NAMC

THE SMALLHOLDER MARKET ACCESS TRACKER

(SMAT)

BASELINE REPORT

A Case of Smallholder Raisins Producers in South Africa

2020/21

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Smallholder Market Access Tracker (SMAT) is a tool that has been developed by the NAMC, with the help of a reference group, to measure the progress in the achievement of the market access goal for smallholder farmers in South Africa.

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For more information, contact:

Postal address: NAMC, Private Bag X 935, Pretoria, 0001
Physical address: Block A, 4th Floor, Meintjiesplein Building, 536 Francis Baard Street, Arcadia, 0007
Tell: 012 341 1115
Fax: 012 341 1811
Email: info@namc.co.za
Website: www.namc.co.za

This and all NAMC research output can be accessed online at:
http://www.namc.co.za/category/research-publications/publications/

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THE NAMC SMAT TEAM

This report was compiled by Kayalethu Sotsha with assistance from the following people who contributed to the development of **SMAT baseline – Raisins** (in last name alphabetical order):

- Ms Corné Dempers
- Ms Pamela Matyolo
- Prof Victor Mmbengwa
- Mr Lindikaya Myeki
- Mr Thabile Nkunjana
- Mr Khathutshelo Rambau
- Dr Ndiadivha Tempia

The team would like to acknowledge the following **SMAT Reference Group members** that gave valuable inputs into the process of developing the **SMAT tool** either at the concept stage or at various stages of the development of SMAT. The names highlighted in bold are the current members of the reference group.

The Reference Group members (in last name alphabetical order):

- Prof Michael Aliber (University of Fort Hare)
- Dr. Petronella Chaminuka (Agriculture Research Council)
- Mr. Sydwell Lekgau (Development Bank of Southern Africa)
- Prof André Louw (University of Pretoria)
- Dr. Edward Mabaya (African Development Bank)
- Dr. Moraka Makhura (University of Pretoria)
- Dr. Anri Manderson (Southern Africa Food Lab)
- Dr. Jemina Moeng (Department of Agriculture, Land Reform and Rural Development (DALRRD))
- Mr Douglas Mosese (DALRRD)
- Mr Livhuwani Ngwekhulu (AgriSA)
- Mr Elvis Ramohlale (DALRRD)
- Dr. Grany Senyolo (Tshwane University of Technology)
- Dr Langelihle Simela (Absa Bank)
- Mr. Meshack Zwane (Economic Development Department)

LIST OF ACRONYMS

ABBREVIATION	DESCRIPTION
BATAT	Broadening Access to Agriculture Thrust
CASP	Comprehensive Agricultural Support Programme
DAFF	Department of Agriculture, Forestry, and Fisheries
EFTA	European Free Trade Area
EU	European Union
MERCOSUR	Southern Common Market
NAMC	National Agricultural Marketing Council
RDP	Reconstruction and Development Programme
SADC	South African Development Community
SARS	South African Revenue Service
SMAT	Smallholder Market Access Tracker
UK	United Kingdom
USDA	United States Department of Agriculture

EXECUTIVE SUMMARY

The NAMC is leading a project to develop a dashboard tool as a measure of progress towards achieving market access for all participants in the agricultural sector and, in particular, market access for smallholder farmers in South Africa. The Smallholder Market Access Tracker (SMAT) tool construction commenced in April 2016 where the first pilot was conducted on potatoes. A second pilot was then conducted on beef in 2018. These pilots culminated in a citrus baseline in 2019 and a broiler baseline in 2020. The process was overseen by a group of representatives selected from various South African agricultural stakeholders (referred to as reference group).

The SMAT tool is made up of indicators sourced primarily through a survey specifically designed to collect primary data on smallholder market access. The indicators were identified using some key market access variables gathered from empirical research and are the SMAT tool's heart and could have either positive, negative, or neutral effects on the smallholder farmers' likelihood to access the market. They are categorized into two groups, where the first group tracks the progress from the supply perspective (farmers' perspective), and the second group tracks the progress from the demand side (market's perspective). These indicators are meant to inform the policymakers of the situation per industry tracked, thereby enabling the formation and continuation of more effective programs or interventions towards market access achievement. The information is presented in the form of dashboard analysis and will be updated in a two-year interval.

This is a third in a series of baseline studies, and it focuses on the smallholder raisins farmers. The report is based on the results generated from a survey of 99 smallholder raisins farmers from the Northern Cape Province.

The sector information indicates that the raisins industry is small, but it has steadily been growing over the years. Furthermore, there is no evidence to suggest that smallholder farmers' participation in the entire value chain is limited as these farmers' produce is contracted and gets sold at the end of the season to the leading buyers (processors) like it is the case with the majority of the farmers in the industry. However, smallholder raisins farmers are not happy with processors' fairness, market information, and government support. Therefore, these are some of the main issues that require attention from the raisins industry and government.

In terms of the farmers' profile, the results indicate that a typical smallholder raisins farmer will likely be a male aged above the youth category, but having completed his secondary or even tertiary education would make it easier for him to collect and process information to make informed decisions. In addition to the education level, the smallholder raisin farmer possesses, on average, 20 years of experience in raisin production. The cost of labour is the highest cost of production. The farmer generates a positive net farm income, has access to credit, and has private ownership of the land. Combining these variables indicates the farmer's potential to grow should he get the necessary support and have access to opportunities provided by his participation in the entire value chain.

On average, the farmer sells 28,94 tons of raisins to the processors at a given price of R16 580 per ton. According to the baseline results, the smallholder raisins farmer is satisfied with the market's convenience, accessibility, flexibility, and safety. The issue is fairness, where the farmer feels that he is not being treated fairly. Although the farmer deems insurance to be essential for his farm business, affordability tends to impede his access to insurance.

Baseline results further indicate that the farmer has access to most marketing services and facilities and is aware and complies with the market requirements and standards, particularly the PPCEB's drying facility for food safety.

Therefore, it was recommended that the RaisinsSA and government increase their efforts to identify the farmers' needs and support for the advancement of the farmers' potential through collaboration where necessary. Farmers need advocacy in the industry forums and committees to ensure their interests are presented in these structures.

SECTION 1:

INTRODUCTION

SECTION 1: INTRODUCTION

1.1 Background

One of the founding objectives of the NAMC, as stipulated in the Marketing of Agricultural Products Act (Act 47 of 1996), is to increase market access for all participants. In 2016/17, the NAMC initiated the creation of a SMAT tool to measure progress towards achievement of "market access for all participants," in particular, market access for smallholder farmers[1]" in South Africa. The rationale for creating such a tool stems from the general perception and, in some cases, study findings of or indicating lack of progress in addressing smallholder farmers' integration into South Africa's mainstream economy - a majority of them black. This is on the back of very well-articulated policies from as far back as 1994 when the Reconstruction and Development Programme (RDP) was published by the ruling African National Congress (ANC) in order to create a restructured agricultural sector that "spreads the ownership base, encourages small-scale agriculture, further develops the commercial sector and increases production and employment" (African National Congress, 1994). Following the RDP sentiments, the White Paper on Agriculture that was published in 1995 advocated for the provision of support services to enable farmers to move into commercial farming if so desired (Makhura et al., 1996).

The then National Department of Agriculture (NDA) developed the Broadening Access to Agriculture Thrust (BATAT) in 1995 as its RDP project aimed at improving the access of small-scale farmers to agricultural services in five areas, namely, financing, technology development, transfer systems, human resource development, and marketing. A component of this initiative known as the "BATAT Marketing Drive" sought to "improve small scale farmers' ability to seize marketing opportunities" (Van Renen, 1997). Over the past two decades, similar policies and programs have been developed to support the development of smallholder farmers. The most prominent and most significant of these is the Comprehensive Agricultural Support Programme (CASP), which was introduced in 2004 with the aim of providing support to smallholder farmers and land reform beneficiaries (NDA, 2004).

Recent findings suggest that CASP and other farmer support programs have not been effective in achieving their intended goals (Vink et al., 2012). There is a need to measure and track the situation regarding market access for smallholders to assist with policy debate and the formulation of more effective programs towards the achievement of market access. It is against this background that the NAMC proposed that the Smallholder Market Access Tracker (SMAT) be developed as a measure of progress in the achievement of the market access goal for smallholders in South Africa. SMAT indicators were identified and were used as a basis for instrument design. Pilot surveys were undertaken to test the SMAT instrument on the following commodities, Potatoes (2016/17) and Beef (2017/18). The pilots culminated in a baseline on citrus smallholder producers, which was conducted in 2018/19. The second baseline was completed in the 2019/20 financial year on the smallholder broiler producers. The purpose of this report is to present the third baseline of SMAT conducted on smallholder raisins farmers. The baseline was an attempt to describe the status of smallholder raisins, farmers in terms of production, marketing, and access to marketing services. The idea is to uncover barriers faced by these farmers to enter into the mainstream marketing channels and recommend some interventions that could enhance market access (both locally and abroad).

[1] A smallholder farmer in the context of this baseline is derived from the DAFF definition and refers to a new entrant who aspires to produce for the market and make profit

1.2 What is the Smallholder Market Access Tracker (SMAT)?

The SMAT is a tool that acts as a measure of progress in achieving the market access goal for smallholders in South Africa. The tool aims to generate information to address the strategic objective of increasing market access for smallholder farmers in South Africa. The SMAT is helpful for the following targeted stakeholders, among others, for advisory services:

- Government
- Farmers and farmer organizations
- Fresh produce markets
- Market institutions

The SMAT is composed of indicators identified using some key market access variables gathered from empirical research. The indicators are the heart of the SMAT tool. Following a rigorous discussion under the SMAT Reference Group's oversight[2], it was decided that the SMAT indicators would be sourced primarily through a survey that is specifically designed to collect primary data on smallholder market access. Additional data, when required, would be obtained from secondary sources as well as expert or critical informant opinions. The indicators were selected based on the theoretical economic premise hypothesized to either positively or negatively or neutrally affect the smallholder's likelihood to access the market. The indicators are further categorized into two groups, the A Indicators (indicators from the farmer's perspective) and the B Indicators (indicators from the market's perspective). Table 1 below presents the selected indicators for the SMAT with their definitions and the nature of their effect on smallholder market access.

[2] The NAMC defines the Reference Group as a group of experts in certain fields but with a degree of diversity among them (experience, demographics, regional spread, areas of specialisation, academic inclination, sector, affiliation, etc.).

Table 1: The SMAT indicators

FARMER (SUPPLY OR "PUSH") INDICATORS[3]	
Name	Definition and expected nature of relationship with market access (in parentheses)
A1. Farmer profile:	
A1.1 Gender	The gender of the farmer (NA)
A1.2 Age	Age of the farmer (NA)
A1.3 Education	Highest education level attained by the farmer (+)
A1.4 Location	Town and province where the farmer is located (NA)
A1.5 Legal entity	Type of entity that the farmer belongs to (if any) (NA)
A2. Supply:	
A2.1 Selling of produce	Whether the farmer sells any of his produce (+)
A2.2 Type of market supplied	Type of market supplied by the farmer (NA)
A2.3 Quantity supplied	Quantity (quantities) supplied by the farmer (+)
A2.4 Value supplied	Value (in Rands) supplied by the farmer (+)
A2.5 Selling arrangements	Whether farmer sells through spot selling, contract, etc. (NA)
A2.6 Selling price arrangements	Whether farmer negotiates selling price or whether he/she is a price taker (NA)
A2.7 Payment arrangements	The length of time it takes for payment to be effected (NA)
A2.8 Distance to market	Distance to the market supplied by the farmer (-)

[3] The farmer (supply or "push") indicators denote the perspective of the farmer (the supplier)

A3. Market services	
A3.1 Access to market information	Whether the farmer has access to any source of market information (+)
A3.2 Access to storage	Whether the farmer has access to any form of storage (+)
A3.3 Access to packaging facilities	Whether the farmer has access to any packaging facilities (+)
A3.4 Access to credit	Whether the farmer has access to a credit facility (+)
A3.5 Access to training/extension	Whether the farmer has access to any training or extension service (+)
A3.6 Access to transport	Whether the farmer has access to any transport service (+)
A3.7 Rating of quality of market information	Farmer's rating of the quality of market information (1 = poor; 5 = excellent) (+)
A3.8 Rating of quality of storage	Farmer's rating of the quality of storage (1 = poor; 5 = excellent) (+)
A3.9 Rating of quality of packaging facilities	Farmer's rating of the quality of packaging facilities (1 = poor; 5 = excellent) (+)
A3.10 Rating of quality of credit	Farmer's rating of the quality of credit service (1 = poor; 5 = excellent) (+)
A3.11 Rating of quality of training/extension	Farmer's rating of the quality of training/extension (1 = poor; 5 = excellent) (+)
A3.12 Rating of quality of transport	Farmer's rating of the quality of transport (1 = poor; 5 = excellent) (+)
A4. Market requirements	
A4.1 Awareness of market requirement	Where applicable, whether the farmer is aware of market requirements (+)
A4.2 Compliance to market requirements	Where applicable, the extent to which farmer complies with market requirement (1 = no compliance; 5 = excellent compliance) (+)

B. MARKET (DEMAND OR "PULL") PERSPECTIVE [4]	
B1. Market Profile	
B1.1 Type of market	Type of market supplied by the smallholder (NA)
B1.2 Market location	Town and province where the market is located (NA)
B1.3 Total market turnover	Where applicable, the total turnover of the market supplied by smallholder farmers (NA)
B1.4 Market turnover by commodity	Where applicable, the market's turnover on the specified commodity supplied by smallholder farmers (NA)
B1.5 Market tonnage by commodity	The total market tonnage of the specified commodity sourced from smallholder farmers (NA)
B2. Supply by smallholder farmers	
B2.1 No of smallholders supplying the market	Number of smallholders supplying the market with the specified commodity (+)
B2.2 Volumes supplied by smallholders (t)	The total tonnage of the specified commodity supplied by smallholder farmers (+)
B2.3 Value supplied by smallholders	The total value of the specified commodity supplied by the smallholder farmers (+)
B2.4 Smallholders' market share	The total smallholder farmers' market share for all commodities supplied (+)
B2.5 Smallholders' market share/commodity	The smallholder farmers' market share of a specified commodity (+)
B3. Services Provided to Smallholders	
B3.1 Market information	Whether the market provides market information services to smallholders (+)
B3.2 Storage	Whether the market provides storage services to smallholders (+)
B3.3 Packaging facilities	Whether the market provides packaging facilities to smallholders (+)
B3.4 Credit	Whether the market provides credit facilities to smallholders (+)

[4] The market (demand or "pull") indicators denote the perspective of the market (the buyer)

B3.5 Training/extension	Whether the market provides training or extension services to smallholders (+)
B3.6 Transport	Whether the market provides transport services to smallholders (+)
B4. Minimum Market Requirements	
B4.1 Business registration	Whether business registration is a minimum requirement for smallholders (NA)
B4.2 Packaging	Whether packaging is a minimum requirement for smallholders (NA)
B4.3 Product standards	Whether product standards are a minimum requirement for smallholders (NA)
B4.4 Payments arrangements	The length of time that the market takes to pay smallholders for their produce (NA)
B5. Market Performance of Smallholders	
B5.1 Rating of quality	The market's rating of the quality of products supplied by smallholders (1=poor; 5=excellent) (+)
B5.2 Rating of quantities	The market's rating of the quantities of produce supplied by smallholders (1=poor; 5=excellent) (+)
B5.3 Rating of consistency of supply	The market's rating of the consistency of supply of produce supplied by smallholders (1=poor; 5=excellent) (+)
B5.4 Rating of farmer logistics	The market's rating of the logistics for the products supplied by smallholders (1=poor; 5=excellent) (+)

Note: It is expected that the sourcing of data from both the supplier and the buyer perspectives will assist towards the counter-checking of results such that the data from the one side is checked against data from the other side in order to improve overall quality and usability, NA = Not applicable

1.3 Methodological approach to the development of SMAT

The development of the SMAT commenced in April 2016. The NAMC put together an internal research team to lead in fulfilling the afore-mentioned two objectives. Also, a group of experts representing a wide range of agricultural stakeholders (academia, government, private sector, and non-governmental organizations) – the "Reference Group" - was appointed to oversee and advise the process and its outputs. Figure 1 depicts the process of the development of the SMAT. The Reference Group is involved throughout the process. As explained earlier, two pilots were conducted to test the tool that culminated into the first baseline.

The baselines serve as outputs and provide recommendations based on the assessment of the industry. However, the report's relevance as a measure of progress and any impact it should make in developing smallholder farmers will largely depend on the industry, government, farmers, and other relevant stakeholders' actions. Hence, the outcomes stage catalyzes the actual report and the desired broader impact.

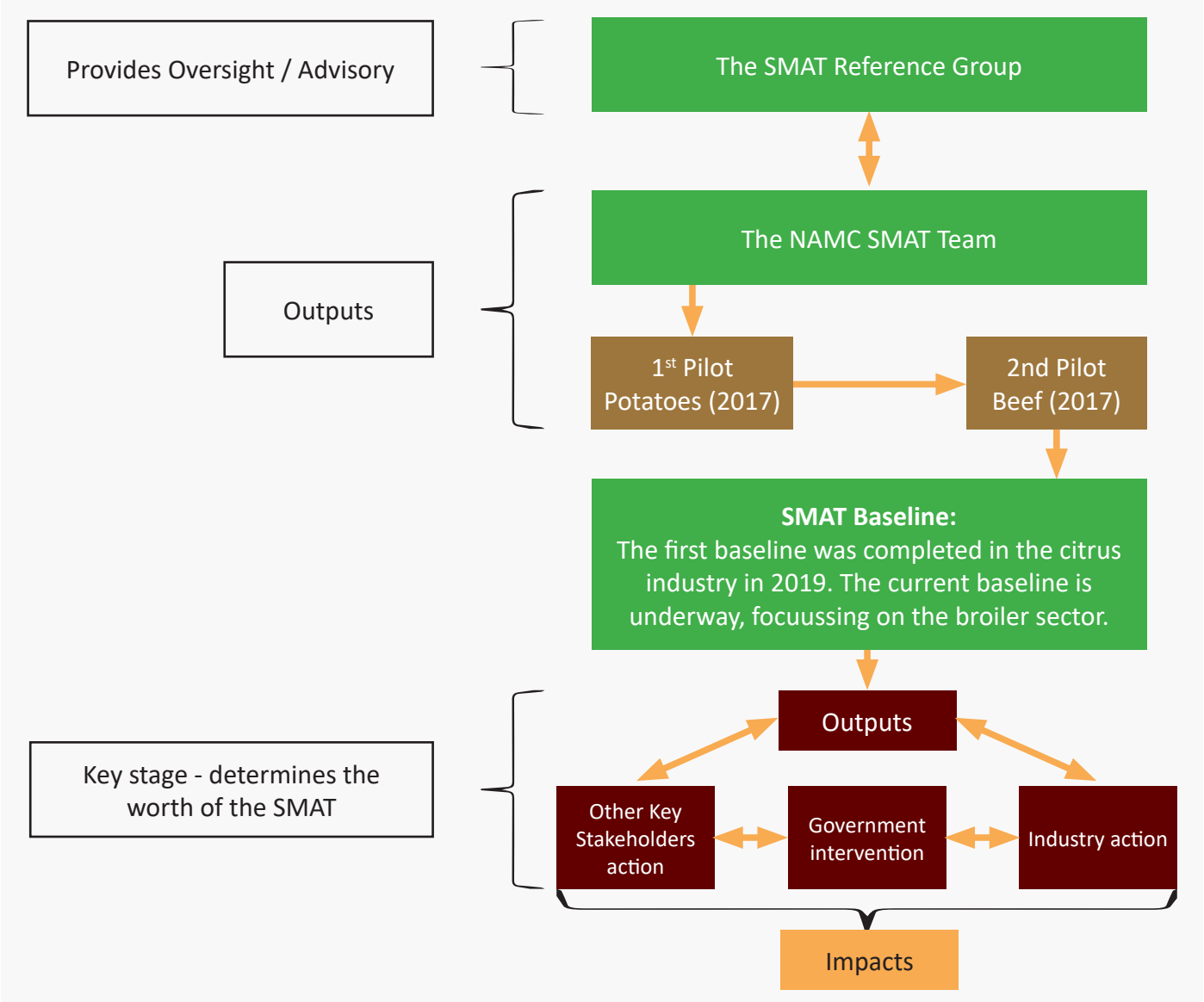

Figure 1: The SMAT process
Source: Adapted from the SMAT report (2019)

1.4 Raisins baseline: sampling and data collection procedure

A database of farmers was obtained from the raisins industry and it contained 102 smallholder farmers. Due to limited resources and the COVID 19 regulations, the NAMC team could not survey independently. Therefore, an online questionnaire was developed and the industry assisted in collecting the data. In total, 102 (100%) farmers completed the survey. However, information of 99 completed surveys was used. The rest were eliminated due to incomplete information. This implies that the sample was 97% of smallholder raisins producers from the Northern Cape Province. The data collection began in April 2020 and was completed in July 2020.

About NAMC

The NAMC was established in terms of the Marketing of Agricultural Products Act No. 47 of 1996, as amended by Act No. 59 of 1997 and Act No. 52 of 2001. We are a statutory body reporting to the Minister of Agriculture, Land Reform and Rural Development.

Our mandate is captured in our four core divisions namely:

- Agribusiness Development
- Agricultural Trusts
- Statutory Measures
- Markets and Economic Research Centre (MERC)

Our Vision

Strategic positioning of agriculture in a dynamic global market.

Our Mission

To provide marketing advisory services to key stakeholders in support of a vibrant agricultural marketing system in South Africa.

The work of the NAMC is aligned to the four strategic objectives as set out in Section 2 of the MAP Act, 1996 namely:

- Increasing market access to all market participants
- More efficient marketing of agricultural products
- Optimising export earnings from agricultural products
- Enhanced viability of the agricultural sector

SECTION 2:

OVERVIEW OF THE RAISINS INDUSTRY

SECTION 2: OVERVIEW OF THE BROILER SECTOR

2.1 Introduction

This section presents an overview of the raisins industry by briefly indicating production, consumption, and raisins trade. Although the overview focuses on South Africa, it also understands its position in the global raisins industry about production, consumption and trade. Figure 2 shows that raisins in South Africa are produced in the Northern Cape Province. The industry information indicates that the industry originated along the Orange River in the Northern Cape and has developed from the early 20th century. This was supported by ideal climatic conditions of grapes produced in the region. The grapes are harvested around early summer to mid-summer. Furthermore, the processing happens in the region. The industry is represented by Raisins South Africa (also known as Raisins SA), which was established in 2013 after the restructuring of the Dried Fruit Industry in South Africa.

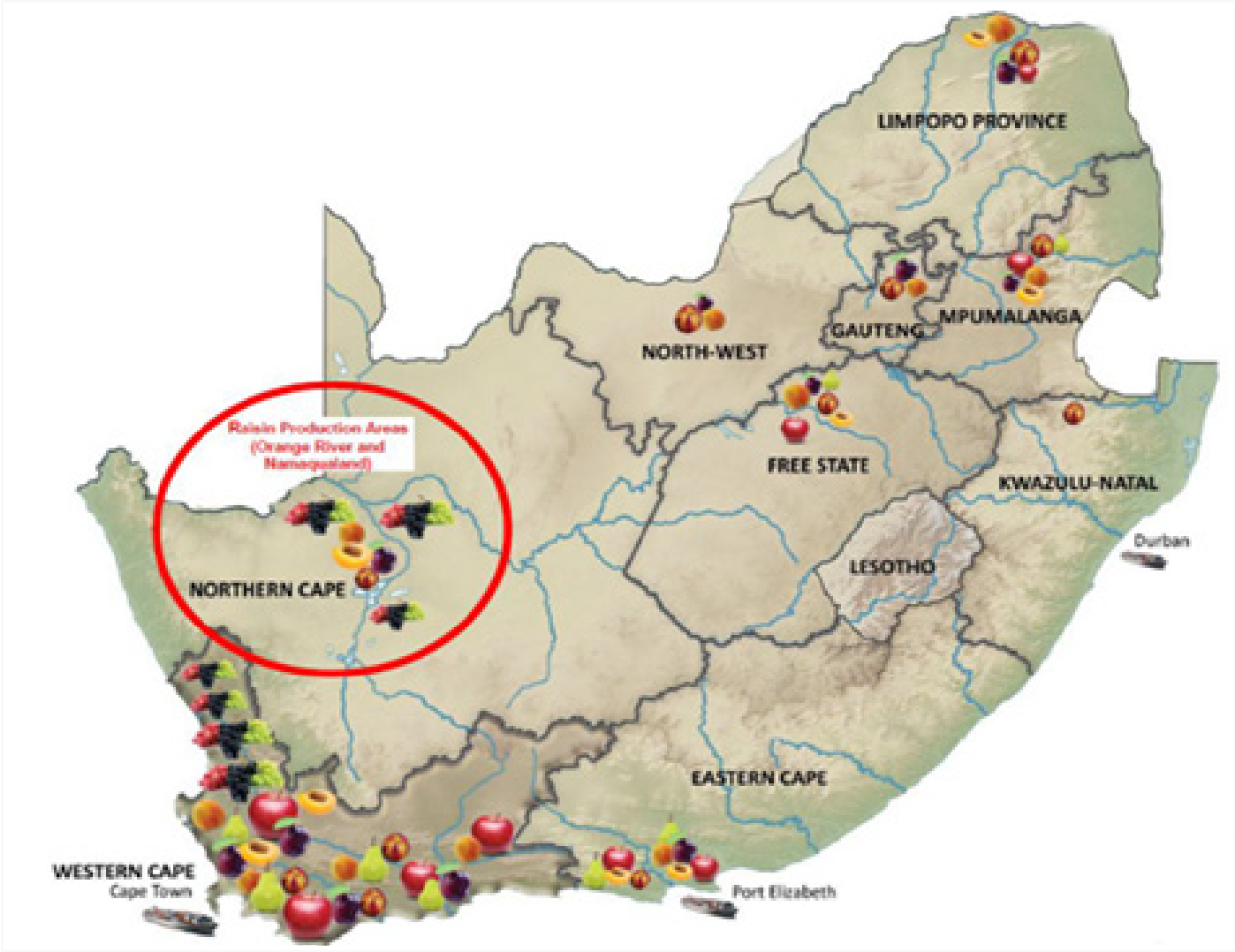

Figure 2: Raisins production areas in South Africa
Source: (USDA, 2020)

2.2 Production

According to RaisinsSA (2020), South African raisins are produced in the Orange and Olifants river regions, which is in the Northern Cape (contributing 90%) and Western Cape (contributing 10%), respectively. The region boasts of good climatic conditions marked by good levels of sunshine, with an average of 10,5 hours every day between January and March when the grapes are harvested and naturally sundried. In addition to this is the fair supply of water from the Orange and Olifants rivers, which enhance the growing conditions to produce the highest quality raisins.

There are about 1000 growers (Gale, 2020), categorized as small scale, medium scale, and large scale farmers (USDA, 2020). According to the USDA (2019), South Africa was ranked the fifth largest producer, with Turkey, the United States of America (USA), and China making the top three producers. The 2020/21 South African raisins production is expected to reach 88 000 tons, which is a 10% increase from the 2019/20 production as shown in Figure 3. Figure 3 also shows that the industry has seen a steady growth over the past six years, from the 2015/16 season to the 2020/21 season's forecast. The Thompson seedless (55%) and Goldens (32%) together contribute more than 80% share of total production compared to other types of raisins (USDA, 2020).

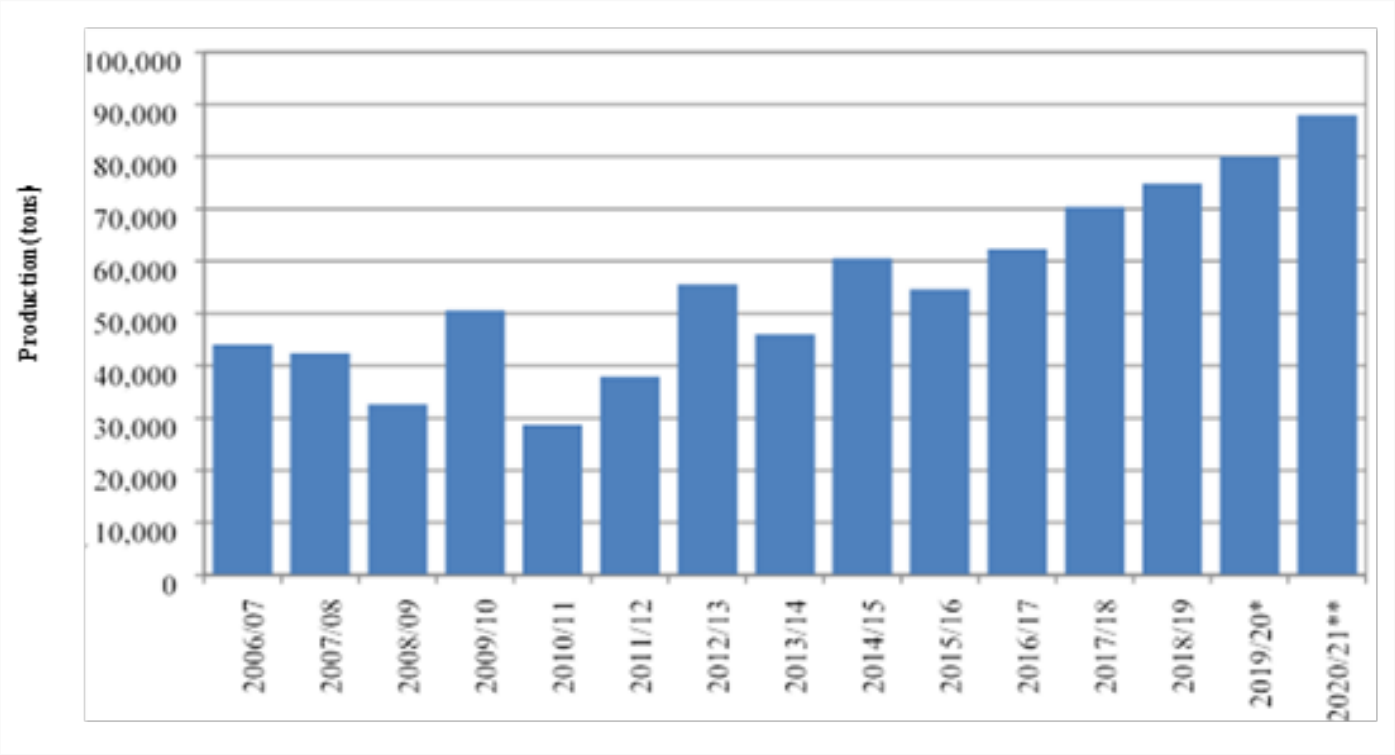

Figure 3: South African raisins area planted and production
Source: USDA (2020)

The estimated tonnage may be reached subject to normal weather conditions, growth in area planted, new vineyards coming into total production, sufficient water, and improvement of yields, among other factors (USDA, 2020). The area planted to grapes for raisins production was anticipated to increase by 6% to 19 300 hectares in the 2020/21 season owing to new vineyards being established and some land being diverted from other crops such as wine and table grapes (USDA, 2020). Figure 4 shows that there has been a steady increase in the area planted since the 2014/15 season, which may have a direct correlation with the similar

trend in production, as shown in Figure 3.

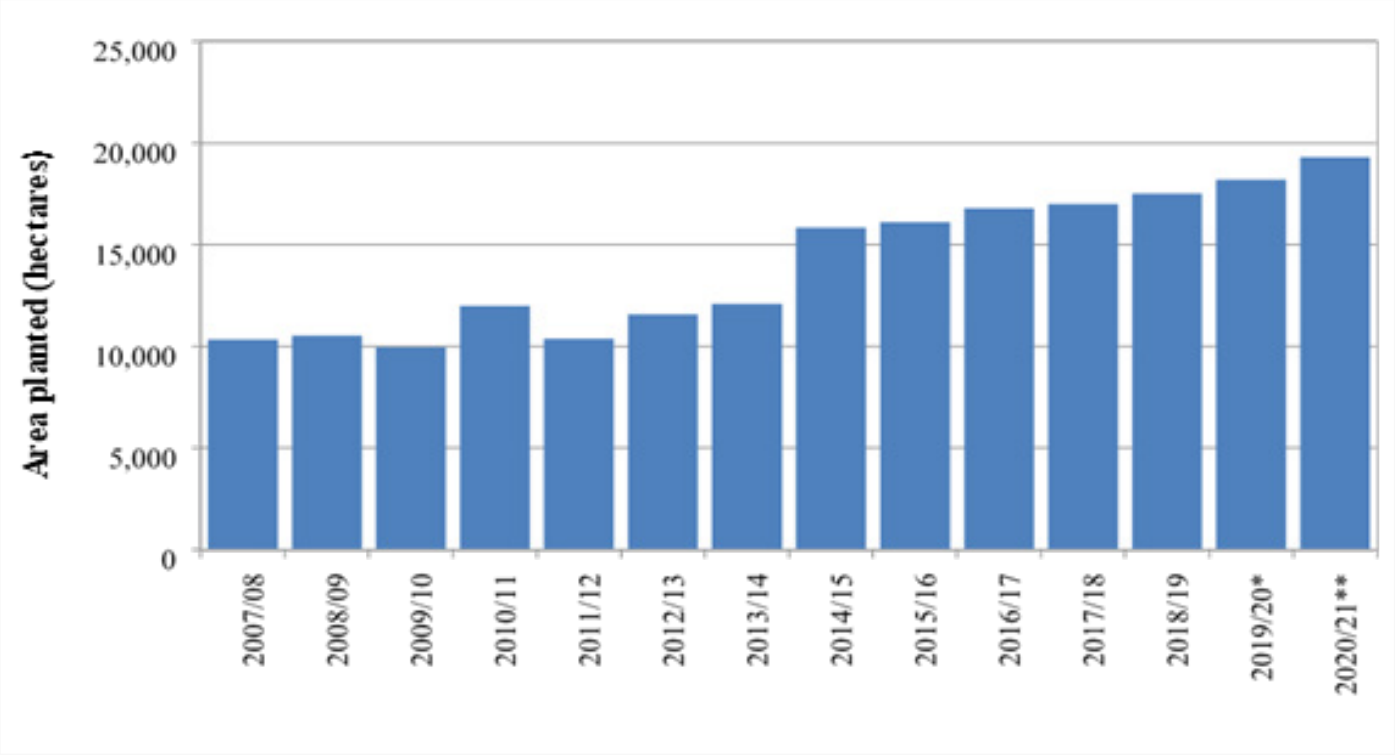

Figure 4: Area planted with grapes for raisins
Source: USDA (2020)

2.3 Global consumption of raisins

Figure 5 shows the world consumption of raisins in 5 years between the 2013/14 and 2017/18 seasons. During this period, the consumption of raisins fluctuated from 1,13 million tons in the 2013/14 season and peaked at 1,22 million tons in the 2016/17 season – an increase of 7,6% from the initial year. It dropped by 6,5% to the low of 1,14 million tons in the 2017/18 season. This fall was attributed to the decline of Kazakhstan and Turkey consumption decline, which declined by 40% and 39%, respectively. The top 3 consumers are the European Union (EU), China, and the United States of America (USA). The EU averaged 329,9 thousand tons over 2013/14 to the 2017/18 period, followed by the USA at 222,9 thousand tons and China at 181,4 thousand tons, making total consumption of over 730 thousand tons.

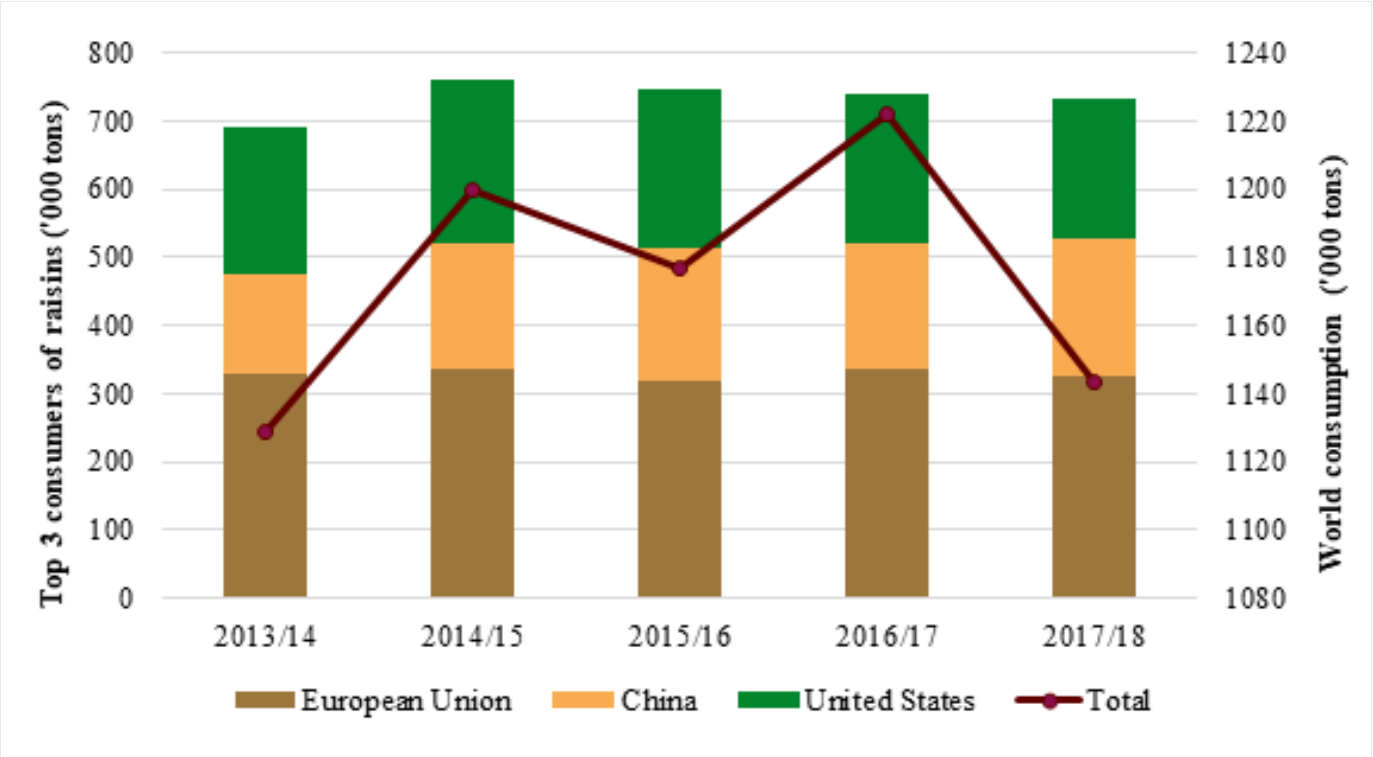

Figure 5: **World raisins consumption**
Source: USDA (2019)

According to the USDA (2020), raisins are considered affordable and are a popular healthy snack and baking ingredient in South Africa. South Africa's raisins consumption is expected to reach 18 500 tons in 2020/21, up from 17 500 tons in the 2019/20 marketing year. This is attributed to the growing demand in the baking industry, health snack food market, and increased production. The 2019/20 demand has been strong at home baking and healthy snacking during the national lockdown.

2.4 Producer prices

The producer prices have generally increased from around R7000/ton, R8000/ton, and R11000/ton to about R17000/ton, R19000/ton, and R26000 ton/ton for the Thompson Seedless, Sultana, and Golden raisins, respectively from 2008/09 to the 2018/19 marketing year as shown in Figure 6. However, this was not a steady increase and not an ideal situation for the producers as the prices fluctuated over the years.

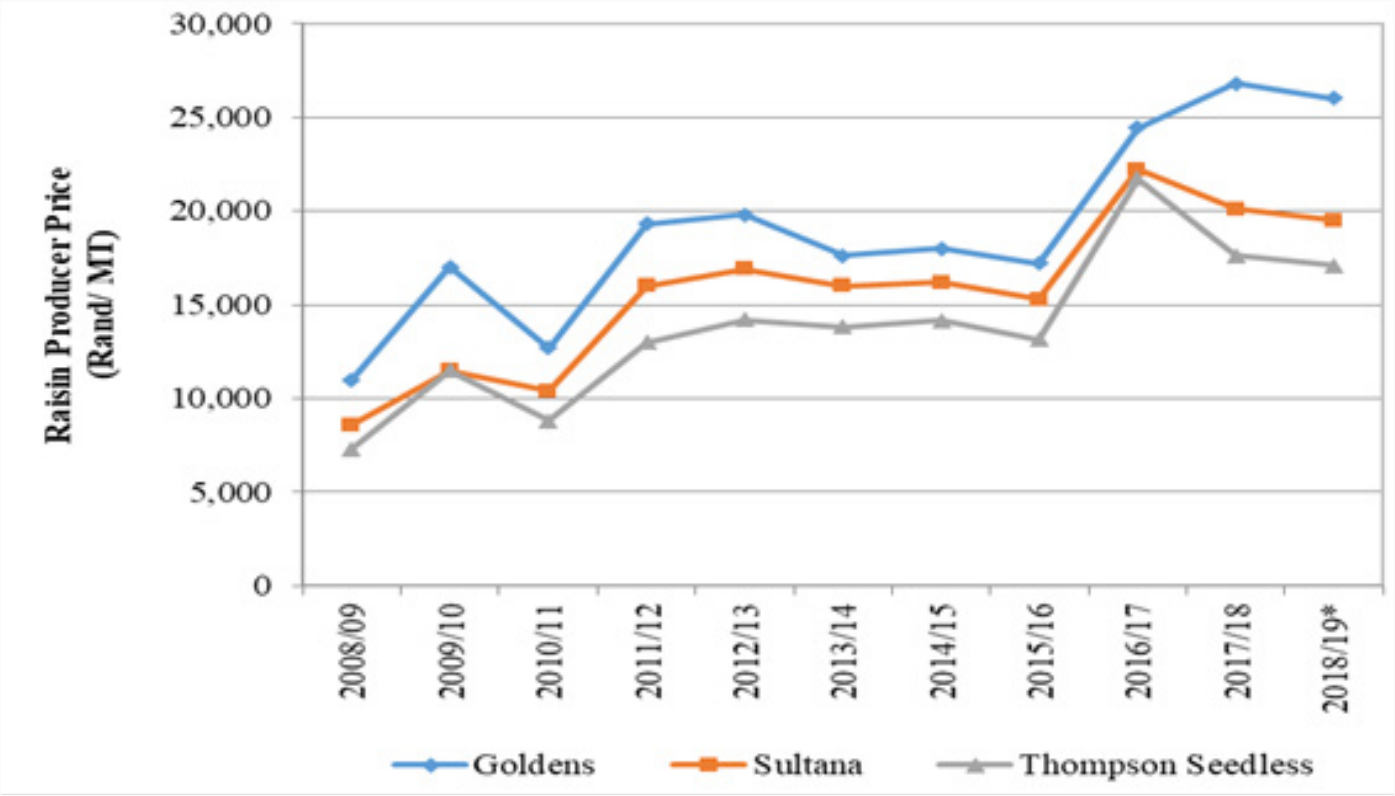

Figure 6: Average producer prices (2008/09 - 2018/19 marketing year)
Source: Hortgro (2019)

According to the USDA (2020), South Africa's production is primarily contracted, and therefore it is usually considered sold at the end of the season, with processors being the main buyers. As a result, the country usually has minimal or no closing stock at the end of each marketing year. Nevertheless, low global prices in 2019, coupled with growing production, have resulted in processors carrying overstock into the next marketing year. The closing stock for the 2019/20 marketing year stood at 12 533 tons, while the 2020/21 closing stock is projected at 10 933 tons. As such, the USDA recommended that South Africa be aggressive in growing its export market.

2.5 Domestic markets

The following processors dominate the domestic market;

- The South African Dried Fruit Co-operative
- Carpe Diem group
- Fruit du Sud
- Red Sun Raisins
- The Raisin Company
- Northern Cape Raisins
- Farmers Pride

The South African processors have a capacity of between 90 000 to 100 000 tons, with some processors operating at 97% capacity, which means that expansion of the existing capacity may need the industry's attention in the future as production continues to grow.

2.6 Import and export markets

Figure 7 illustrates South African exports to the world and the top 5 destinations in the world. Germany is the biggest market, although the quantities exported to the world seem to decline from the highest quantity exported in 2018. The other markets that form the top 5 are Algeria, the USA, Netherlands, and Canada. Having Algeria in the top 5 is encouraging considering the developments towards the African Continental Free Trade Area (ACFTA).

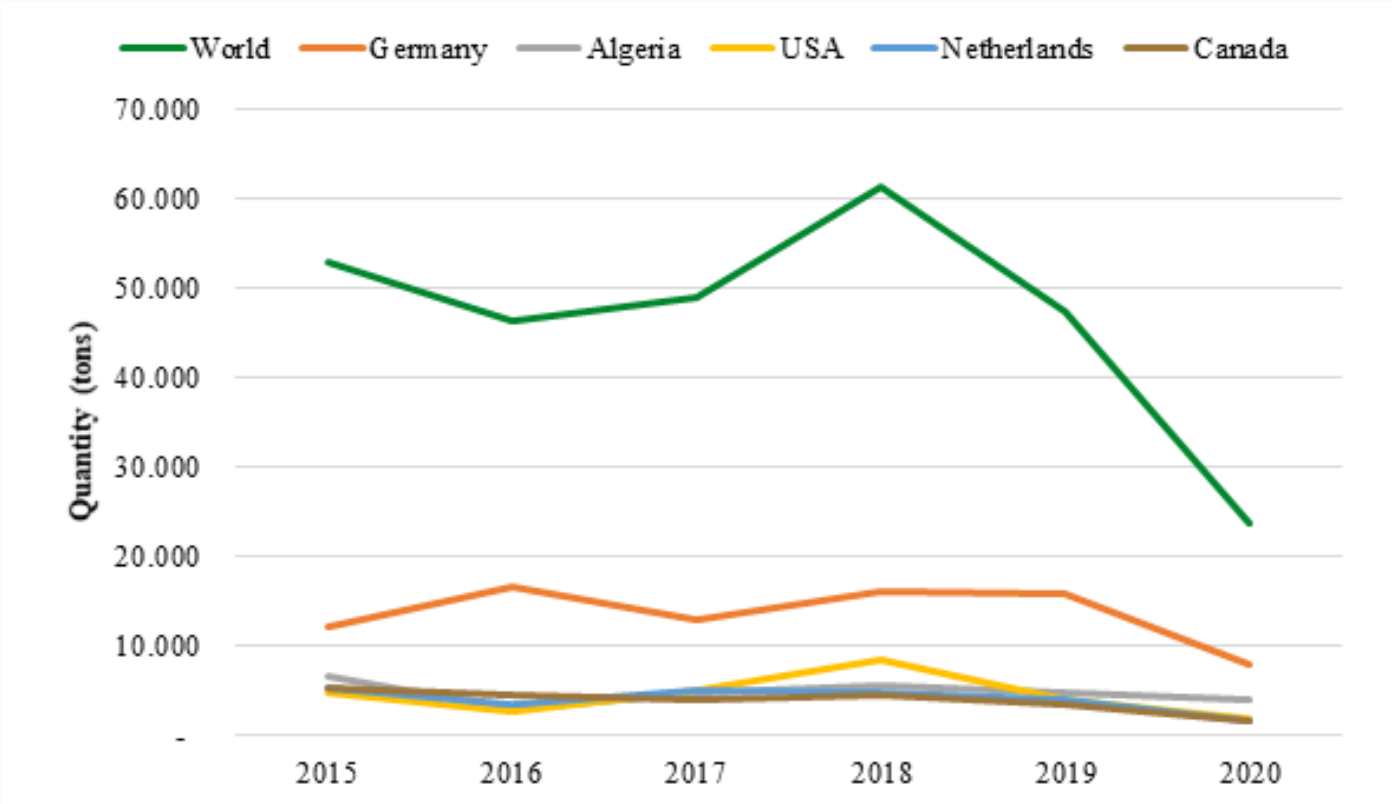

Figure 7: Exports to the world and selected countries
NB: data for 2020 is presented up to May 2020, and therefore, it is not complete like the rest of the period demonstrated
Source: USDA (2020)

South Africa does not import much from the world, making the country to be the net exporter of raisins. Considerable imports recorded are coming from Namibia. This could be the issue of the availability and accessibility of processors within South Africa for Namibian farmers to sell and be able to have their products going into the export market. Otherwise, there is a growing quantity that South Africa is importing from Turkey, growing from 347 tons in 2017 to 473 tons in 2019. Other imported quantities from Afghanistan amounted to 60 tons in 2018 and 133 in 2019, while 95 tons from the USA were recorded in 2016. Table 2 presents the tariff rates for dried grapes.

Table 2: Tariff rates for dried grapes

	Description	Unit	General	EU	EFTA	SADC	MERCOSUR
0806.20	Dried grapes	kg	10%	free	10%	free	10%

Source: South African Revenue Services (SARS) Customs schedule

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SECTION 3:

RAISINS BASELINE SURVEY RESULTS

SECTION 3: RAISINS BASELINE SURVEY RESULTS

This section provides the results of the key SMAT indicators that relate to farmers' profile, production, marketing, and insurance aspects. As mentioned in section 1, a sample of 99 farmers (97% of the farmers) from the Northern Cape Province was used. The results are presented in the form of descriptive analysis and illustrated in Tables and Figures.

3.1 Demographic information

Table 3 presents the demographic information of smallholder raisins farmers in relation to gender, education, race, the main source of livelihood, and the legal status of the farm business. The results indicate that a typical smallholder raisins farmer is a colored male who is fairly educated as the majority (51%) of farmers on aggregate have either completed high school or have obtained tertiary education. This is a positive picture for the industry as it implies that farmers are capable of searching, acquiring, comprehending, and analyzing the necessary information for their farming endeavours. All the sampled farmers (100%) indicated that agriculture is their main source of livelihood. A majority (90%) of farmers farm as individuals, and only 1% of the farms were cooperative. The rest (9%) are either in a Common Property Association (CPA), trust, or partnership.

Table 3: Summary of demographic characteristics presented in percentages

Variable	Category	n = 99	Total %
Gender	Male	82	83
	Female	17	17
Education	Primary	48	49
	Completed high school	34	34
	Tertiary education	17	17
Race	Coloured	99	100
The main source of Livelihood	Agriculture	99	100
Legal status	Primary co-op	1	1
	Individual	89	90
	Other	9	9

Source: Survey data

3.2 Farming profile

Table 4 presents the aggregate summary of production indicators. The results show that smallholder raisins farmers produce up to 546,34 tons at an average of 13,61 tons. The large standard deviation implies a huge disparity between farm production as it ranges from 5 tons to more than half a million tons. The average net farm income also mirrors this disparity, reaching a maximum of just over R2 million while some farmers get just over R2 000. One of the main underlying causes of the differences, among others, is farm size, where farmers have access to a minimum of 1 hectare while some farmers use up to 85 hectares. The total costs include the cost of labour, pesticides, fertilizers, hired implements, irrigation, and transport. The results show that the total cost ranges from R9 000 to R4,8 million, also characterized by a huge disparity. On one end, the main contributing factor is the cost of labour, which is a minimum of R7 000, while the cost of hiring implements was the lowest at R400 per annum. On the other end, the labour cost was the highest, reaching R4,7 million, followed by the cost of pesticides (R90 000) and the cost of (fertilizer R75 000) among the top three factors. The combination of these variables provides a good indication of the level of investment that goes into the production of raisins for the sampled smallholder farmers. The average age of trees was nine years, and this figure is closer to the mean of the sample as indicated by a small standard deviation. Farmers indicated that they had replaced about 1 630 trees on average over the past three years. The average farm experience (measured in years) was 20 years, with some farmers having only one year while some had up to 57 years of involvement in raisins production. This shows that these farmers are more experienced and can easily adopt new technologies to improve their productivity. Noteworthy, the farm experience was specific to raisins production.

Table 4: Summary statistics of production indicators (n = 99)

Variables	Units	Mean	Standard deviation	Minimum	Maximum
Production	tons	13,61	55 137	5	546,34
Net farm income	R/year	389 520	452 938	2 086	2 032 856
Farm size	Ha	10	12	1	85
Labour	N	40	29	8	160
Total Costs	R/year	225 427,43	510 568,34	9 208,00	4 763 315,00
Labour	R/year	196 645,82	493 947,04	7 056,00	4 704 400,00
Pesticides	R/year	7 210,92	12 736,44	0,00	90 000,00
Fertilizer	R/year	8 750,51	14 405,58	0,00	75 000,00
Hiring implements	R/year	2 829,29	8 589,19	0,00	50 000,00
Irrigation	R/year	8 905,04	14 408,17	576,00	70 000,00
Transport	R/year	1 085,86	4 885,97	0,00	30 000,00
Age of trees	years	9	6	<1	27
Number of trees replaced	N	1630	3442,51	0	26 516
Farming experience	N	20	14	1	57

Source: Survey data

Table 5 presents a summary of the smallholder farming profile, comparing male to female farmers. The higher the standard deviation, the more values are spread out from the mean, and the low standard deviation indicates that values are closer to the mean. The results show that female farmers (57 years) were relatively older than the male farmers (52 years), but the male farmers had three more years of experience relative to the females. This implies that male farmers tend to get involved in farming activities at a younger age compared to their female counterparts. The farm size was bigger (11 hectares) for male farmers than females (6 hectares). In addition to the sample size, the farm size is possibly one of the main factors that cause a disparity in another variable as the rest of the variables are skewed in favour of the male farmers. For example, the net farm income for male farmers is more than double that of female farmers. The cost of labour, fertilizer, and irrigation was in the top three for male farmers, while the cost of labour, irrigation, and fertilizer was in the top three for female farmers.

Table 5: A summary of smallholder raisins farming profile by gender

Key variables categorized by gender		Mean	SD
Male farmers (n = 82)	Age of the farmer (Years)	52	13,06
	Farm experience (Years) -specific to raisins	21	14.65
	Net farm income (R/year)	433 579	480512,83
	Farm size (Hectares)	11	13,59
	Age of trees (Years)	11	6,29
	Number of trees replaced in the past three years	1 771	3720,23
	Average production for the past 3 years (tons)	47,11	181240,99
	Permanent labour (Number of employees)	2	2,455
	Temporal labour (Number of employees)	42	28,852
	Cost of labour (R/annum)	224 240	539018,20
	Cost of pesticides (R/annum)	8 446	13664,07
	Cost of fertilizer (R/annum)	10 302	15306,89
	Cost of hiring implements (R/annum)	3 123	9404,82
	Cost of irrigation (R/annum)	9 793	15251,82
	Cost of transport (R/annum)	1 311	5 346,42
Female farmers (n = 17)	Age of the farmer (Years)	57	7,62
	Farm experience (Years) -specific to raisins	18	11,14
	Net farm income (R/year)	177 005	172436,56
	Farm size (Hectares)	6	6,32
	Age of trees (Years)	8	4,47
	Number of trees replaced in the past three years	954	1390,74
	Average production for the past 3 years (tons/ha)	10,47	10550,48
	Permanent labour (Number of employees)	1	0,437
	Temporal labour (Number of employees)	27	14,235
	Cost of labour (R/annum)	63 543,53	28499,63
	Cost of pesticides (R/annum)	1 252	1680,53
	Cost of fertilizer (R/annum)	1 265	3610,39
	Cost of hiring implements (R/annum)	1 412	1227,74
	Cost of irrigation (R/annum)	4 623	8388,67
	Cost of transport (R/annum)	0	0

Note: n = Sample size; SD = Standard deviation
Source: Survey data

3.2.1 Access to land and land ownership

The land is one of the fundamental resources in agricultural production. Figure 8 presents land ownership status. The farmers were asked if they have private ownership of the land they use. The results show that 90 (91%) of the sampled farmers own the land privately, which implies a greater likelihood of continuity in farming, all other factors held constant. Interestingly, all 17 female farmers that are in the sampled farmers are included in the 91% of farmers that have private ownership of the land.

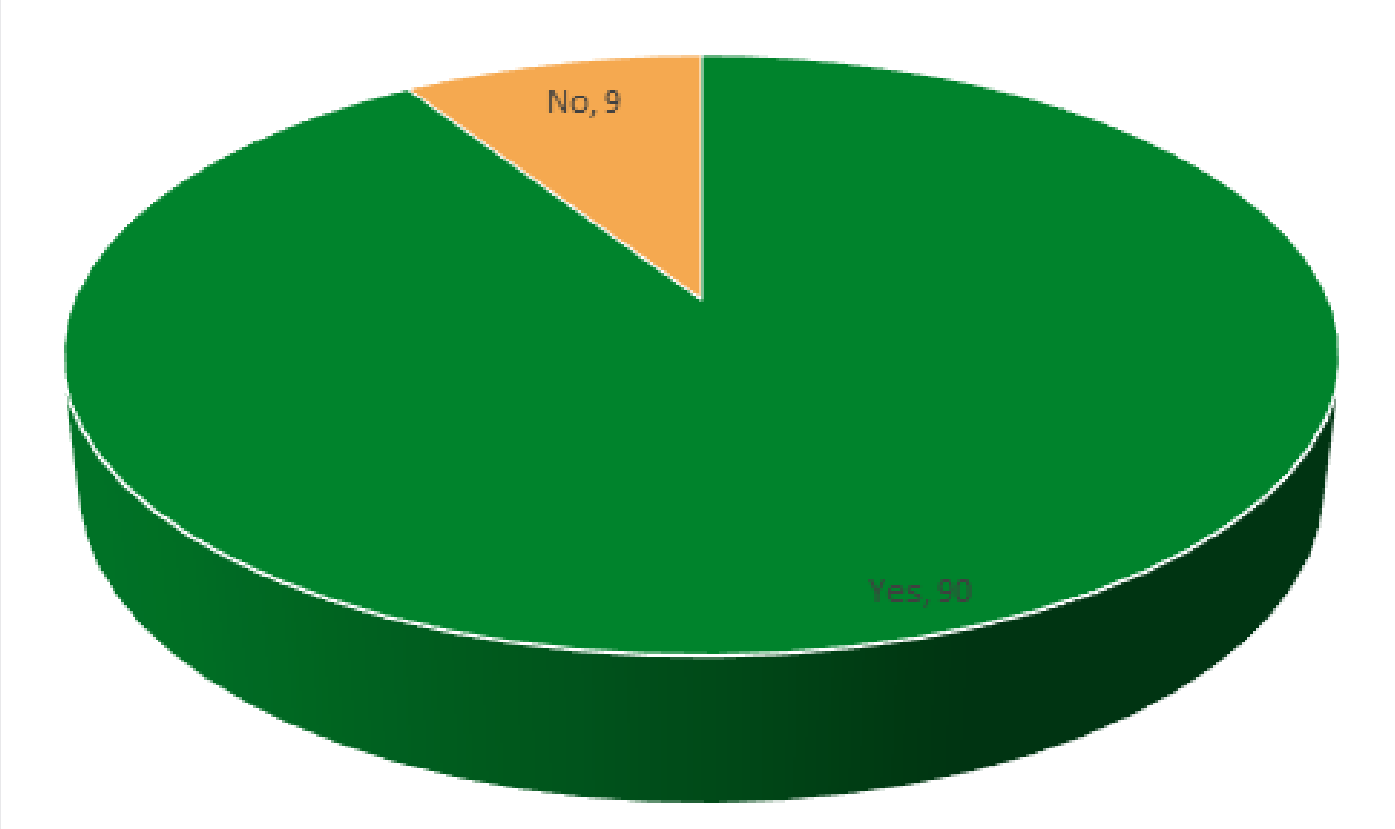

Figure 8: Summary of land ownership status
Source: Survey data

3.2.2 Access to credit

There is some correlation between land ownership and access to credit in the sense that own land could be used as collateral to access credit, particularly from the commercial banks. For instance, farmers whose access to land is backed by strong tenure security (such as title deed) are more likely to get credit because the banks can easily use their land as collateral. Figure 9 shows that 18 of the sampled farmers have borrowed money for farming purposes at some stage. Only one female farmer has done so.

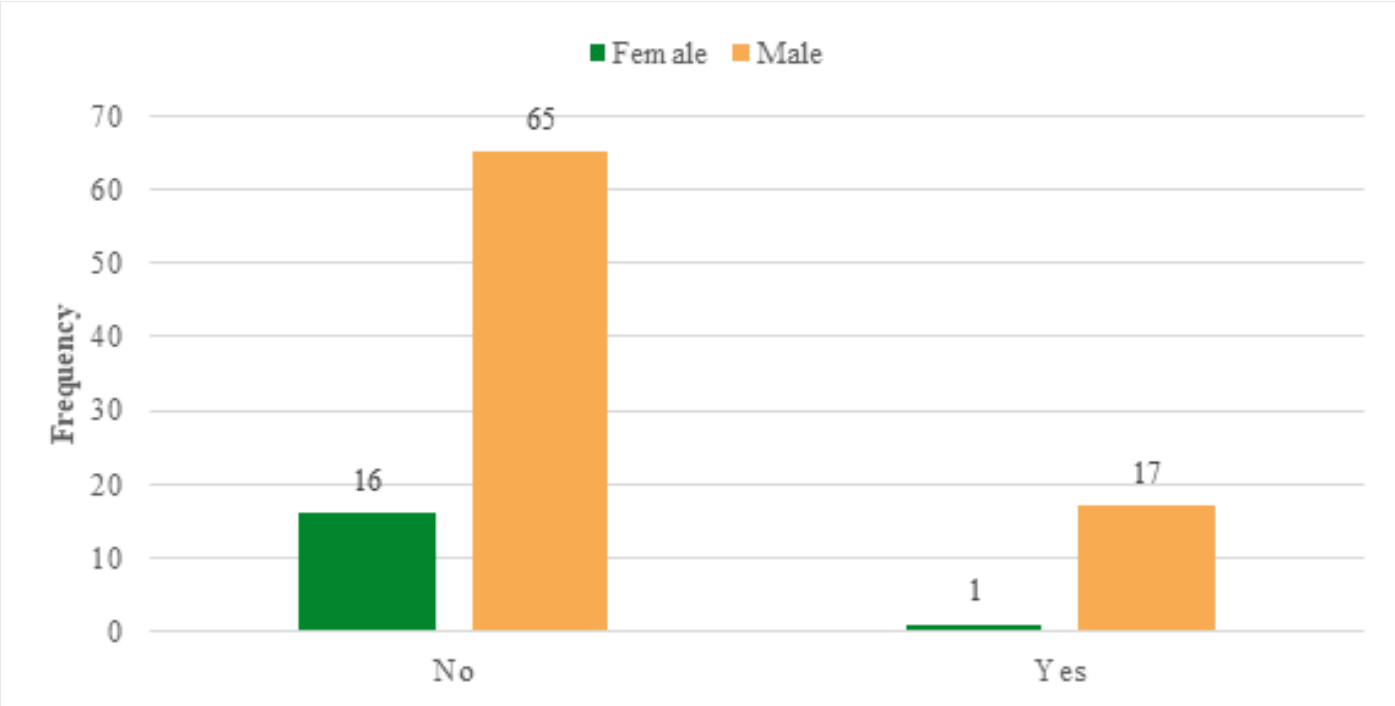

Figure 9: **Status of access to credit**
Source: Survey data

Figure 10 goes a step further by presenting the sources of credit which have been used by the 18 farmers who indicated that they had borrowed money. The options were limited to borrowing from farmers (e.g., farmers or farming households within the borrower's network), Land Bank, other commercial banks, and other sources (such as stokvels, family members, and so on). The results show that 12 of the 17 male farmers who have borrowed money have borrowed from the Land Bank. The only female who has borrowed money borrowed from other commercial banks. This implies that these farmers have a burden of loan repayments among the production and other costs.

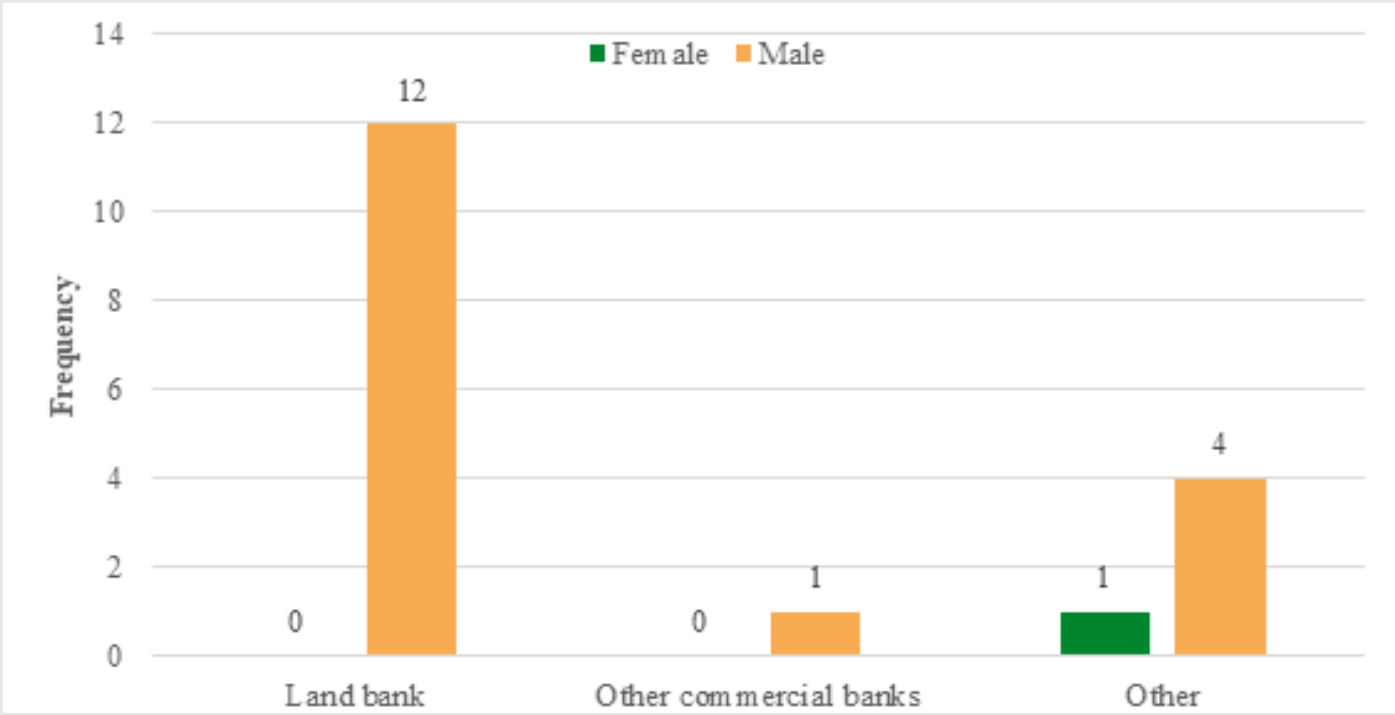

Figure 10: **Sources of credit**
Source: Survey

3.3 Market access

This subsection focuses on the marketing channel supplied by the farmers. The channels that are normally analyzed include the informal market, the government market, retailers, wholesalers, processors, and exporters. The idea is to compare these markets based on the quantity supplied, the selling arrangement, the price, and payment arrangement, as well as the distance to the market. In this baseline, the smallholder raisins have access to markets and sell to the processors. Therefore, Table 6 presents the summary of the quantity sold, the price, and the distance to the processor. The results show that the farmers supply, on average, about 29 000 tons. The produce is contracted, and therefore the price is taken as given at R16,58 per kg, which equates to R16 580 per ton. The farmers get paid after a week. The closest farmer to the processor is located about 30 km away, while the furthest is some 60 km away.

Table 6: Summary of key market access indicators

Variables	Units	Mean	Standard deviation	Minimum	Maximum
Quantity sold	Tons	28,94	38 541	0,15	241,92
Price	R/ton	16 580	0,00	16 580	16 580
Distance to market	Km	31,49	5,93	30	60

Source: Survey data

3.3.1. Perception towards marketing channels

The study used five indicators to rate farmers' perception and experience of the market. These include fairness[5], accessibility[6], safety[7], flexibility[8], and convenience[9]. The rating was based on a scale of 1 – 4 for each of the indicators, where one = Very poor, 2 = Poor, 3 = Good, and 4 = Excellent. The results show that all the farmers (100%) perceive the processors to be accessible, safe, convenient, and flexible. The indicators received the highest rating (excellent) from all the farmers. However, the farmers' felt that the processors were not fair. As such, the indicator received the lowest rating (very poor) from the majority (84%) of the farmers. About 12% of the farmers rated the fairness to be poor, and 3% rated it to be good – only 1% of the farmer gave it the highest rating. This implies that the farmers have issues regarding either transparency, grading of the produce, the price, and so on, as these may relate to the contractual agreement between the farmers and the processors. Figure 11 presents farmers' perception of processors.

[5] Fairness refers to the transparency of the market, particularly with regards to grading and standards followed by the price received by the producer. In some cases, during the course of data collection, some farmers indicated that some buyers try to push the prices down as much as possible and do not consider the fact that farmers also need to cover their costs

[6] Accessibility means ease of participation into the market and is based on barriers to entry that often hinder smallholder farmers to participate in high value markets. Some of the barriers considered in the context of this baseline include the stringent market requirements such as certification, good farm practices and so on

[7] Safety refers to the conditions in which the produce is moved and the incidents of robbery or theft. It takes into account the suitability of the modes of transport and the extent of security of the produce as it moves from the producer to the buyer

[8] Flexibility means the extent to which the market is flexible to unforeseen circumstances such as extreme weather events, fires, logistics disruption and so on that may lead to deviations in terms of the expected timing and quality of the produce during the transaction

[9] Convenience means an extent to which farmers are able to get their produce into the market on time. This takes into account issues such as transport, distance, roads, etc. and so on

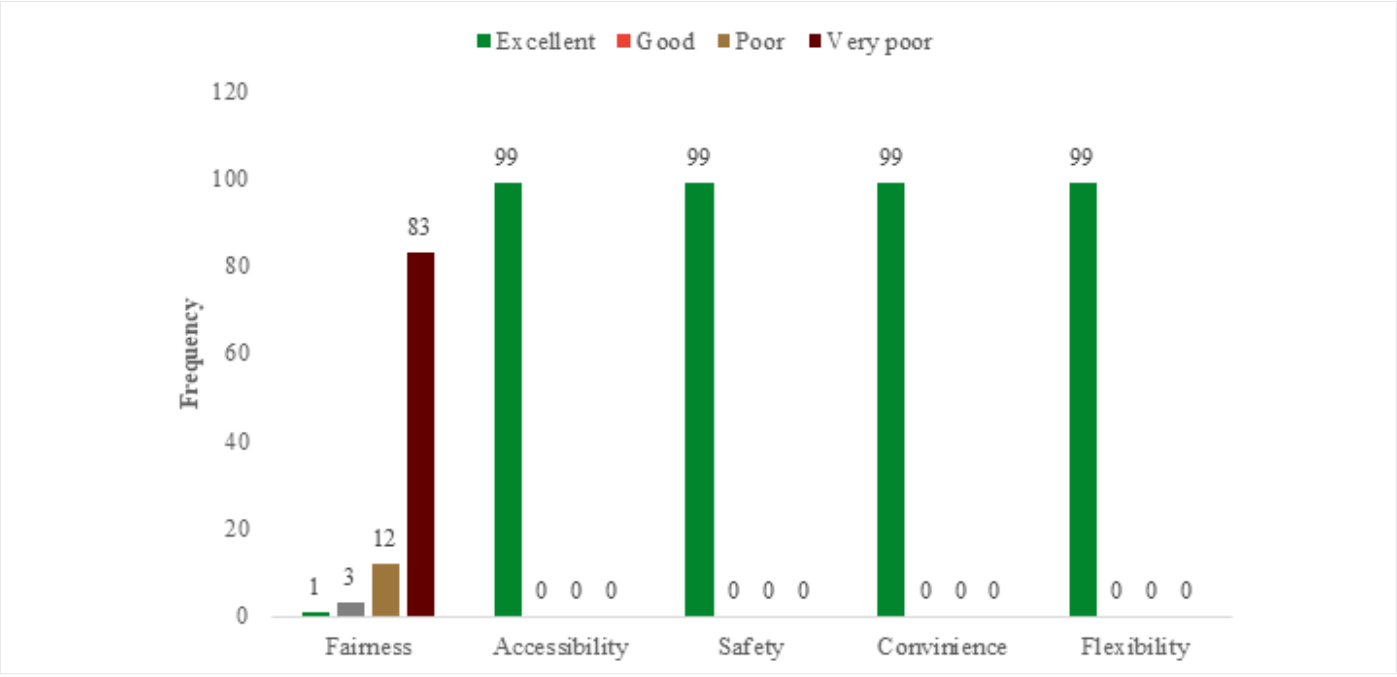

Figure 11: Farmers' perception of the processors
Source: Survey data

3.4 Access to marketing services and facilities

This subsection provides an indication of facilities and services that farmers may have access to now or in the past, which may enhance their ability to access markets for their produce. The results in Figure 12 indicate that a majority of farmers have access to marketing services and facilities, except the access to loading facilities, cold storage, and covering nets, which only a few farmers had access to. Put differently, 96 farmers indicated a lack of access to loading facilities, 98 farmers lacked access to cold storage, while 97 farmers lacked access to covering nets.

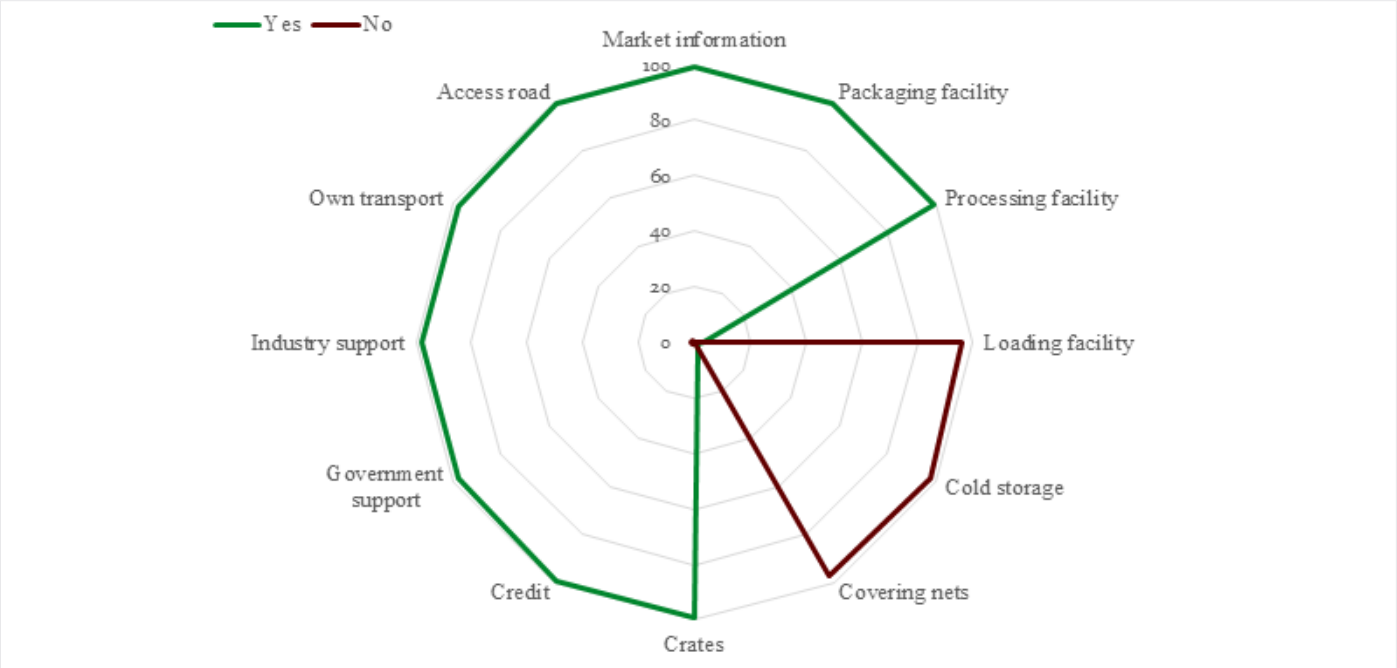

Figure 12: Summary of access to marketing services and facilities
Source: Survey data

Furthermore, farmers, we requested to rate the marketing services and facilities they have access to. The rating was measured on 4-point Likert type scale, where 1 = very poor, 2 = poor, 3 = good, 4 = excellent. The results in Figure 13 shows that the market information and government support were perceived to be poor by the majority of farmers. The rest of the services and facilities received the highest rating (excellent) from the majority of farmers.

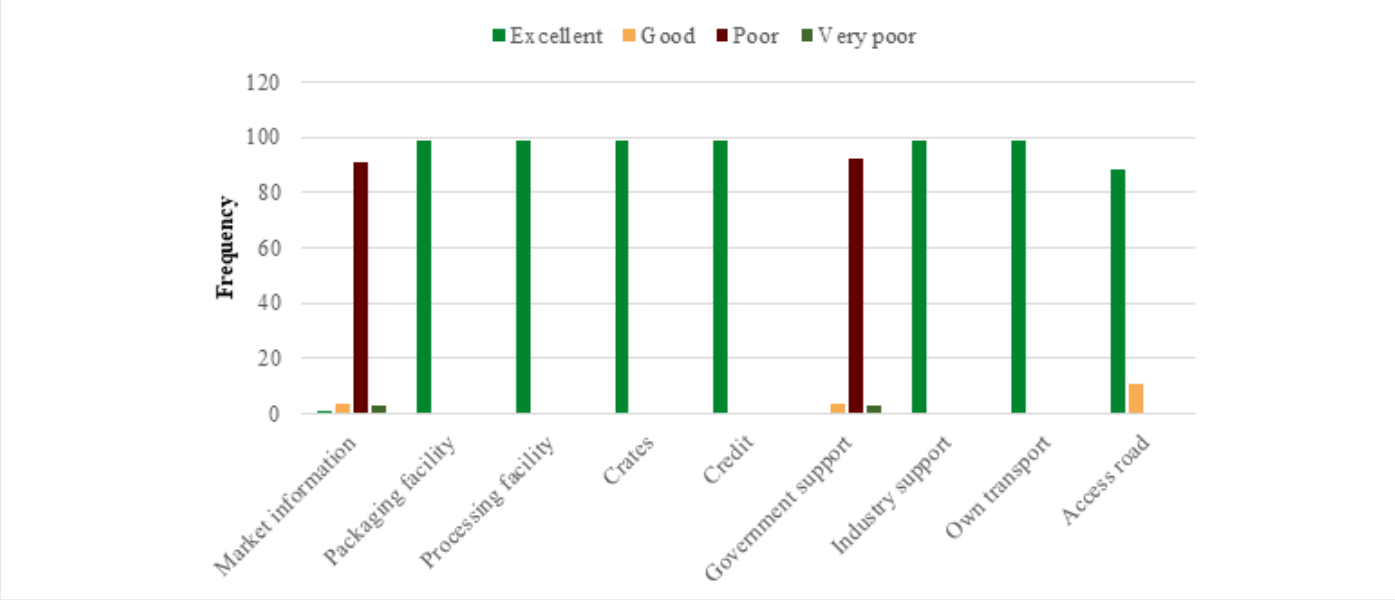

Figure 13: Rating of marketing services and facilities
Source: Survey data

3.5 Market requirements, standards, and compliance

The farmers were asked if they are aware of the market requirements and standards that are specific to raisins marketing and whether they comply with those that they are aware of. Figure 14 shows that 98 of the sampled farmers were aware of the market requirements and standards but only mentioned the Perishable Products Export Control Board (PPECB) drying facility for food safety. All the sampled farmers agreed that they comply with this standard.

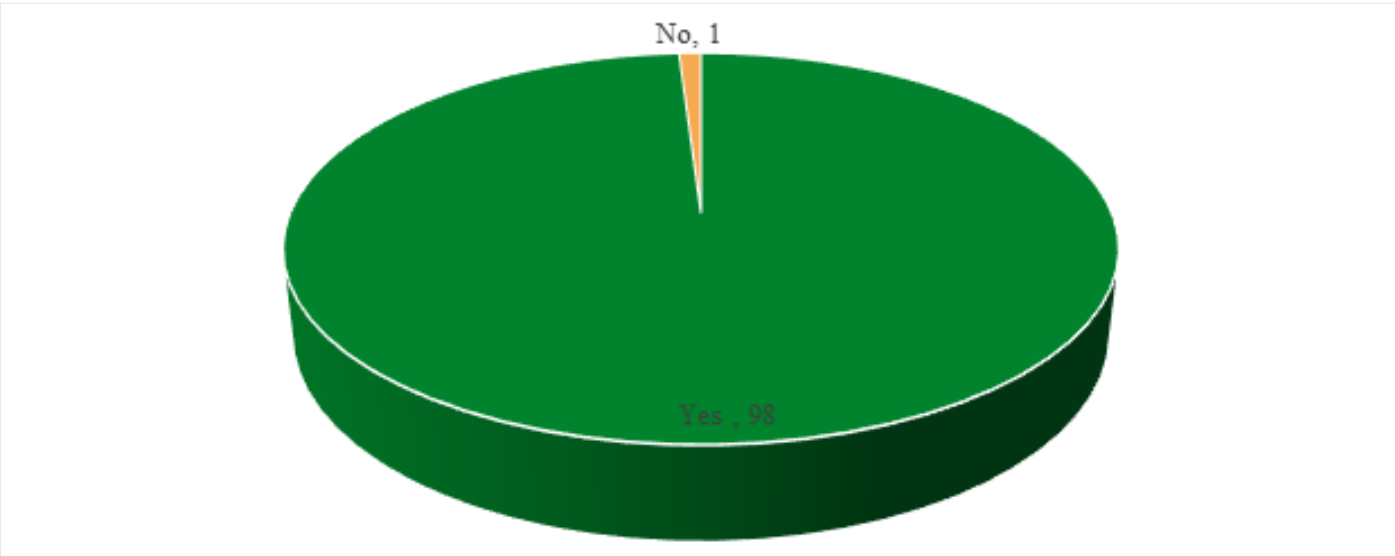

Figure 14: Farmers' awareness and compliance with market requirements and standards
Source: Survey data

3.6 Access to insurance

It is important to provide a brief overview of farmers' perception about insurance, whether they have access to insurance, which aspect of the farm business they deem to be riskier and therefore seek to insure as well as the possible reasons for lack of access should this be the case. Table 7 shows that the majority (98) of the farmers perceive insurance to be important for their farming endeavor, but none of them have insurance. The reasons for not having insurance were probed, and the results show that affordability was the main issue.

Table 7: Access to agriculture insurance

Question	Number of positive responses
Do you perceive insurance to be important in your farming?	98
Do you have insurance for the structures and infrastructure on the farm?	0
Do you have insurance for trees or produce?	0
Do you have insurance for logistics?	0
What are the reasons for not having insurance?	
Expensive premiums	99
Do not need it	0
Other (e.g., lack of information about agriculture insurance)	0

Source: Survey data

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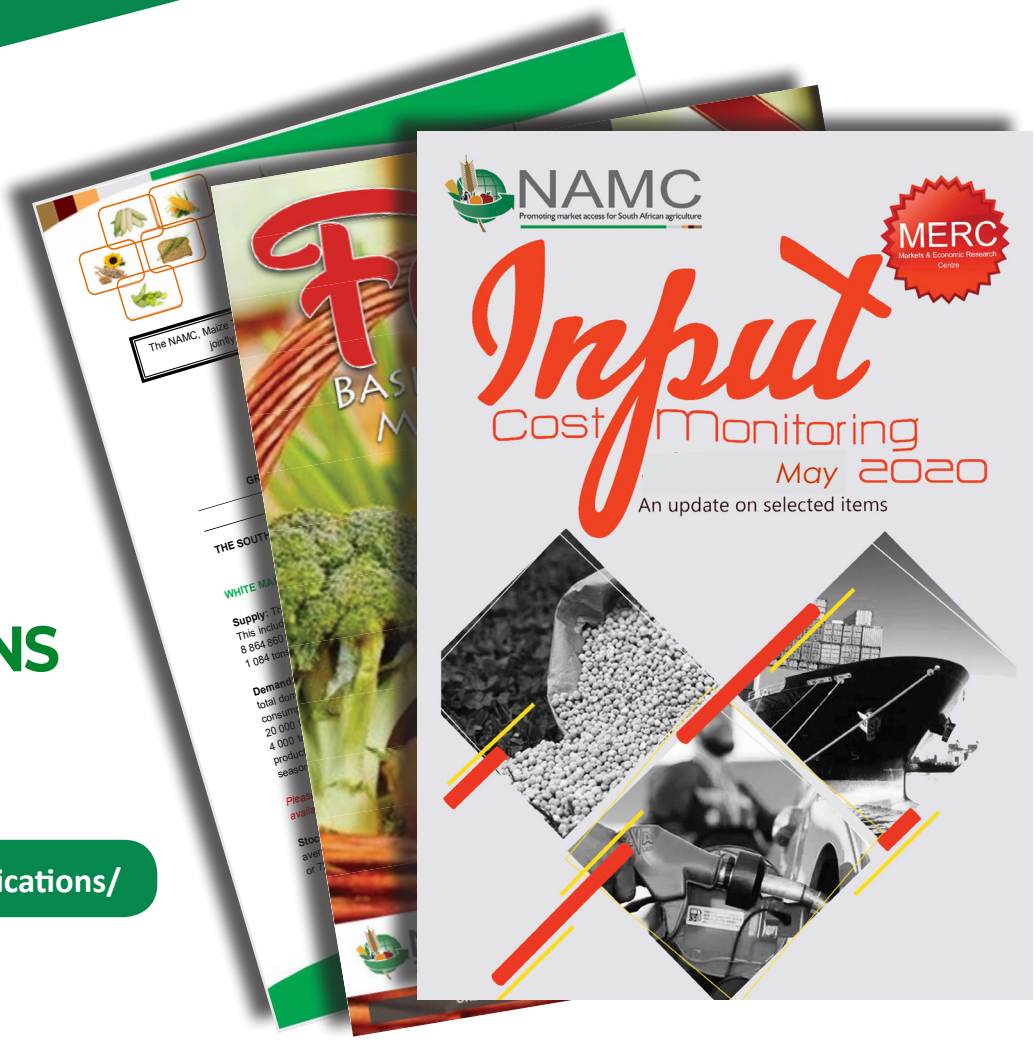

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SECTION 4:

CONCLUSION AND RECOMMENDATIONS

SECTION 4: CONCLUSION & RECOMMENDATIONS

4.1 Conclusions

The baseline results indicated that a typical smallholder raisins farmer is a coloured male who is 53 years old and fairly educated. In addition to education, the farmers have an average of 20 years of experience in raisins production. Furthermore, smallholder raisins farmers farm as individuals as opposed to farming as a collective (e.g., cooperative) and have private ownership of the land, which ranges from 1 hectare to 85 hectares per farm. The farmers produce an average of 13,61 tons, ranging from 5 tons to 546,34 tons per season, at an average yield of 5 to 6,4 tons per hectare. More importantly, farmers generate a positive net farm income. This is a good indication that there is potential for growth should the window of opportunities open for these farmers.

With respect to the marketing aspect, which is the main focus of this baseline, the smallholder raisins farmers have contracts to supply processors with their produce. This is in line with the raisins industry structure where production is largely contracted, and therefore it is usually considered sold at the end of the season, with processors being the main buyers. In the 2019/20 season, smallholder raisins farmers sold an average of 28,94 tons to the processors under the contracts. In return, the processors offer a price of R16 580 per ton for the smallholder farmers' produce across the board, and the farmers get paid after seven days. The industry overview showed that in the 2018/19 marketing year, the producer prices stood at R17 000 per ton for the Thompson seedless raisins, R19 000 per ton for the Sultana raisins, and R26 000 per ton for the Golden raisins. To some degree, this could be the source of farmers' discontent with the processors on the aspect of fairness as it relates to issues of transparency, grading of the products as well as the price thereof. When rating the processors, the farmers had the highest rating (excellent) on other aspects, which include accessibility, safety, convenience, and flexibility. However, the majority (95) had a low rating for fairness, with 83 farmers rating it at 1 (very poor) while 12 farmers rated it at 2 (poor) on a scale of 1 (very poor) – 4 (excellent).

It was also discovered that smallholder raisins farmers have access to the majority of the marketing services and facilities that are specified in the analysis. In addition, farmers have at some stage received government or industry support. However, when rating the marketing services and facilities they have access to, the majority of farmers rated the market information and government support to be very poor. This raises some concerns that need attention from both the industry and the government.

The farmers indicated that they are aware of the market requirements and standards and that they do comply as per the PPCEB drying facility for food safety.

Farmers perceive insurance to be important for their farm businesses, but they highlight the affordability of insurance packages as an impediment towards access to agriculture insurance.

4.2 Recommendations

The recommendations are categorized based on the key findings and directed to the relevant bodies based on their roles in the sector.

4.2.1. Recommendations to the raisins industry

Market access for smallholder raisins does not seem to be an issue as the produce from this farmer is contracted like it is the case for the majority of farmers within the raisins industry. However, the industry body such as the RaisinsSA need to pay special attention to the following aspects:

- The processors seem to be the main market for smallholder raisins farmers and for the industry at large, but farmers perceive this market to be unfair to them. The industry must look at this and dig deep to understand where the misunderstanding arises. It could be that there are underlying factors, such as quality, which could possibly be addressed by investment in skills development, certain inputs or infrastructure, or by providing mentorship and extension services.
- The farmers were not satisfied with the market information. Although it was not specified where the information comes from, the RaisinsSA as an industry body must improve the quality and relevance of information that is provided to the farmers and tailor-make it to the specific needs of the farmers.
- RaisinsSA could investigate the outcome of insurance further by determining if there is a real demand as farmers seem to recognize the importance of insurance in their farming endeavour. In addition, there needs to be advocacy towards agriculture insurance providers designing good products/ packages for low-income farmers.

Some of these recommendations could be targeted as part of the transformation initiatives from the statutory levy funds. Some of the recommendations are interlinked between the industry and government initiatives. This implies that collaboration is one of the catalysts to addressing some of the issues.

4.2.2. Recommendations to government

Farmers indicated they had received some form of government support at some stage in their raisins production. However, they seem to perceive this support to be insufficient in advancing the potential of the farmers. Generally, government support for farm businesses is usually criticized for arriving in bits and pieces and, therefore, not usually having the desired impact. Therefore, it is recommended that, in order to advance the potential of smallholder farmers to generate more income, create jobs in their communities, and reduce poverty and food insecurity, government support must be comprehensive and be timely.

4.2.3. Recommendation to farmers

Although smallholder raisins farmers largely farm as individuals, they should organize themselves so they can represent themselves effectively in various market structures.

4.3 Further study

Further studies highlight the role of the NAMC as part of the recommendations proposed to other stakeholders.

The NAMC will do a follow-up study from this baseline to track if there has been progressing in terms of market access or not. The proposition was that the follow-up studies would be done after a 2-year interval, but this could be adjusted based on the action plans put by the relevant stakeholders as per the recommendations of this baseline. Before the follow-up study is undertaken, the NAMC will also be involved in various platforms and direct stakeholder engagements regarding market access issues and interventions as per the recommendations of this baseline and/or as may be required by the mandate of the NAMC.

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