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Giving Development a Face

[Letsitele emerging farmer project]



ComMark is funded by the UK's Department for International Development (DFID)



>> LETSITELE

[emerging farmers]

evolving into something new

background

Letsitele is a town located in the Limpopo Province in South Africa. While the province has an estimated population of 5.6-million people, about 114,000 people live in Letsitele. The Limpopo Province has the highest proportion of poor households in the country, with unemployment currently rated at 11% above the national average. Agriculture is the pillar of the local economy – the active farm worker population is about 12,000 – and consists largely of citrus farming.

Virginia is 57 years old and lives with her extended family in a wattle and daub workers' cottage with a couple more recent lean-tos and outbuildings. About 6km from Letsitele, this cottage is home to four generations of her family. She has lived here for as long as she can remember. She left school early during the peak of apartheid and laboured as a seasonal worker on one of the biggest citrus farms in the area.

In 1995, Virginia graduated from being an informal worker on a citrus farm to being a part-owner of a farm by joining the Letsitele emerging farmer project. The project established a number of farms on tribal lands, with a 20-year rental agreement signed between the 62 participating emerging farmers and the tribal authority. It includes the Mariveni and Mabunda Co-operatives, the Seloane farm and the Masalal packhouse. About 450 hectares of land, allocated to individual farmers who each has a 10 hectare lot, are currently cultivated, comprising citrus, banana and mango.

In the early 2000s, Virginia faced the prospect of having to return to seasonal farm work. The citrus industry in Limpopo suffered a series of shocks. Challenging market conditions and a crash in international citrus prices in 2005, as well as a severe drought, caused acute financial distress for many citrus farming enterprises.

By 2002, the Letsitele projects had collapsed following the withdrawal of financial support from the Agricultural Rural and Development Corporation (ARDC). The project turned to the Du Roi Group of companies – experts in various facets of citrus growing and farm management – for technical assistance and financial support in an attempt to revive the project. Du Roi Precision Farming (DPRF) evolved out of this newly formed relationship with emerging farmer projects and was contracted to provide technical, administrative and financial management support to the farm, as well as capacity-building and training to the emerging farmers participating in the projects. Mentorship forms an integral part of the business.

[2]

sustainable black empowered farming

The aim of DRPF is to sustain long-term, viable black-empowered farming enterprises – with trained and fully competent shareholders and employees – which are on par with the best of the commercial enterprises in the area.

After a turbulent first two years, It was agreed that DRPF should function as the strategic management partner, with the co-operative members employed within the management company. DPRF now manages each farm as a single unit rather than a series of individual 10 hectare plots. A history of citrus yields and the projected yields for the next two years clearly show that there has been a significant turn-around in productivity since the change to this operating model.

Once all of the envisaged new developments are operationalised and at optimal production, it is estimated that these projects, in time, will generate a turnover in excess of R90-million (about £6.5-million).

The projects employ around 200 permanent workers, with another 300 people employed during the packing season. Given the accepted dependency ratio of 1:6, the projects sustain and feed at least 1,200 people in the area.



Project Year	Tonnes	Export cartons
Seloane Farmers (Pty) Ltd		
2006	1,314	12,460
2007	864	32,000
2008	1,382	56,000
2009	1,391	56,000
Mabunda Farmers' Co-operative		
2006	3,145	30,380
2007	7,287	310,000
2008	7,433	320,000
2009	8,176	330,000
Mariveni Farmers' Co-operative		
2006	2,585	34,210
2007	4,503	165,000
2008	6,205	250,000
2009	6,857	280,000

[3]

Tesco is one of the largest supermarket chains in the UK.



accreditation



Most of the citrus fruit produced by the project is aimed at European supermarkets. Access to high-value export markets is key to the sustainability of projects such as this, as they are typically over-burdened by debt. Depending on the season's exchange rate, the net realisation from export sales is 50% to 100% higher than the domestic market equivalent. Supplying European supermarkets is not only about producing high-quality fruit but also about being able to demonstrate that the production process followed on-farm complies with the food safety, environmental and social standards set by the receiving supermarket.

EurepGAP, now called GlobalGAP (GAP is an acronym for Good Agricultural Practices), began life in the late 1990s as a common standard of farm management created by technical representatives of several European supermarket chains, with inputs from major suppliers. The standard seeks to eliminate the increasing multiplication of overlapping supplier standards published by different retailers, which was creating problems for farmers. It is now the most widely implemented farm certification scheme worldwide. Most European customers for agricultural products now demand evidence of certification as a prerequisite for doing business.



Achieving and demonstrating that these private standards are being met is a costly exercise for developing country farmers. However, without this investment they have no choice but to sell their product locally. To help Southern African farmers lower these costs and access export markets, the Department for International Development (DFID) launched a project with the ComMark, a regional development agency, in 2006. ComMark has been able to provide the Letsitele project with technical assistance and support to raise the standards of food safety management so that Mabunda and Mariveni Co-operatives now comply with the requirements of EurepGAP and Tesco Nature's Choice.

In 2007, both co-operatives qualified for EurepGAP and Tesco Nature's Choice certification. This will enable them to market their fruit in the discerning UK and EU markets. Mariveni and Mabunda are also in the process of being accredited by Fairtrade. The implementation of social upliftment projects through the premiums earned in Fairtrade programmes will have a significant impact on the surrounding communities.



successes



Since DPRF started managing the co-operatives as single units and providing them with training and accreditation, there has been a dramatic shift, with clear benefits to the co-operative members:

- ❖ *Hugely improved productivity and yields:* The 2007 citrus season has been very promising to date, with total production projected at 300,000 cartons – an excellent production yield.
- ❖ *Certification and access to supermarkets:* Achieving EurepGAP and Tesco Nature's Choice certification means that the improved productivity and yields achieved by the project can be translated into an increase in export sales. This, coupled with an improvement in overall market prices for the season, means that the farm will make a substantial profit.
- ❖ *Improved self-esteem amongst those members who have been employed within DRPF:* All participants have been placed within the organisational structure according to their abilities and have responded positively to training. Through continued training, many will move up the ranks and hopefully also have the opportunity to manage their own economical units one day.

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With the positive turn-around of the projects and the vastly improved number of export cartons, the employees, their families and the community as a whole benefit financially.

about ComMark

ComMark aims to reduce poverty in the Southern African region by putting into practice the development approach known as 'making markets work for the poor', which has become increasingly prominent within the international development community. ComMark is active in commodity and service sectors that offer significant potential for pro-poor growth. We aim to address the regulatory, policy, productivity, institutional and business service constraints in these sectors to make them work more inclusively and effectively for poor people – whether as workers, entrepreneurs or consumers.



Giving Development a Face

This series of reports is the result of an assessment of a sample of our projects in the following programme areas: agri-business, regional standards, labour-intensive manufacturing, regulation and policy support & co-ordination. Project site visits and interviews with development organisations, project implementors, extension officers, mentors, small-scale famers, co-operatives, land reform beneficiaries, entrepreneurs and small business owners who all participate in ComMark's programmes highlight both the successes and shortcomings of our projects at a practical level.

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