

HORTGRO
Growing Fruit IQ



**ECONOMIC DEVELOPMENT
DRIED FRUIT INDUSTRY**

AUG 2022



ECONOMIC DEVELOPMENT





What is economic development in the context of the fruit industry & dried fruit industry

- Dried fruit industry forms part of the broader fruit industry with a specific focus on ONE market segment i.e dried
- Advancing transformation of the dried fruit industry through
- Support programmes & partnerships (financial, technical, market, mentorships, training & capacity building)
- To create opportunities for existing or new black agripreneurs to
- Participate in the dried fruit industry on a commercial basis, in order
- To become sustainable and growing businesses that will create wealth and jobs.
- Needs to be based on economic principles – this is BUSINESS after all!



Industry Challenges

- Drought & climate change had negative impact on production area (ha's) & volumes
- Availability of water (quality & cost) – competition for resources
- International competitiveness, long-term sustainability – production costs & rising cost of capital
- Economy of scale – justify investment & ROI
- Competition with other marketing channels (fresh Exports/Local; processing & dried)
- Upgrading of infrastructure to ensure food safety (additional investment)
- Impact of exchange rate
- Market sensitivity regarding world production volumes
- Very low transformation footprint given complexity and high capital & management demand



Industry Opportunities

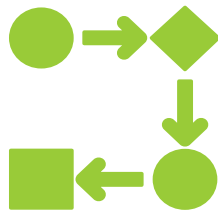
- SA imports dried fruit (apricots & prunes) every year – whilst exporting at least 2/3 of local produced product
- SA dried fruit of very good quality – potential in other diminishing countries to supply
- Current infrastructure in producing areas & optimisation of those
- Secondary industries in rural areas is centred around the processing of fruit and still provides good ROI compared to other enterprises
- Job creation (production & secondary)
- Climate change can also be good
- Not that highly perishable as opposed to fresh fruit
- Health benefits
- Consumer choices (variety, mixed, etc)



The plan



Focus on production level expansion/recovery – priority on apricots and prunes



New or existing – creating the opportunity to transform



Objective of establishing 100ha over the next 5 – 10 years = 600 ton en 750 ton dried product



Providing plant material on a broad basis to qualified BEE entities = “Boompie Projek”



Link with other stakeholders/partners such as WCDOA, DTIC, Commercial producers, etc



Number of hectares to be established will be determined by amount of funding & funding is a HUGE constraint

R250,000 available annually (NAMC guidelines)

Supported through Hortgro project office

Assist with applications for additional support

Need R40 million to establish 100 ha



CRITERIA

- Current producer of stone fruit in dried production areas
- Meaningful level of ownership / participation in management and decision-making
- Bigger establishments preferred vs small fragmented plantings
- Cultivar applied for must be suitable for dried fruit & suitable for the area
- Ability to financially & technically maintain the orchards
- Follow the application process
- Applications transparently evaluated & allocations made

A DECADE OF TRANSFORMATION



INITIATIVES

Statutory levies and Public-Private-Partnerships

Transformation initiatives **refocused** from training, welfare, skills development **to economic development and support programmes.**

90% of industry transformation funds channelled for **ECONOMIC DEVELOPMENT**



R444.5 MILLION
industry funds invested



844 HA
established



3125 NEW JOBS
created



90% SUCCESS
rate throughout
all projects



R228 MILLION
invested through
Government Facilitated
Programmes



Value of
new orchards are
R8.015 BILLION



A DECADE OF TRANSFORMATION

INITIATIVES

Vision:
**DOUBLING
THE INDUSTRY
by 2050**

ECONOMIC DEVELOPMENT INITIATIVES

BOOMPIE PROJECT (2009 - 2016)

449 ha established, 69 farming units
669 jobs created

**R90 million invested with R4.3 billion
projected income over orchard
lifespan**

COMMODITY APPROACH (2011 - current)

**Increased black ownership
throughout value chain**

R208.1 million implemented in
collaboration with WCDOA. 60% spent on
100% black owned entities and 40% on
shared equity.

Poverty reduction
Long term sustainability

DECIDUOUS FRUIT INDUSTRY DEVELOPMENT TRUST

Current value is approximately R18 million

**Dividend for 2020/21 utilized for
feasibility study in the Free State**

LAND DEVELOPMENT SUPPORT FUNDING

R20 million allocated towards 4 farmers

Serves as leverage for business continuity

DFDC COMMERCIALISATION (2016 - 2020)

310 ha established
21 farming units (10 fully commercialised)
1667 jobs created
542 beneficiaries trained

**R134.2 million invested with R3 billion
projected income over orchard lifespan**

FRUIT INDUSTRY VALUE CHAIN ROUND TABLE (Ongoing)

**Supports 102 black-owned businesses
in 4 provinces**

Growing footprint in non-traditional areas

HORTFIN (2019 - 2023)

6 applications in pome and stone fruit
R600 million fund with R164 million
committed to date
789 jobs created

R815 million value unlocked

SOCIO-ECONOMIC DEVELOPMENT INITIATIVES

BURSARIES (2014 - current)

R31.4 million invested
179 undergrads + 349 postgrads + 31 PhD's

FRUIT WORKERS' DEVELOPMENT TRUST (2005- current)

Addressing social conditions of agri-workers

Life-skills training + Improve worker welfare

Permanent registered worker benefit

Dividends paid = R6.1 million to 1500 workers over
last 5 years + R1.2 million declared for 2020/21.

AgriBEE CHARTER COUNCIL

Reporting on AgriBEE Sector Code
implementation, developing a system for
reporting, M & E of initiatives

CORPORATE SOCIAL RESPONSIBILITY: COVID-19

Producers, industry partners, the WCDOA and
Gift of the Givers **donated 10 000 bags of
fruit** towards COVID-19 relief intervention.

COVID-19 AND PRELIMINARY IMPACT STUDY

AGRI'S GOT TALENT (2013 - current)

Singing competition and life-skills
development programme

Participants paying-it-forward on farm
and communities

General goodwill towards agriculture



THANK
YOU

Great things are done
by a series of small things
brought together.

Vincent Van Gogh