planting material over the past five years.

SATI 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 of this campaign was to raise awareness around South African table grapes amongst predominantly the trade in Tier 1 cities, to demonstrate to them that SA has a quality and reliable offering. Three empowerment businesses (**1 farm 100% black-owned and 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.






Approximately R370 000 was spent on specialist services to support the BBBEE initiatives, with the full amount used allocated to 100% black-owned farms.



About R2.2 million was injected into Hortfin 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 Hortfin loan funding for the table grapes industry has been approved to date.





In the 2020 academic year SATI supported nine black students with their tuition fees, study material, accommodation and living expenses to the value of approximately R450 000. And for the 2021 academic year, R750 000 has been set aside to support 11 black students with tertiary funding.

2.5 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 and Training, Development, Grower Support, Black Grower Database and Long-term Projects.

Below are some of Subtrop's milestones:

2020 HIGHLIGHTS



SAAGA hosted two study groups focusing on maturity testing, ripening, harvesting and marketing.



SALGA held a study group on packaging, fruit cracking and browning, and alternate bearing, prior to the harvesting season.



SAMGA held two study groups on harvesting, fruit handling and marketing.

SAAGA launched a cost-sharing support project to subsidise inputs infrastructure (fences and irrigation systems), machinery, and equipment on a 50/50 basis between a grower and SAAGA.



Subtrop has over the past number of years encouraged emerging producers to become members of the respective commodities.

Table 4 below illustrates the progress in 2020.



Table 4: Record of black growers registered as full members of the Subtrop member associations.

Commodity	Number of black members		Hectares planted	
	2019	2020	2019	2020
Avocado	66	79	444	551
Mango	75	82	486	499
Litchi	32	40	133	188

- Ten black farmers have been linked with mentors under signed mentorship agreements.
- SAAGA awarded three bursaries to black students studying towards degrees in agriculture.