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POLICY BRIEF

STRENGTHENING ADEQUATE AND EFFECTIVE SUPPORT FOR SMALLHOLDER-OWNED CITRUS ENTERPRISES IN SOUTH AFRICA

Matume Maila, Bernard Manganyi, Khathutshelo Rambau, and Kayalethu Sotsha

Smallholder Market Access Unit, Markets and Economic Research Centre Division, National Agricultural Marketing Council

Executive summary

South Africa's citrus industry is an important contributor to agricultural exports, rural employment and livelihoods. The 2025 SMAT follow-up study indicates continued progress in the commercialisation of 54 smallholder citrus farming, with 61% of the surveyed farms black-owned and managed and 57% of farmers holding title deeds. However, persistent constraints continue to limit the sustainability and competitiveness of smallholder citrus enterprises.

These include access to adequate and bespoke credit, technical skills, export compliance requirements, poor road infrastructure, high production and logistics costs, and limited access to insurance.

The findings further indicate that government and CGA-GDC support is complementary but remains insufficiently coordinated. Market participation has diversified, although erroneous payment terms such as delayed payments in formal and export markets puts financial pressure on working capital, while declining GlobalGAP compliance points to structural challenges in sustaining access to high-value export markets.

This policy brief therefore considers how government, industry and financial institutions can strengthen and coordinate support for smallholder citrus enterprises. It recommends targeted improvements in access to adequate and bespoke financing instruments, effective technical and compliance support, infrastructure and institutional coordination to support the transition from market access towards sustainable and competitive commercial participation.

Policy context

South Africa is one of the world's leading citrus exporters, and the industry remains a significant contributor to rural employment, livelihoods, and foreign exchange earnings. The sector is, however, undergoing structural changes associated with expanding export markets, increasingly stringent phytosanitary and traceability requirements, climate-variability risks, rising production and logistics costs, and changing global market conditions. These developments have increased the importance of ensuring that smallholder citrus enterprises are able not only to enter commercial markets, but also to remain competitive and sustainable within them. To achieve this, the CGA-GDC is mandated to support black citrus growers to participate meaningfully in mainstream commercial production. The company adopted Vision 50 as part of its commitment to ensure that these growers export 50 million cartons (15kg) by 2032.

Currently, smallholder farmers export 8 million cartons

Furthermore, various government programmes such as the Comprehensive Agricultural Support Programme (CASP), Ilima Letsema, and Fetsa Tlala have sought to support emerging smallholder farmers with grants, extension support, market access, as well as helping farmers to secure and gain productive land. Despite the continued support to smallholder citrus from the CGA-GDC and the Department of Agriculture, lack of access to adequate and bespoke credit, poor infrastructure, limited technical skills, stringent compliance requirements in the export market, and ineffective and unresponsive extension support remain a challenge. However, the persistence of these constraints suggests that neither public nor private interventions, when implemented in isolation, are sufficient to mitigate the full range of production, financing, compliance and infrastructure needs facing smallholder citrus enterprises.

In mitigation of the prevailing challenges that were compounded by devastating impact of COVID-19, the Presidency initiated in 2019 a focused path of igniting economic growth, inclusivity, and employment creation through a social compact. This was expressed in the form of the Economic Recovery Plan (ERP) and various sectoral master plans. The key determinant of success for the economic recovery and sectoral master plans was understood to be building shared value. It is against this background that the Agriculture and Agroprocessing Master Plan (AAMP) was developed. The AAMP is the product of a social compact between government, civil society, and business. It aims to promote inclusive growth, competitiveness, transformation, employment, and food security. Its vision is to build an agriculture and agro-processing sector that is inclusive, competitive, job-creating, sustainable, and growing. An inclusive and thriving agricultural and rural economy is aligned with the vision in chapter six of the National Development Plan (NDP).

Policy problem

Despite continued support from government and industry, smallholder citrus enterprises continue to face interconnected constraints that limit their ability to expand production, comply with market requirements, and participate sustainably in higher-value markets. These include limited access to affordable finance and working capital, technical and compliance challenges, inadequate infrastructure, high logistics costs, and fragmented support across institutions.

The challenge is therefore not simply the availability of support, but whether existing interventions are sufficiently coordinated, accessible and responsive to the commercialisation needs of individual enterprises. Without improved coordination and targeted beneficiary selection criterion, smallholder citrus farmers are unlikely to penetrate export markets without achieving the financial resilience, compliance capability and competitiveness required to remain in those markets.

Evidence from the SMAT Follow-up Study

Figure 1 shows the types of support received by smallholder citrus farmers from the South African government and the CGA-GDC. The results indicate that the government mainly provides extension services, fertilisers, and grants or financial support, while the CGA-GDC focuses primarily on enterprise development and farmer training. Both institutions provide comparable support for farming equipment, demonstrating complementary roles in strengthening smallholder citrus production. These findings suggest that government interventions largely address production constraints, whereas the CGA-GDC enhances farmers' technical and business capacities. Strengthening collaboration between these institutions could improve the effectiveness of support services and promote the sustainable development of smallholder citrus enterprises.

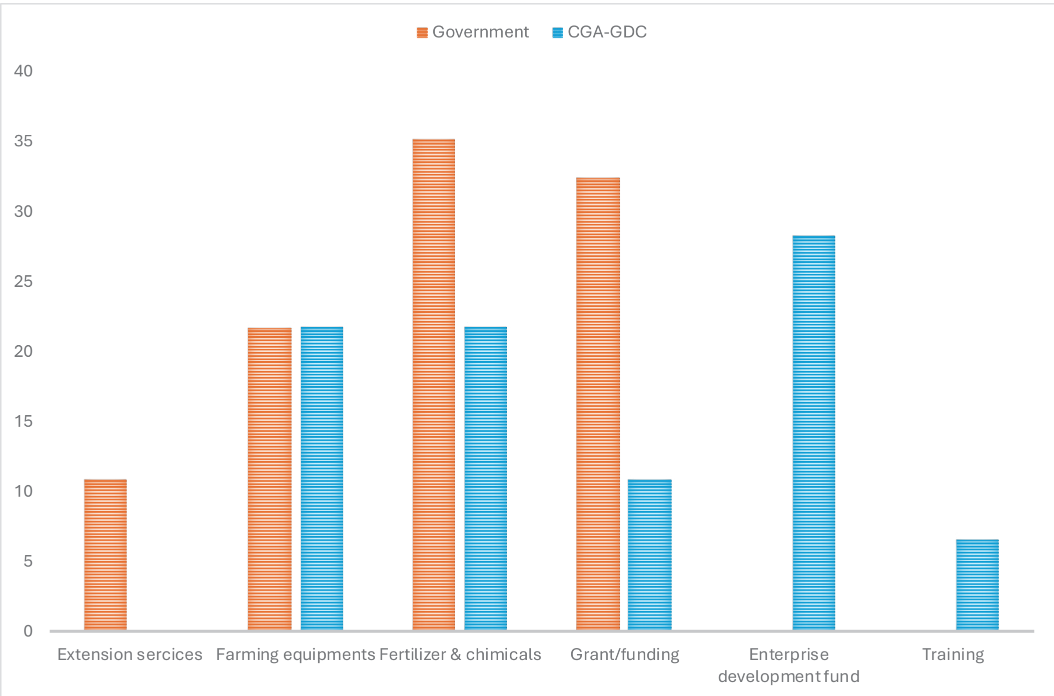

Figure 1: A summary of the type of support received from the government and industry

Source: SMAT Citrus Report, 2025

Figure 2 illustrates the major challenges faced by smallholder citrus farmers and the proportion of farmers reporting each constraint. The results show that access to adequate and bespoke credit (45%), stringent export requirements (43%), poor access roads (40%), and low technical skills (40%) are the most frequently cited challenges. In addition, water-use rights and other infrastructure constraints (25%) remain significant barriers to production, while access to land and the perishability of citrus produce are reported less frequently.

These findings suggest that financial constraints, limited technical capacity, and inadequate infrastructure continue to hinder the growth and competitiveness of smallholder citrus enterprises.

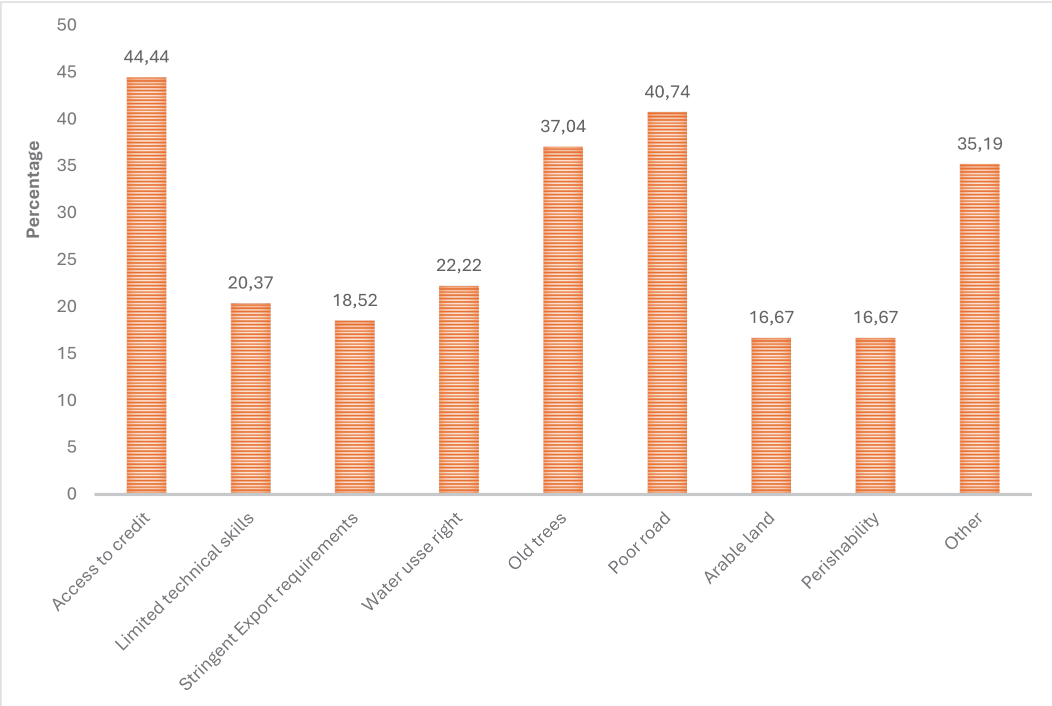

Figure 2: A summary of the challenges identified by smallholder citrus farmers

Source: SMAT Citrus Report, 2025

Market participation is diversified, but the cost and timing associated with different market channels affect enterprise cash flow and competitiveness. The study found that 93% of farmers supplying informal markets were paid immediately, compared with prolonged payment periods in formal channels. Notably, 58% of exporters waited more than three months for payment. Transport costs were also considerably higher for processors and fresh produce markets, reflecting the combined impact of distance, logistics requirements and infrastructure constraints.

In addition, farmers have the lowest average travel costs (R/km) to the retail market (R2.31/km), followed by wholesale (R7.27/km) and informal markets (R13.91/km). Farmers pay more to transport their produce to processors (R57.20/km) and fresh produce markets (R46.5). Notably, transport costs are influenced by a combination of operating expenses, infrastructure efficiency, and external economic considerations. Fuel prices, transportation distance, road conditions, and the necessity for specialised cold-chain logistics are all important factors to consider. Other considerations include the mode of transportation, the company structure of the service provider, and bargaining power, among others. As a result, a full understanding of the underlying factors would explain the disparities in transportation costs.

Although farmers generally viewed their market interactions positively, perceptions of fairness in processor markets were mixed, with equal proportions (42.11%) rating fairness as "good" and "poor". This points to a need for greater transparency around grading, pricing and payment arrangements.

The survey results illustrate changes in citrus farmers' compliance with market requirements between 2019 and 2025 SMAT results. GlobalGAP compliance fell from 77.94% to 50%, while SIZA compliance dropped marginally from 54.41% to 49.06%. In contrast, SAGAP compliance increased from 22.06% to 41.51%, while PPECB certification, which was not included in the 2019 SMAT, was obtained by 52.83% of farmers in the 2025 SMAT. These results demonstrate a shift in compliance patterns, highlighting issues in sustaining global standards while demonstrating development in local and export-oriented certification attainment. The decline in GlobalGAP and SIZA compliance suggests that the challenge is increasingly one of maintaining export readiness rather than merely achieving certification.

Lack of access to insurance remains a risk, as farmers indicate that they do not afford insurance premiums, while others indicated that they did not know about it.

Policy implications

- Existing support is complementary but insufficiently coordinated, increasing the risk of duplication in some areas and gaps in others.
- Access to adequate and bespoke financing instruments remains a binding constraint, particularly where farmers face delayed payments, certification costs and limited collateral.
- Export readiness requires sustained support, as declining GlobalGAP compliance indicates that maintaining international standards remains difficult for some enterprises.
- Infrastructure and logistics directly affect competitiveness, particularly through poor access roads, transport costs and water-related constraints.
- Risk management remains weak, as limited uptake of agricultural insurance leaves enterprises exposed to production and market shocks.
- The next phase of transformation should focus on farmer graduation, shifting from enabling market entry towards sustainable, resilient and competitive commercial participation.

Recommendation

1. Credit and finance

- Financial institutions and industry partners should explore working-capital or bridging-finance products for enterprises supplying formal and export markets where payment delays create liquidity constraints.
- CGA-GDC should review blended finance applications declined over the past two years to identify the main reasons for rejection, including collateral requirements, credit history, documentation and administrative barriers. The findings should inform targeted improvements to the financing model.
- Where inadequate collateral is a primary constraint, CGA-GDC should explore whether its existing equity interest in supported enterprises can be used, where legally and financially feasible, to strengthen loan applications and reduce the collateral burden on farmers.

2. Technical skills and extension

- CGA-GDC should provide export compliance training through short, farm-based sessions that are aligned with the production and export calendar. The training should focus on key export requirements, including GlobalGAP standards, maximum residue limits (MRLs), and product traceability, ensuring that farmers receive practical guidance at the point when compliance measures must be implemented.

3. Infrastructure

- CGA-GDC should share its farm location data with the relevant provincial roads department to support the prioritisation of the five to ten most critical access roads serving clusters of supported farms in the next road maintenance cycle.
- CGA-GDC should collaborate with the government extension practitioners to assist farmers with completing Department of Water and Sanitation water-use licence applications, helping to address administrative barriers that often delay approval.

4. Coordination

- CGA-GDC and the Provincial Department of Agriculture should establish quarterly coordination meetings to align their respective farm support activities and address duplication, particularly in equipment provision and related interventions.
- CGA-GDC should maintain a shared spreadsheet or simple dashboard to track each enterprise's support status, including access to credit, completion of training, and certification progress, enabling gaps to be identified without creating a new M&E system.

5. Insurance

- Insurance should be considered as part of blended finance and enterprise-development packages to improve the resilience of supported farms against climatic, production and market risks.

Conclusion

The SMAT follow-up study shows encouraging progress in the transformation and commercialisation of smallholder citrus enterprises. Increasing black ownership and management, relatively secure land tenure among many farmers, diversified market participation and improved uptake of some compliance standards provide a strong foundation for further growth.

However, the findings also demonstrate that market access alone is insufficient to secure sustainable commercial participation. Persistent constraints in finance, technical capacity, export compliance, infrastructure, logistics and risk management continue to limit the ability of enterprises to scale and remain competitive.

The next phase of support should therefore focus on farmer graduation and commercial sustainability, supported by stronger coordination between government, CGA-GDC, financiers and other industry stakeholders. Better-aligned finance, technical support, infrastructure investment and compliance assistance would enable smallholder citrus enterprises to convert existing production and market opportunities into sustainable and competitive businesses.

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Photos:
envato.com
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Designer:
Rodney Khoza

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CONTACT

012 341 1115

info@namc.co.za