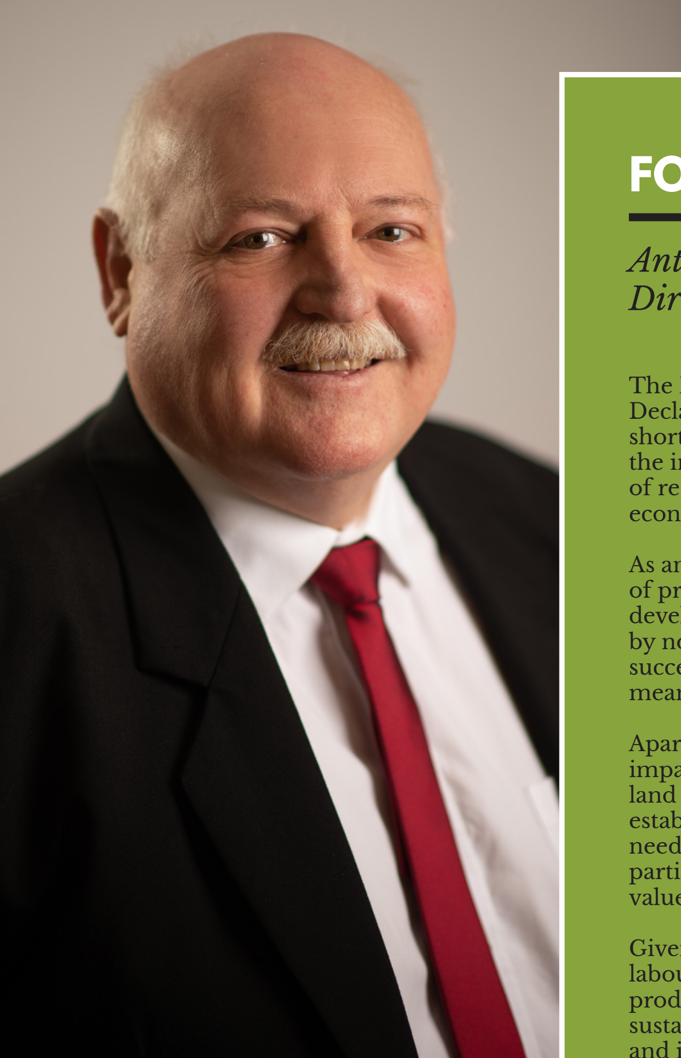
THE DECIDUOUS FRUIT INDUSTRY

changing times



FOREWORD

Anton Rabe, Hortgro Executive Director

The Deciduous Fruit Industry (DFI) accepted a so-called Declaration of Intent with regard to transformation shortly after de-regulation in 1998. In this declaration the industry pledged its commitment and the provision of resources and capacity to drive economic and socio-economic development.

As an industry, we have built a proud and proven record of pro-active actions in the transformation and economic development arena since then. These interventions are by no means perfect, but we have a high percentage of success – 90%+ over the last 20+ years – which are both meaningful and impactful.

Apart from the human capital development and social impact on worker and community level, the value of the land reform projects over the life span of the orchards established since 2009, is more than R16 billion. We need to build on this base by growing ownership and participation both at primary level and throughout the value chain.

Given the high capital requirement, management, labour, and technical intensity of deciduous fruit production, we have unique challenges in ensuring a sustainable programme with a range of support elements and interventions covering the various dimensions of farming, and general and financial management skills. Focussed training, mentorship and post settlement technical and related support are therefore vital to ensure progressive commercialisation and ultimate graduation of beneficiaries.

Being a long-term industry, there are no quick fixes or silver bullets to ensure success. Transformation is a process, not an event, and require a suite of diligent and competent interventions to ensure generational succession, wealth creation and the sharing of ownership in the DFI value chain over time.

Funding remains our biggest challenge and we will continue to work with government and private sector stakeholders to access adequate funding and finance to continue our programmes. Industry levies can merely create and maintain basic capacity to administer and facilitate processes to initiate programmes and projects.

In this regard, we also believe the era of grant funding is gone, and that we need to establish low (even zero) interest bearing loan funding to ensure that a rolling fund is established to sustain economic development for future generations.

Although we have a good track record, it is by no means perfect and we are continuously challenged to find new and innovative ways to overcome obstacles and challenges with increasing climatic and related production risks, and a very demanding and discerning international trading environment thrown at us. Partnerships with commercial role players, at least initially and with a clear exit strategy over time, will therefore remain key to the successful introduction of new entrepreneurs into our industry.

We have made a good start, but need to continue in finding new and inventive ways to augment what have been achieved over the past 20+ years by duplicating our successes and learning from our mistakes.

FOREWORD

Thembi Xaba, DFDC-SA CEO

Transformation in context and where one can witness tangible benefits, requires patience. Whilst at times the word transformation is used loosely; inclusive growth is more of an objective, with an intent of extracting economic benefits in the value chain.

In taking stock of how far the DFDC-SA has come from its formation and mandate premised on transformation, there are visible gains and success stories as a result of various initiatives that the industry has implemented over the years. The DFDC-SA as an entity has matured in its mandate, with the approach towards delivering on its strategic intent underpinned by capitalizing on partnerships to achieve real growth in the industry.

One cannot underscore challenges that producers had to overcome, from lack of finance, drought, and recently the pandemic. It's the successes that makes these timelines worth the journey travelled.

I am humbled to be afforded an opportunity to be part of this journey. As the DFDC-SA matures, one envisions that the next time we tell the transformation story, that it will then include the black producers in non-deciduous traditional areas and showcase participation and ownership of the value chain segment.

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TRANSFORMATION TIMELINE

2001	DFI adopts transformation agenda
2007	DFDC created
	Trevor Abrahams - New Generation Award
2009	*Boompie-projek* initiated
2010	DFDC review mandate and focus
	Joseph Hendricks - New Generation Award
2011	André Cloete - New Generation Award
2013	Warren Bam - New Generation Award
2014	Trevor Abrahams - Toyota New Harvest Award
	Ricard Myburgh - New Generation Award
2015	Jacky Goliath - Toyota New Harvest Award
	Pitso Sekhoto - New Generation Award
2016	The Jobs Fund Initiative - the DFDC's commercialization programme starts
	Boompie-projek comes to an end
	André Cloete - Toyota New Harvest Award
2017	Richard Myburgh - Toyota New Harvest Award
	Errol April - New Generation Award
2019	Raymond Koopstad - New Generation Award
2021	Jobs Fund Project concluded
	MoU's signed with departments of agriculture in the Free State, Limpopo, Mpumalanga, Eastern Cape
	Ricard Myburgh - New Generation Award

OUR TRANSFORMATION STORIES

DERICH PRIGA

Learn, pray, love
The long road to packing fruit

There is a contentedness about Derich Priga. Since the beginning of his life, he was rock steady and sure of the important things. Another thing that has been with him for a long time is being involved with helping to provide.

His father developed a business selling motor spares in Grabouw, which serviced many of the farmers in the area. One day the manager at Mizpah Fruit was buying spares and asked Derich if he wanted to work for him at Mizpah. After five years he moved on to Melpack where he became logistics manager and they later enrolled him to do a management development program (MDP) at Stellenbosch University. Eventually, Fruitways promoted him to packhouse manager.

"Around the same time after 1994, myself and some other wannabe fruit fundi's formed Klipfontein Agricultural Trust and applied to obtain the farm Klipfontein that belonged to the state at that stage. Becoming packhouse manager at Fruitways gave me a shortcut."

Together with his son they started to develop a packhouse from an old store. He was selling 90% of their fruit to municipal markets. He learnt the hard way that the money was not worth the effort.

"You buy fruit in on credit and if you make a loss at the markets, you start sliding. If you buy fruit in, you're not always 100% sure if every fruit in the bin you're buying is top-notch. Before we knew it, the money had run out. I couldn't pay my suppliers back."

After three years of struggling, they were able to add a business partner, Michiel Prins from Stargrow Nurseries. They planted their own orchards. In just two years they have established over 40 hectares of new varieties.

Michiel says: "Stargrow decided a few years ago to get substantially involved in transformation in agriculture and Klipfontein is a good example of such a project."

The new team will only start packing again when their own fruit is ready. Thereafter they will start to pack for other farms in the Stargrow group. This will ensure the lowest risk and highest return on investment.

MARILYN SIEGELS

Western Cape's best female commercial farmer

To transform is to renew

Edward van Niekerk was working on a farm in Elgin. With the help of his employer at the time, his daughter, Marilyn was able to attend Stellenbosch University where she received her BSc Dietetics in 2000.

"The whole academy was white and there I was, realising I have to constantly prove myself. It was clear they still had to do a lot about transforming into the new South Africa," she said.

Marilyn took different career paths, while Edward dreamed of one day having his own farm.

"On 3 August 2013 that dream started to become a reality. It took me almost seven years of endless negotiations to finally receive Protea Farm from the Department of Rural Development and Land Reform. I signed a 30 year rental lease with the government with the option to buy," Edward said.

After acquiring the farm he and Yolande, Marilyn's sister, climbed in boots and all to revive a badly neglected farm. In 2016 Marilyn started helping after hours with the financial side of the farming business, but had no real knowledge of the actual farming. It took her two years of helping with the financial books and business planning to swop her corporate shoes for a set of Wellingtons.

January 2018 she officially became part of the team with Edward and Yolande. The first task was to help plant an additional 14,7 ha of new orchards, financed by Jobs Fund. They were mentored by Michael du Toit from the Valley and Gerhard Taute. It took her 21 months to be named the Western Cape's best female commercial farmer.

"At present we cannot claim a successful business, but we're getting there. Everything goes back into the farm, and one day we would like to earn a real income each, to be able to improve this house and surroundings. But before that, we need to improve and uplift the livelihood of all our workers."

PAUL LOMBARD

The man who rowed into his farm

You can clearly see that Paul Lombard, managing director of Eve Brand, an apple and pear farm near Misgund in the Langkloof, is a sorted and structured man.

His good matric helped him obtain a bursary from Hortgro and he enrolled at Elsenburg Agricultural Training Institute where he specialised in fruit cultivation and viticulture and he started his life in the world of fruit at TopFruit in Franschhoek. He was grateful to be employed but couldn't find his feet in an office. His employers at TopFruit noticed this and relocated him to their farm Groendal in the Langkloof in April 2011 as an assistant manager. In less than a year he became the manager at Eve Brand.

Hannes Stapelberg obtained Eve Brand from the Department of Rural Development and Land Reform and created a share farm with the workers. Later Southern Cross Marketing and Management became an additional partner. Today there are 240 beneficiaries owning 60% of Eve Brand. And Paul is one of the directors of this group as well as the managing director in charge of Eve Brand's production encompassing 298 ha of apple, pear and plums.

Paul, who canoed since he was a child and even competed in the junior Olympics in the sport, established a canoeing club in Misgund, helping the young ones to be exposed to the thrill, pleasure, discipline and dedication that goes hand in hand with canoeing. Not to mention the development of literal balance that fuels the figurative balance in one's life. Due to his earlier involvement with TopFruit, they approached him to help set up the club. Today there is a bright pink container parked next to one of the SFG dams, full of used canoeing equipment from clubs all over. Introducing the Pink Lady Canoeing Club of Misgund. Membership is for kids between eight and 14. If you wonder why that specific age bracket, rest assured it is not arbitrary. Paul was eight when he saw his first canoe up close and 14 when he completed his first major canoeing event.

RAYMOND KOOPSTAD

Everybody loves Raymond

In 2019, Raymond Koopstad had his first crop of nectarines on La Vouere.

"The first harvest did not disappoint at all. We achieved our projections due to hard work and the devotion of the personnel, technical people, our mentors and the management. We were able to export some fruit and marketed the rest locally."

Many of the original trust beneficiaries were members of Raymond's extended family and with funding from the Western Cape Department of Agriculture, the Trust planted their first peaches in 2004. The project was successfully mentored by Adrian Wolfaardt of Verdun Estates in Prince Alfred Hamlet.

EVEN THOUGH THIS COUNTRY'S GOT A LOT OF MAINSTREAM AND POLITICAL PROBLEMS, I BELIEVE AGRICULTURE OFFERS SOME OF THE BEST OPPORTUNITIES FOR WEALTH AND JOB CREATION WHEN IT COMES TO TRANSFORMATION.

The farm faced many challenges. "After some difficult years we realised that our business model was not sustainable," explains Raymond.

"We either needed to sell the farm or grow in a new direction."

In 2015 they restructured the business completely. Raymond and Mary bought out the other share-holders and a new company La Vouere (Pty) Ltd with Raymond and his immediate family as shareholders, was born.

Through other projects, Raymond bumped into his previous mentor's son, Peter Wolfaardt. "Because of my relationship with his father, I approached Peter about our plans to restructure the farm. One thing led to another and after a few months, we formed a partnership on both the production and marketing levels. The partnership is called La Vouere Stonefruit (Pty) Ltd with La Vouere (Pty) Ltd as the majority shareholder that provides the water and the land to the partnership and the minority shareholder is Verdun Estates that provides packing infrastructure, marketing, technical and administrative support towards this partnership.

Raymond also received a grant from the Western Cape Department of Agriculture's Commodity Project Allocation Committee (CPAC) which is managed by Hortgro. "We also applied for Jobs Fund funding and by the time we got the green light all the preparation work had been completed.

"We were able to plant 15 hectares of mostly export variety nectarines in August 2017," Raymond explains.

RICARD MYBURGH

His *Lady in Red* destined to become a hit

Cortina Farms is a successful 100% black-owned business managed by the Myburgh family. Ricard joined the family business in 2013 and has taken over management of the fruit production unit from his father. From day one it was clear that he is a farmer destined to top the charts.

Five years later, at the age of 25, he was crowned the Toyota New Harvest of the year. In 2020 he scooped the Young Entrepreneurs Award from the Jobs Fund and in 2021 was awarded the New Entrant Award at the Deciduous Fruit Industry Awards.

While most farms suffered during the drought period in 2016/17, Cortina Farms managed to do exceptionally well despite the challenging conditions. He improved their water management systems through enhanced technology and improved general farming practices.

The farm has approximately 40 hectares of established pome fruit orchards and produces between 6 000 and 6 500 bins annually. Of this, 50% is exported.

To prove his entrepreneurial skills, he opted for a new Pink Lady (Cripps Pink) variety, hoping for a better colour than the Rosy Glow. So much better that red is the new pink. Introducing Ricard's Lady in Red.

"I'm one of the first growers to get the Lady in Red and we're planting it on M9 rootstock. Denser planting is the future. We're getting good tonnages and good colour. I'm confident the cultivar will pay off for us."

The fact that the Vyeboom area is hotter than other apple producing areas closer to the cost has a major impact on the colour development of the fruit, he added.

Exactly what you want if the label says Lady in Red. Two years from now, Lady in Red will come of age. Don't be surprised if Ricard is ready with an encore.

NICO DU PREEZ

Ownership is the ultimate in transformation

The success story of the Haarlem Community

In 1963 the then Coloured Affairs Department of the governing National Party of South Africa bought the farm Anhalt because the drinking water dam (the Haarlem Dam) was on Portion 10 of Anhalt. This ensured that the predominantly brown community of Haarlem would not be left high and dry.

However, no farming happened until 1993 when the Cape Agency for Sustainable Integrated Development in Rural Areas (Casidra) took control.

In 2002 Nico du Preez started working at Anhalt as a general worker. “The government had workers on the farm, supervisors and tractor drivers, but they left in 2004, resulting in vacancies. I opted for a post of supervisor and got the job.”

In 2008 he was promoted, still by Casidra, to foreman and his responsibilities increased even more when he got involved in the packhouse of the Department of Public Works that Anhalt used at the time. The quality of this packhouse, however, deteriorated to the point where it became unusable. The management of Anhalt requested Public Works to transfer the ownership of the dilapidated packhouse to them so they could upgrade it – but this did not happen. It did become completely useless and as a result Anhalt is currently packing at DC Fruit in Krakeel.

Nico became the assistant manager in 2012 and in 2015 the post for manager of Anhalt became vacant and he applied. Casidra appointed him. Due to hard work and a will to succeed, a rather dormant farm was turned around by a number of dedicated people into an impressive productive business.

They worked hard to get the ownership of the farm to transfer from the government to the Haarlem Community Trust.

“The CPA has already made a number of financial contributions to organisations such as schools and churches amongst others in the community. The most important is the fact that we don’t farm for the government or someone else anymore. We farm for ourselves now. I am now employed as manager of Anhalt by my very own community. Together we can empower and uplift ourselves.”

DIBESHO SERAGE

Rising mentor from Limpopo

Dibesho Serage, Managing Director of Ground Stone Group grew up in Lebowakgomo township of Limpopo. After graduating with an Industrial Engineering Degree from Vaal University of Technology as well as an Operations Management Degree at the Nelson Mandela Metropolitan University, he became an operations management and process engineering expert, before he founded his agricultural dream, Ground Stone Group (Pty) Ltd in 2012.

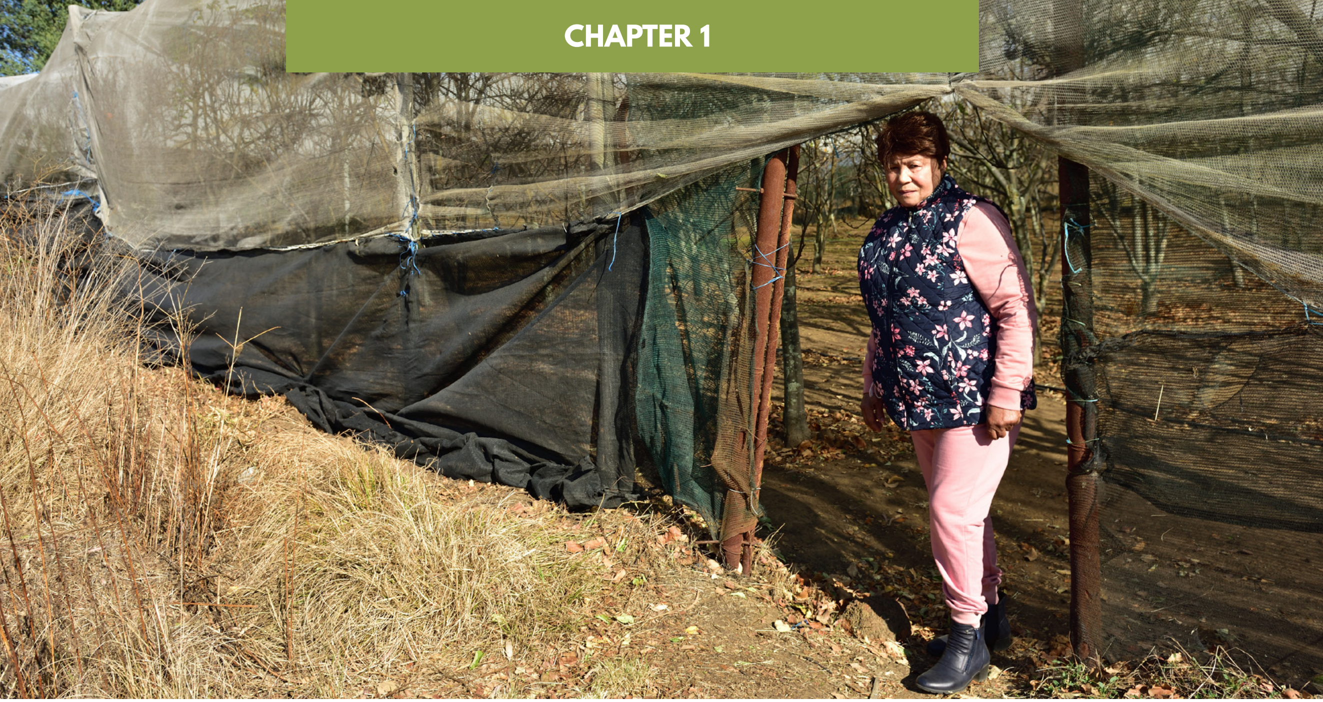
I WAS CONCERNED BY THE UNEMPLOYMENT RATE IN OUR COUNTRY FOR YOUNG PEOPLE, ESPECIALLY IN THE AREAS NEIGHBOURING OUR FARM. THIS PROJECT WAS TO MAKE AN IMPACT TOWARDS REDUCING UNEMPLOYMENT, THUS REDUCING POVERTY LEVELS IN OUR AREA. GROUND STONE ONLY APPOINTS LOCAL GENERAL WORKERS AND SCOUTS, MOST OF WHOM ARE WOMEN.

After extensive research that took into account micro climate trends, water availability studies and soil analysis, they started planting their first batch of yellow cling peaches in 2012. They now boast 25 000 stone fruit trees, made up of yellow cling and dessert peaches as well as low chill nectarines, budded and supplied by Stargrow Nursery. The farm comprises 50 ha with 20 ha currently under irrigation.

“I approached Woolworths in 2015 for supply discussions through The Unlimited Group (Pty) Ltd (Fruition). I met the Unlimited Group team through Michael Oosthuizen who is my mentor in the fruit sector and a stone fruit expert. Through Michael and his team, my staff and I learned most everything there was to learn about stone fruit. In 2018 Ground Stone became a direct supplier of stone fruit to Woolworths.

The Ground Stone Group produces first class produce and continues to play a vital role in the training of agriculture students from local agriculture colleges with most of the students being referred by the Limpopo Department of Agriculture.

“In addition. I also mentor two emerging black farmers of stone fruits in Mpumalanga region. One is growing peaches and the other nectarines. I guide them regarding production inputs, tree care, fruit handling, and market access as well as pricing.”



JULIA KING

Where the Queen is King

Near Ixopo in KwaZulu-Natal Julia King managed a hugely successful hotel and liquor store until she decided to sell up and retire. Her father, Gwayide, had farmed to provide when she was young, so she decided to go back to those roots.

She acquired the farm Langverwacht outside Ermelo in 2007. She started farming with cattle, sheep and chickens but heard that apples were doing well. She had no knowledge of apples, so she went to the Mpumalanga Department of Agriculture in Ermelo and got training.

At present the business, Gwayide, named after her father, has 1,5 ha of apples, mostly under nets. She is planning to, as soon as finances allow, plant more apples, Her dream is to utilise as many of the 38 ha of Langverwacht to produce apples.

Julia's operation is small, but her dreams are big. At present, when they harvest, they wash, dry and pack the crop themselves in a packing room on the farm. Then they pack it in bins and transport the apples to town. The bulk of her crop goes to the hawkers; the street vendors.

"I have spoken to one of the big packers in Ermelo, but the money is not good; not as good as the hawkers at this stage. It is purely because I do not have the desired quantity at this stage.

"They do like my quality, but there is not enough of them. It is not worth it to them, yet. When I get bigger it will be a different story." Small beginnings, big dreams. That is how everything gets conquered.

Julia King's operation might be small now, but the important thing is she makes a difference. Because of Gwayide's efforts, there are more than a handful of hawkers doing business and earning a living with Gwayide apples.

And no matter how big Julia's business gets, she says she will never forget the hawkers.

Even if Gwayide ends up cultivating and producing apples from the total 38 ha of Langverwacht, she will always retain a portion of those apples for the hawkers. Reds though, not Granny's. They can be exported.

CHAPTER 2

HIGHLIGHTS FROM REGIONAL TRANSFORMATION AND COMMUNITY OUTREACH

How well is transformation doing in the Langkloof?

The Jobs Fund Initiatives is the Deciduous Fruit Development Chamber's Commercialisation Programme. It started in 2016 and is aimed at graduating a group of smallholder farmers to commercial status. Hortgro and the DFDC-SA went on an evaluation visit to the Langkloof to see how the seven farms, part of this initiative, are looking now.

Joining the team of Dr Thembi Xaba (CEO DFDC-SA), Mariette Kotze (Hortgro: Group Operations Manager) and Chrismaine Abrahams (Hortgro: Project Manager, Producer Support Programmes) were Marvin Khaile and Ardre Jacobs from Standard Bank's Agricultural Business Banking. Standard Bank was part of the visit to assess whether there are ways in which they can assist with a tailor-made funding solution for deciduous fruit producers.

The Langkloof is one of the most productive deciduous fruit producing areas in South Africa. In this Kloof you will find a mixed bag, from huge farming conglomerates to emerging transformation farmers. You will also find the equaliser, the weather. From abundant water to drought, to hail devastation, all in the same season in a stretch of about 160 km long. Covid-19 also impacted the farms.

After all is said and done, the question is: Was the commercialisation programme of these black farmers worth it? Even with all the outside elements such as the weather and Covid-19 taken in consideration, the monitoring and evaluation team are all in agreement that the answer is a definite yes. The orchards that were established during the last four years with the latest cultivars are looking promising and this will definitely result in increased production from black growers and increased returns back to the farm. Mariette Kotze sums it up: "We are proud to be part of the journey of each one of these businesses."

JD Rovon

The Jobs Fund Initiative (JFI) initially assisted with funding to plant 6 ha of apples, a tractor and sprayer as well as some production inputs. In 2019 the farm entered into a joint venture with Humansdorp Co-op to bridge their cash flows problems. The beneficiaries of JD Rovon retained 60% ownership of the operating entity. Apart from the financial side, production also improved from the previous year with more bins being harvested in 2021. Although the drought is still an issue in the area, the farm still have enough water available to irrigate their orchards.

Misgund-Oos

Misgund-Oos was assisted through the Jobs Fund project to plant 19 ha of pome fruit orchards. On 12 January 2021 the farm experienced extreme hailstorms which resulted in a 90% loss in production. They had insurance in place but could not claim 100% of the loss since only high value/export cultivars were insured. According to the farm manager, Jenniville Uithaler, they only received about 25-30% of the possible income through their insurance claim. Due to the hail damage the farm is currently struggling with cash flow. However, the coming season looks promising with a good harvest from the trees that were planted through the JF project. They are optimistic that the business can recover financially.

Mistico Trading

Mistico was assisted through JFI to plant 20 ha of pome fruit orchards which should produce a harvest in the 2022 season. Mistico Trading also entered into a joint venture with Humansdorp Co-op in 2019. They established an operating company, Mistico Farming Company, in which the 29 beneficiaries of Mistico Trading have 51% shares. Although the current liabilities exceed the current assets, with this new structure they have a repayment plan in place. Also, they have removed 26 ha of unproductive orchards which will have a welcome decrease in cost. They are planning to replant at least 20 ha depending on funding. However, they have been advised to only plant once the farm becomes profitable, given that they already have 75 ha of fruit established.

Rica's Fruit

Rica's Fruit on the farm Langfontein was also part of JFI by being supported to develop 20 ha of pome fruit orchards and to acquire seven tractors and seven sprayers. Langfontein was hit by a devastating hailstorm in January 2021 which basically destroyed their entire harvest. This, coupled by the drought that the area is still experiencing, negatively impacted on their yields and income. Rica's Fruit have entered into a funding and marketing partnership with Golden Harvest, which should assist to ease off the financial burden that the business is currently experiencing. According to manager Ricardo du Preez, Golden Harvest is committed towards financially supporting the farm. In addition, Rica's removed the low production orchards which will have a positive impact on their financials.

Anhalt

The JFI assisted the farm to develop 16 ha of pome fruit orchards. Currently the farm has a total of 81 ha established. According to farm manager, Nico du Preez, their biggest challenges are water (with Haarlem dam only at 30% capacity) and old infrastructure including equipment and machinery. Financially the farm is performing well and they are expecting a good harvest in 2022. Over the long-term they plan to access 40 ha of land that belongs to the Haarlem community. Anhalt would like to develop the land since it's not currently being used and they have enough water rights.

Hoë-uitsig Co-op, Ongelegen

The farm is currently in financial distress due to the on-going drought that the area is still experiencing and the hail damage in January 2021. According to the beneficiaries they urgently require assistance with cash flow. Presently they are prioritising which orchards to maintain, given the water and inputs availability. Without sufficient water, the orchards will start to perish. In terms of the financials, the project can request emergency funding through the 50 Commercial Programme with the Western Cape Department of Agriculture. The young trees look good, but the irrigation water is depleted. When the rains come, so will their rescue. No matter what, they are hanging in there. Resiliently.

Tulpieskraal

Tulpieskraal was assisted via the JFI to plant 8 ha of pears on their farm. In total, the project now has 16 ha of pears established. Unfortunately, they do not have any more land available to develop further. Their wish is to purchase the neighbouring farm which consists of 17 ha of land. Financially they are not able to do so within the near future. Yet, once all the orchards start producing they should be in a better financial situation. The trees planted through the commercialisation programme will deliver its first harvest in the 2022 fruit season.

Afrikan Farms

where transformation keeps on rolling

Transformation is something that evolves. It's not a case of a singular happening and there it all stops. Take Afrikan Farms, located on the Mpumalanga Highveld. The dream began when Vusi Khanyile was still a youngster. "I have always wanted a piece of the countryside, a piece of Africa that I can call my own; my home. As an African I needed to belong to the land," he states.

Vusi founded Thebe Investment Corporation in 1992 with Nelson Mandela, Walter Sisulu, Beyers Naude and Enos Mabuza. In 2000 he was living in Parktown, Johannesburg and became friends with his neighbours and bought their farm, Mooigenoeg near Amersfoort. Today, Afrikan Farms owns 4 500 ha in Amersfoort district and leases an additional 1 500 ha.

The apple production started in 2017, when the farm developed an apple orchard in order to diversify because of a market demand for apples in the area. They started by planting 2 hectares of Sundowners, followed by 2 hectares of Royal Galas in 2018. This year as a result of good, solid business principles, the apple orchard rewarded them with their first harvest of 9.4 tons of Royal Gala apples.

Today Sbongeleni Mathenjwa, or Sbo as he is affectionately known, is in charge of the apple enterprise. He joined Afrikan Farms in 2004 as an assistant manager and at that stage was put in charge of the livestock. It took less than three years for him to become farm manager. He has managed every department on the farm. And then, the apples happened...

Today Afrikan Farms is a Level One B-BBEE with an opportunity to penetrate the local and global markets, being pioneers of transformation within the agri sector. They employ over 30 people and run a Community Development Trust, allowing their employers to conduct their own farming on Afrikan Farms land.

Afrikan Farms is committed to transform its farming methods in the next few years to reflect this approach and progressively increase its community transformation initiatives regarding the employees of Afrikan Farms, not forgetting effective development initiatives for the local community.

Pay it forward with fruit

In response to the call by President Cyril Ramaphosa for organisations to contribute towards Covid-19 relief interventions, a spark of an idea got the transformation division of Hortgro, the Deciduous Fruit Development Chamber's (DFDC-SA) CEO Dr Thembi Xaba, the chairman, Ismail Motala, as well as representatives of the African Farmers of South Africa (AFASA) and the Western Province Department of Agriculture together in a virtual stay safe think scrum. In no time a host of farmers pledged to get on board, paying it forward with their fruit.

The contributors are Klein Ezeljacht, Protea Farms, Klipfontein Farms, D&M Packhouse, Motala Farming, Wolseley Fruit Packers, Witzenberg Emerging Farmers, Elandsrivier Farms, Merino Farms, Trevor's Farm, Core Export Company, La Vouere Farm and Kaapschon Farms.

Over the last number of years, a lot has happened in the world and certainly in South Africa. Since 1994 the much-needed process of upliftment and equalisation got underway across the full spectrum. From sport to commerce, education, and farming.

Of course, this was, and still is, a learning curve, causing uncertainties and stress. In the sense of farming it soon became apparent that the new generation emerging black farmers were serious to become commercially successful farmers.

They didn't expect or ask for any hand-outs but were open to getting help. Be it from established farmers, farmer-partners, the Department of Agriculture or donors. They listened and they learnt, grateful for the opportunity to work the earth until it bears fruit.

And then came Covid-19, figuratively and literally upsetting the apple cart, grinding the world almost to a total stop. But not the farmers. Donning masks and sanitising hands, they carried on producing. Because without food, the world will really end.

The date for the project was set for 23 April 2020 at 14h00. The contribution: 12 tons of fresh fruit packed into 12 000 bags to be distributed to the hungry and the homeless.

"WHILE THIS INTERVENTION MAY NOT ADDRESS ALL THE SOCIO-ECONOMIC CONDITIONS THAT THE COUNTRY IS FACED WITH, IT SERVES AS THE INITIAL PLATFORM FOR FUTURE ENGAGEMENTS WITH LIKE-MINDED PARTNERS ON HOW TO BETTER RESPOND TO DISASTER AS A COLLECTIVE."

- DR THEMBI XABA

ECONOMIC REFORM

Emerging farmers reach commercial status

Transformation and economic reform in agriculture are some of the biggest challenges that South Africa faces today and that is why the Deciduous Fruit Development Chamber's commercialization programme, the Jobs Fund Project (JFP), is such a beacon of hope. The JFP recently came to an end and the trials and tribulations were celebrated by all stakeholders at a function that was held at Houwhoek, outside Grabouw. A total of 21 emerging farming entities have reached commercial status through the project.

The JFP has its roots in the humble boompie-projek that was initiated in 2009 by Hortgro and the Western Cape Department of Agriculture (WCDoA) and through which 760 new hectares were planted over a seven-year period. In November 2015, Hortgro recognising the transformation potential of the boompie-projek, collaborated with the WCDoA and the Jobs Fund, to launch the four-year JFP with the aim to graduate a group of smallholder farmers to commercial status by 2020.

Jobs Fund Head Najwah Allie-Edries said that for too long in our history smallholder farmers and emerging farmers have been excluded from the commercial value chain. "Stuck and struggling to survive at the primary production level. Today's celebrations are about the specific actions that had been taken to change the farming trajectory of farmers that participated in this programme."

Allie-Edries said that the Jobs Fund launched dedicated agri funding in 2015 to catalyse change and break down the barriers to entry for emerging farmers. "The Jobs Fund wanted to support innovative initiatives that would begin to catalyse systemic change in the agriculture sector. The DFDC's commercialisation programme responded well to our call to action. The programme's objectives were closely aligned to our own. The establishment and success of 21 entities despite a severe drought during the implementation phase is testament to the grit of the participating farmers."

According to Allie-Edries, the programme has been instructive in demonstrating the importance of strategic partnerships that work on farm level.

THE JFP SHOWED THE VALUE OF MENTORSHIP AND THE WILLINGNESS TO ADOPT NEW IDEAS. THIS HAS HELPED TO BUILD A PIPELINE OF FUTURE FARMERS. A LOT MORE WORK IS REQUIRED FROM ALL OF US, AND THE ROAD AHEAD WILL NOT BE EASY, BUT LET THAT NOT STOP US FROM REFLECTING ON THE INCREDIBLE ACHIEVEMENTS OF THIS PROGRAMME AND THE VALUABLE WORK THAT HAS BEEN DONE AND THE EFFORTS OF THE MEN AND WOMEN WHO WORKED TIRELESSLY TOWARDS A MORE INCLUSIVE AGRICULTURE SECTOR.

Dr Mogale Sebopetsa, HOD of the WCDoA, applauded the farmers and the industry collaborators. "Agriculture is the sunrise sector. It can bring jobs and economic stability to our country. It is well-placed to lead the economic recovery of our country from the front. The ending of the project is not the end of the collaboration. We invite you to bring more projects of this calibre. We are ready to partner again."

DFDC-SA Chairman, Ismail Motala, said that South Africa has one of the best deciduous fruit industries in the world. "Although the project was not without faults, we have learned and we are ready for more challenges. Climatic conditions in the Western Cape are putting pressure on us and we have to expand the industry to other provinces and share our knowledge with them. The growth potential for deciduous in the rest of the country is huge."

Mariette Kotzé, Hortgro's Group Operations Manager, said that in her own reflection two key concepts spring to mind regarding this ambitious progamme. "The first being disruption in forever changing the way that economic development initiatives are planned and rolled out making the farmers more responsible and accountable. And secondly, opportunity. Opportunities to grow and develop at an individual and also on an organisational level."

JFP Manager, Chrismaine Abrahams, said that the four-year project reached most of its targeted outputs, despite the drought that had a big financial and emotional impact on everyone. The JFP set out to create whole-farm development with technical and mentorship assistance. In some regards the replacement and establishments of new orchards as well as job creation and increased market access to integrate into the whole value chain. "We are incredibly proud of everyone's momentous efforts," Abrahams said. "The actual outcomes speak for itself."

- **21 beneficiaries were assisted with 18 farms in the Western Cape and three in the Eastern Cape.**
- **309 ha were established over the four-year period.**
- **The permanent job creation target reached 241. Total job creation was 1071 with the following split: 184 permanent jobs, 878 seasonal jobs, 647 short term jobs.**
- **Approved budget was R120 million with actual spending of R137 million. The remaining shortfall was bankrolled by the deciduous fruit industry and the WCDoA.**
- **The farmers themselves contributed an additional R52 million, resulting in an almost R200 million project.**

Pictured here: Elton Jefhtas, Dr Mogale Sebopetsa, Jacky Goliath and Ismail Motala. Jefhtas and Goliath run the very successful De Fynne Nursery outside Paarl.

The JFP's success is also reflected in the accolades and awards that several of the farmers received over the years.

Raymond Koopstand from La Vouere won the DFI's New Generation Award in 2019 for his exceptional performance and intelligent decision-making as a new entrant to the deciduous fruit entity. Errol April from Amanzi won the same award in 2017. And in the Toyota New Harvest competition, JFP beneficiaries have over the years overshadowed other competitors. Former winners include Ricard Myburgh (2017), André Cloete (2016), Jacky Goliath (2015), and Trevor Abrahams (2014).

According to Chrismaine Abrahams, the overall challenges the project faced included ineffective management on some farms; cash flow constraints; inability to meet project targets in terms of job creation; poor communication; and lack of ownership and participation.

"We have learned a lot and that will guide us with future projects," Abrahams said. Some of the learnings include: Constant re-evaluation of assumptions made during the planning phase; the importance of strategic partnerships; sufficient provision for maintenance of young orchards; determining other sources of funding; planning for unexpected; allowing for flexibility in the implementation plan to adapt to changing conditions; the duration of the implementation period was too short to create the desired impact."

The Deciduous Fruit Industry (DFI) through its various industry associations and structures developed and adopted a transformation agenda in 2001. At the time, this agenda was agreed on by a range of stakeholders and was based on economic, social, community development, training, and the provision of industry capacity and funding to support and execute activities in this sphere. This agenda has since been revisited on a number of occasions and forms the backbone of the industries' current (2019-2023) four-year strategic framework required to motivate and utilise statutory levies.

The culture and ethos that run in the South African Deciduous Fruit Industry's (DFI) DNA embrace the challenges that transformation brings, and is echoed in Hortgro's vision – inspiring inclusive growth – and mission – to create an enabling environment to enhance equity, sustainability, profitability and competitiveness.

WATCH VIDEOS OF THE JFP CEREMONY HERE

MONEY MONEY MONEY

The era of tailor-made finance to facilitate transformation

The Deciduous Fruit Industry (DFI) and Hortfin are dedicated to transforming the industry in tangible ways.

Over the past 20 years, Hortgro has played an instrumental role in the development of new generation farmers through various economic and socio-economic initiatives. By launching Hortfin in 2018, a ring-fenced loan facility was created that is directed at the fruit industry value chain and continues to provide tailor-made funding solutions to fit the needs of the industry's "missing middle".

To achieve this, collaboration with key stakeholders – both in the public and private sectors – remains crucial. The DFI values its partners in the development process with specific reference to its commercial growers and stakeholders, the Western Cape Department of Agriculture, the Jobs Fund and commercial financiers. Collectively, these partnerships are changing the narrative of economic transformation and empowerment. The rate of transformation in our industry remains a challenge and therefore a key focus area within Hortgro is at a primary and value-chain level.

Hortfin and the Deciduous Fruit Producers Trust have initiated processes to explore new and alternative financing for the continuation of the programme. Engagements with various potential financiers have resulted in several activities, including due diligence assessments on Hortfin, its operations and assessing its portfolio of investments. We are confident that a good foundation has been laid from where new deals can be launched soon.

The key focus is therefore to speed up the turn-around time to process transaction approvals and disbursements. While the monitoring of the implemented projects is underway and the industry-supported post-investment initiatives implemented, a fresh advertising drive has been initiated to ensure a steady supply of project applications.

Hortfin has been dedicated to processing new applications and canvassing for new projects while also monitoring implemented projects. To date, Hortfin has six approved projects. These projects range from a nursery, primary production, manufacturing and the value chain represented by a fruit packing and distribution business.

The projects that received disbursements since late 2019 have successfully been implementing their plans and are on schedule to achieve their targets. To date, the Hortfin Board approved deals to the value of R164 million – and created over 700 new jobs.

The commercial financing solutions offered by Hortfin are unique and a much-needed injection for the deciduous fruit industry's transformation goals. Where traditional loaning schemes are not focused on the operation of the business, Hortfin has adopted a different post-investment approach by seeing how businesses can be supported in other areas.

Hortfin

Investing in our future

Concessional loans and tailor-made funding solutions

The Deciduous Fruit Industry is a capital-intensive industry with a long-term investment horizon. But inhibited access to finance continues to be a growth barrier in the agricultural industry in general.

This is worsened when there is an investment plea from a long-term investment commodity. We also find deciduous and other fruit commodity producers in funding the "missing middle".

In order to further stimulate development in the fruit industry, certain realities need to be taken into account. Current economic conditions signal the prevailing low investment appetite, but let's not refrain from exploring other means of providing funders with a return on investment. After all, investment is in the DNA of business sustainability.

If we engage on the concept of "rising powers in African agriculture", new approaches to financing and concessional loans are what one would advocate for. The funding model is premised on "favourable terms" compared to those in the open market.

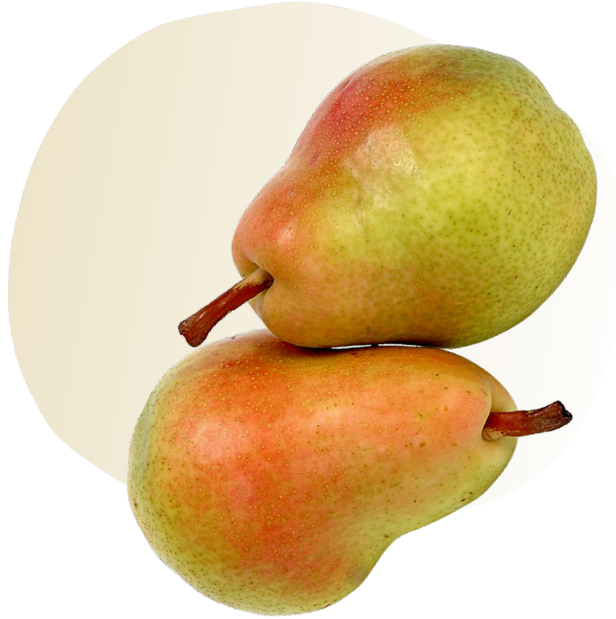
This is fundamental for the development of finance institutions, moreover on the mandate of social impact as return on investment. On the commercial lending space, inclusive growth should be embedded in their market outreach. Banks can complement the mandate of the development finance institutions' principle. Generally, a three to four year payment holiday period can reduce the pressure from producers, taking into account non-bearing costs that are found to affect producers' cash flows negatively, to the ex tent that it impacts negatively on the "ability" to service debt. We factor in the volatility in export earnings, and the rand strengthening linked to export sluggish returns.

As commodity associations we can assist producers to package funding applications, and propose tailor-made funding solutions to funders. This new paradigm capitalises on the collective, with a neo-classical window that promotes inclusive growth.

Empirical evidence has also argued on the positive effects of concessional debt finance. One cannot then overemphasis the positive spin-offs of the impact and sustainable business operations that can equally sustain or create new jobs.

At macro level we need a policy position that will encourage funders to commit funding to the unbanked and the "missing middle". Equally so, as an industry we need to continue to equip producers to become "finance ready".

R1 billion boost for black farmers



The Industrial Development Corporation (IDC), in partnership with the Department of Agriculture, Land Reform and Rural Development (DALRRD) has recently launched a joint Agri-Industrial Fund of R1 billion. It will primarily be utilised to develop and implement high impact black-owned, large-scale commercial agricultural projects.

"For us, as the IDC, this development demonstrates government's trust in the IDC's ability to play an impactful role in South Africa's economic recovery. Most importantly, this fund's objectives are consistent with the IDC's role in increasing the number of black commercial farmers," says IDC CEO, TP Nchocho.

DALRRD underlined that the Fund's main goal is to support the development and expansion of the agricultural sector by assisting qualifying black producers/investees in developing, expanding, acquiring and integrating operations in prioritised agricultural value chains.

"The IDC has a grasp of the funding constraints facing black farmers, which is why we believe that this partnership will help break down some of the barriers to entry as well as elevating these farmers to becoming fully-fledged commercial farmers," said DALRRD Acting DG, Mooketsa Ramasodi.

Of significance to the IDC, the objectives of the fund align with its strategy and industry development goals aimed at expanding production of long-term, high-value horticultural crops and other agricultural commodities, where South Africa has an opportunity for import replacement and export enhancement, at the same time achieving high job creation, and broad-based transformation.

Among other outcomes, the fund seeks to help establish high-value, export-oriented orchards on community-owned agricultural land (restituted or communal properties) across the country. Being specifically targeted for black producers, the funding will stimulate business growth for black farmers which is in line with the Deciduous Fruit Development Chamber's objectives; the emphasis was also supporting Free State and Mpumalanga on agro-processing initiatives and that speaks to the core of the DFDC-SA transformation mandate – unlocking funding to transform the value chain, with the focus on non-traditional areas.

Through this partnership, funds will be provided to help qualifying end-beneficiaries as grants. There will be no pricing and subsidy implications from a risk perspective – a factor Nchocho says is the biggest draw card to the fund.

CHAPTER 5

TRANSFORMATION IS ABOUT RELATIONSHIPS

DFI signs pledge to lead the way

At the end of October 2020, representatives from Hortgro Pome, Hortgro Stone, and the Deciduous Fruit Development Chamber (DFDC-SA) came together with the aim to align the industry strategy and to develop “an implementable, measurable, and future-focused transformation strategy and blueprint for the DFI that is equitable, fair and just for all”.

“The environment in which we operate is constantly changing,” said Hortgro Executive Director, Anton Rabe. “We had to revisit the previous strategic goals and objectives to ensure that they are still aligned and relevant with the latest challenges and industry realities.”

According to Rabe some of the issues that required attention are to ensure that the focus of the DFDC fits in within the broader Hortgro functions and services.

Mr Ismail Motala, DFDC-SA Chairman, emphasised the reasons why the strategic alignment was necessary. “Firstly, because the industry has not progressed with transformation imperatives, and secondly, there was a need for introspection but with a forward-looking perspective. The goals tabled at the strategy session are realistic, taking into account the economic reality and the need to develop comprehensive support, to realize the reworked mission of a globally competitive, but most importantly an equitable deciduous]fruit industry,” he said.

The two-day session, under guidance of communications and negotiations guru, Prof David Venter, saw many heavy debates, but everyone agreed in the end that failure was not an option, and that the DFI was “stronger together”. The group agreed that the mission statement should clearly indicate where the DFI is heading.

One of the biggest challenges in the past was to bring about change within in a specific timeframe. Therefore the representatives agreed on the following transformation goals within a three-year time frame, with goals measured regularly by specific task teams.

At the conclusion of the session, participants agreed to sign a pledge to demonstrate their unwavering commitment to the transformation journey that was unanimously agreed upon. David Venter said that the signing of the pledge could prove to be a watershed moment in the future of the South African deciduous fruit industry.

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	Z.T. Nkosi Zodwa Nkosi	signed October 2020

Deciduous Fruit Development Chamber

HORTGRO Growing Fruit IQ

MoU signed with Eastern Cape and Free State

The Memorandum of Understanding (MoU) with the Free State Province, Department of Agriculture (FSDARD) has been signed in this quarter. The engagements between the DFDC-SA and FSDARD started in November 2020, with the parties aligning on what is the role of the deciduous fruit industry and the role of the provincial government, in catalysing development and encouraging agripreneurs and sustainable development.

The MoU aligns with the provincial plan along the deciduous fruit development belt, which focuses on areas that have high potential in growing deciduous fruit, emphasis being on mostly revitalizing ailing projects. As a start, the project roll-out will kick off with feasibility studies in four projects which have been prioritised by FSDARD. Exciting times ahead for keen agripreneurs indeed!

The key fundamental success factors in the MoU are established, sustainable and bankable deciduous fruit projects within the province, which include:

- **Revitalization and upgrading of deciduous projects with improved production**
- **Promoting and enhancing the commercialisation of smallholder deciduous producers in a sustainable manner**
- **Enhancing sustainable markets linking deciduous fruit producers**
- **Train and capacitate deciduous fruit producers, processors and value-chains.**

CHAPTER 6

TRANSFORMATION WORKING GROUP

Extract from Fruit SA Annual Review 2020

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.

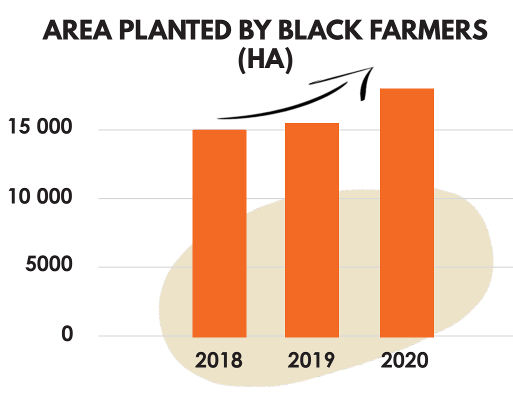
It seeks to foster collaboration amongst stakeholders to secure an enduring competitive advantage for the fruit sector. The work of the FIVCRT is streamlined into five working groups: employment and worker welfare; transformation; research and development; trade and market access, and resources and infrastructure.

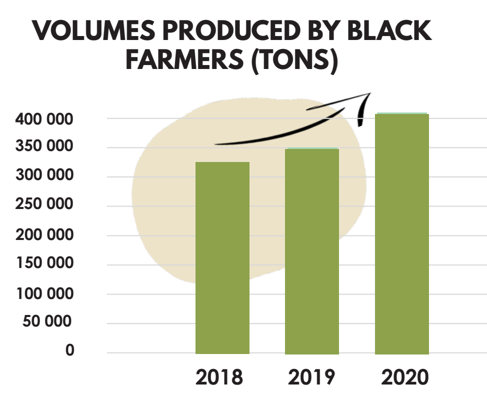
The Transformation Working Group (TWG) has published three annual reviews summarising industry initiatives for the period 2017 to 2020.

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. 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).





SUBSECTOR REVIEW: 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.

HERE 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:

- **310 hectares planted (Target: 306), making the total BEE area planted under fruit production for pome and stone fruit 4 730 ha**
- **1667 jobs created (Target: 422)**
- **542 trained beneficiaries (Target: 97)**
- **19 SIZA accreditations (Target: 21)**
- **19 Global Gap certifications (Target: 21)**
- **R134.2 million implemented funding (Target: R120 million).**

Fruit Value Chain Financing Project of Hortfin (2018 - 2022): Of the eight applications to the value R144.1 million approved by the Hortfin board, six 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 seven 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 1500 workers over the last five years is R6.1 million. A dividend of R1.2 million was declared for the 2020/21 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 administrated and implemented R208.1 million in collaboration with the WC-DOA (60% of these funds were spent on 100% black-owned entities and 40% on shared equity).

Published by the DFDC-SA and Hortgro

hortgro.co.za

258 Main Road, Paarl
021 870 2900