

POLICY BRIEF

THE STATUS OF THE SMALLHOLDER CITRUS PRODUCERS: PROGRESS AND CHALLENGES FOR ENGAGEMENT

Summary

This policy brief recommends that the Citrus Growers' Association, the Citrus Growers' Association Development Company and the Citrus Industry Trust should join hands to attend to awareness programmes, particularly about the marketing processes along the citrus value chain. In addition, the industry should unlock the transparency between the markets, farmers and export agents to allow for the backward and forward flow of information. On one hand, this will enable farmers to plan better and produce better quality. On the other hand, the markets will receive quality produce that is best aligned to particular market requirements for greater value.

Subsequently, smallholder citrus producers will be better positioned to be increasingly competitive in the industry thereby increasing the competitiveness of the entire industry as they get integrated into the mainstream citrus value chain. However, that alone is not the catalyst. The government has to come in somehow, particularly with regards to marketing infrastructure – mainly the road or rail networks and packing and processing facilities. The latter could be achieved in two ways; through the support from the Comprehensive Agricultural Support Programme (CASP) or through tailor-made credit facilities from the Land Bank.

Introduction

The National Agricultural Marketing Council (NAMC) has developed a tool known as the “Smallholder Market Access Tracker (SMAT)” to track smallholder market access for South African agriculture commodities in line with one of its founding objectives - to increase market access for all participants - as stipulated in the Marketing of Agricultural Products Act (Act 47 of 1996). The rationale for the SMAT tool stems from the general perception and, in some cases, study findings, pertaining to, or indicating lack of progress in addressing integration of smallholder farmers in South Africa’s mainstream economy, a majority of them black. Therefore, the tool seeks to inform the policymakers of the situation per industry tracked thereby enabling the formation and continuation of more effective programmes or interventions towards the achievement of market access.

It took two years (2016 – 2018) for the NAMC to develop the SMAT tool, mainly due to the fact that the success of the SMAT relies heavily on the selection of the right indicators. In order to ensure the quality of the tool, the NAMC appointed a reference group that is made up of a number of experts in the field of marketing. Following the two years of developing and piloting of the SMAT tool, a first baseline of the smallholder citrus producers was produced in 2019 and the results of the key indicators are presented in the next session.



The status of the smallholder citrus producers

The results were produced from a sample of 68 farmers from five provinces, namely Limpopo, Mpumalanga, KwaZulu-Natal, North West and Eastern Cape. The results indicate the status of the smallholder citrus producers as follows:

- *Male farmers dominate among smallholder farmers*
- *The age of a typical citrus smallholder farmer is 42 years*
- *Farmers do not have ownership of the land they have access to, but they are planting an average of 181 hectares*
- *The farmers sell to various marketing channels, but the export remains the main channel measured by the quantity of the produce sold versus other channels and turnover.*
 - *The farmers have contracts with the market, but occasionally sell in the spot market. Although, they have contracts, the farmers are largely price takers due to the fact that the prices are determined by the global market*
- *The majority of the farmers do not have own pack houses and they travel long distance to the market, with Limpopo farmers travelling higher than the average distance of 568 kilometres.*
- *The farmers are aware of the export market requirements, as result they have the GlobalGap, SAGap and SIZA accreditations*
- *The farmers’ main concern is the lack of transparency regarding the grading of their produce and the price they receive thereof*



Recommendations to the citrus industry, industry trust and government

It must be appreciated that a lot has been done and a lot more work is still going on among citrus industry and the industry trust towards the transformation and capacity-building of smallholder citrus producers who aspire to export their produce. In as much as the aim is to increase the number of smallholder exporters, it is also important to improve the quality of the produce and increase participation in high-value markets. Following the results of the smallholder citrus baseline, this policy brief recommends more attention to be given to the following aspects:

- Creation of tailor-made credit facilities for farmers by the Land Bank. This should be an alternative to CASP support with on-farm and off-farm marketing infrastructure such as roads and packhouses
- Improved transparency between packhouses, export agents and the farmers, particularly regarding the grading and pricing.
- Strengthen the capacity-building programmes including the technical support by incorporating the market information from the industry regarding alternative markets and the prices.

The smallholder citrus producers are playing in a competitive environment where they have to compete with local and global commercial producers. In addition, the prices are set by the global market. Overall, the smallholder farmers need to be capacitated to produce quality and reduce transaction costs so as to improve the profit margins, which will subsequently enable them to invest in new technologies which give commercial farmers a competitive urge in the global markets.