



KAGISO
T R U S T

40
YEARS
1985-2025

The Transformation of Agricultural Fresh Produce Markets in South Africa: A Civil Society Perspective

TECHNICAL RESEARCH REPORT



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Preface

The transformation of South Africa’s fresh produce sector is a developmental imperative and economic necessity. This report offers a detailed, evidence-based assessment of the sector’s structural dynamics, opportunities for inclusive growth, and persistent barriers faced by emerging and black-owned enterprises. Kagiso Trust remains committed to driving systemic change, strengthening market access for marginalised groups, and advocating for a just agricultural economy. Our focus is on correcting historical injustices and securing the country’s future through inclusive development, food security, rural advancement, job creation, and economic inclusion.

This report is part of our commitment to support evidence-based policymaking and to amplify the voice of civil society in shaping more equitable agricultural markets. The report provides a detailed examination of the current state of the fresh produce sector in South Africa. It investigates the systemic barriers faced by black farmers, women producers, and emerging agripreneurs.¹ It also interrogates anti-competitive behaviours and market concentration patterns that stifle diversity, suppress innovation, and entrench exclusion.

Importantly, this is not just a diagnostic exercise. The report is grounded in data, stakeholder voices, and policy review, culminating in strategic recommendations that are both pragmatic and transformative. It highlights international best practices, rethinks the role of municipal fresh produce markets, and proposes structural reforms that speak to land access, infrastructure investment, procurement equity, and competition law enforcement.

We are particularly proud that this report foregrounds a civil society perspective—one that recognises that markets are not neutral spaces, but contested arenas where power, policy, and access converge. We hope that this work contributes to reshaping those arenas to be more inclusive, transparent, and accountable to the developmental aspirations of the majority.

At Kagiso Trust, we believe that transformation is not a technical process alone—it is a matter of justice. As we look to build resilient food systems that serve all South Africans, we call on government, the private sector, and civil society to adopt and act upon the insights presented in this report. We are particularly proud that this report foregrounds a **perspective on transformation led by civil society**—one that recognises that markets are not neutral spaces, but contested arenas where power, policy, and access converge. We hope that this work contributes to reshaping those arenas to be more inclusive, transparent, and accountable to the developmental aspirations of the majority.

¹ An individual who starts, organises and manages a business venture focusing on the agricultural sector. Broadly, agri-entrepreneurship or agri-equipreneurship adds value to agricultural resources, typically engaging rural human resources.



Foreword by the Head of Policy

As the Head of Policy, I strongly advocate for the importance of informed policymaking, which must be rooted in rigorous, data-driven research. This research should not only highlight the historical inequities that have plagued our fresh produce sector but also take into account current market realities and trends. A comprehensive analysis is necessary to identify the key levers for revitalising South Africa's fresh produce industry, with a particular emphasis on two critical areas: infrastructure investment and fair-trading policies.

In this pivotal moment where food security, climate resilience, and economic inclusion are increasingly vital, our commitment must be unwavering. We are dedicated to ensuring that the transformation of our agricultural landscape is guided by solid evidence, thorough analysis, and actionable recommendations. This involves a concerted effort to gather input from various stakeholders, including farmers, trade organisations, government entities, and community groups.

Moreover, fostering a coordinated multi-stakeholder approach is essential for developing sustainable strategies that address not only the immediate needs of the sector but also its long-term viability. We aim to create policies that not only support current agricultural practices but also empower local farmers and promote equitable access to resources. Together, through collaboration and innovative thinking, we can build a sustainable future for South Africa's fresh produce sector that is resilient, just, and capable of meeting the challenges of the 21st century.

This report offers exactly that.

The findings are a product of comprehensive research that brings together multiple data sources, stakeholder voices, and comparative insights to assess the functioning and dysfunction of South Africa's fresh produce markets. Its strength lies in its balanced approach; it does not merely echo existing findings, but interrogates them through the lens of structural reform, justice, and economic viability.

The report's policy significance is threefold:

1. It exposes the persistent structural barriers to entry that prevent black and emerging farmers from accessing and thriving in formal markets—barriers that range from input costs and infrastructure deficits to market concentration and exclusionary procurement systems.
2. It offers a fresh analysis of anti-competitive behaviour and regulatory gaps in the sector, using competition metrics and market data to illustrate how entrenched market power continues to erode fairness, innovation, and participation.
3. It provides a roadmap for inclusive transformation, drawing on successful models from other countries, as well as locally grounded solutions that centre smallholder integration, infrastructure revitalisation, and institutional accountability.

This work goes beyond critique. It is a call to action for policymakers, regulators, municipalities, and industry players to confront the inconvenient truths about how our markets operate—and to move beyond incrementalism toward meaningful structural change.

For us at Kagiso Trust, this report is aligned with our broader vision of a just and inclusive economy, where civil society plays a central role not only in advocacy but in shaping the rules and institutions that govern our economy. We view transformation not only as an economic necessity but as a social contract—one that must be honoured through sustained investment in equity, participation, and justice.

We hope that this report serves as both a technical guide and a catalyst for collaborative action. South Africa has the policy tools, the institutional frameworks, and the social capital to realise an inclusive fresh produce economy. What is now required is the collective will to implement change decisively.

Zanele Mabaso
Head of the Policy Development Unit
Kagiso Trust



Acknowledgements

This report was made possible through the generous support and thought leadership of the Kagiso Trust. We appreciate all stakeholders who contributed insights, including smallholder farmers, market agents, civil society organisations, and officials from national and municipal governments. We are also grateful to the research team, statisticians, and policy analysts who compiled, reviewed, and validated the data presented herein.



List of Abbreviations

AAMP	Agriculture and Agroprocessing Master Plan
AGV	Agricultural Gross Value
APAC	Agricultural Produce Agents Council
ARC	Agricultural Research Council
BRCGS	British Retail Consortium Global Standards
CCSA	Competition Commission of South Africa
COGTA	Department of Cooperative Governance and Traditional Affairs
CR4	Four-Firm Concentration Ratio
CSO	Civil Society Organisation
DAFF	Department of Agriculture, Forestry and Fisheries
DALRRD	Department of Agriculture, Land Reform and Rural Development
DOA	Department of Agriculture
FPM	Fresh Produce Market
FPO	Farmer Producer Organisation
GDP	Gross Domestic Product
HDI	Historically Disadvantaged Individuals
HSRC	Human and Social Research Council
KZN	KwaZulu-Natal
MEAL	Monitoring, Evaluation, Accountability & Learning
MEC	Member of the Executive
MSMEs	Micro, Small and Medium-sized Enterprises
NAMC	National Agricultural Marketing Council
NDP	National Development Plan
NFPM	National Fresh Produce Market
NPC	National Planning Commission
OECD	Organisation for Economic Cooperation and Development
SHG	Self-Help Group

Key Definitions

Agripreneurs:² An individual who starts, organises and manages a business venture focusing on the agricultural sector. Broadly, agri-entrepreneurship or agri-equipreneurship adds value to agricultural resources, typically engaging rural human resources.

Barriers to Entry: Structural or policy-induced obstacles that prevent or hinder new firms from entering a market.

Fresh Produce Markets: Designated spaces for the wholesale and retail distribution of perishable agricultural produce such as fruits and vegetables.

Fresh Produce: refers to fruits and vegetables that have not been processed or preserved, meaning they are in their raw, natural state and have been harvested recently. This term typically excludes items like nuts, herbs, dried beans, or seeds.

GlobalGap: is a brand of farm assurance standards based on Good Agricultural Practice, owned by FoodPLUS GmbH. First created in the late 1990s by several European supermarket chains and their suppliers under the name EUREPGAP, standards were developed using the Hazard Analysis and Critical Control Points (HACCP) guidelines published by the United Nations Food and Agriculture Organization, and are governed according to the ISO/IEC 17065 for product certification schemes

Inclusive Growth: Economic growth that is distributed fairly across society and creates opportunities for all segments of the population.

Market Concentration: A measure of the extent to which a small number of firms dominate the market share.

Smallholder Farmer: A farmer managing a small plot of land that relies mainly on family labour and produces primarily for subsistence and local markets.

² Mukhopadhyay, Roudro, Karl Marx's Theory of Alienation (June 8, 2020). Available at SSRN: <https://ssrn.com/abstract=3843057> or <http://dx.doi.org/10.2139/ssrn.3843057>



“South Africa’s diverse and productive agricultural economy plays a crucial role in its overall economic landscape, contributing significantly to both employment and food security.”

Executive Summary

The agricultural sector is recognised as a significant contributor to the South African economy, accounting for 2.5% of GDP in the fourth quarter of 2024 (Stats SA, 2024)³ positive growth of 17.2% compared to the previous quarter (Quarter 3 of 2024) (Stats SA, 2024).⁴ This economic impact is primarily driven by three major agricultural sub-sectors: livestock, horticulture, and field crops. Despite its contributions, the sector remains dualistic, mainly comprising large-scale commercial farmers (predominantly white) and subsistence farmers (predominantly Historically Disadvantaged Individuals). This contrasts with other countries across Sub-Saharan Africa and worldwide, where farm sizes vary widely between very small subsistence farmers and large agribusinesses (Perelli et al., 2024).⁵

South Africa's diverse and productive agricultural economy plays a crucial role in its overall economic landscape, contributing significantly to both employment and food security. The country is endowed with a variety of climates and soil types, allowing for the cultivation of a wide range of crops and livestock. Within this landscape, there are approximately 32,000 commercial farmers, with a core group of around 12,000 farmers responsible for producing an impressive 80% of the country's agricultural output (NAMC, 2019; Gittins et al., 2023).

These farmers adopt advanced farming techniques and technology, which enhances productivity and sustainability. The agricultural sector not only supports local communities but also plays a vital role in exports, with products like wine, fruits, and vegetables finding markets around the globe. Nevertheless, the sector faces challenges such as water scarcity, climate change, and socioeconomic issues that impact land ownership and access. Overall, the strength and resilience of South Africa's commercial farming community are key to the nation's agricultural success and its ongoing development.

This research examines both the historical and current roles of Fresh Produce Markets (FPMs) within the agricultural sector. Initially designed to provide equal trading opportunities for both large-scale commercial producers and smallholder farmers. South Africa's 20 National Fresh Produce Markets (NFPMS)⁶ have evolved to serve local towns and their surrounding areas.

However, despite these positive developments, smallholder farmers struggle to supply sustainable volumes of produce to NFPMS. The difficulties primarily stem from issues related to the quality of produce and the capacity to provide a consistent supply. Consequently, large-scale commercial farmers account for 80% to 90% of the produce sold at NFPMS, while small-scale producers contribute variable, inconsistent, and non-viable volumes. Large-scale commercial farmers play a significant role in the agricultural market, contributing between 80% to 90% of the produce sold at National Food Processing Markets (NFPMS). This dominance is primarily due to their ability to produce consistent, high volumes of food that meet market demands (Ndlovu & Masuku, 2021; Muzekenyi et al., 2022).

3 Stats SA, 2024. Gross Domestic Product: Statistical Release. www.statssa.gov.za/P0442ndQuarter2024.

4 Stats SA, 2024. South Africa's economy grows in the fourth quarter. www.statssa.gov.za/?p=18124.

5 Perelli C., Cacchiarelli, L., Peveri, V. and Braca, G. 2024. Gender equality and sustainable development: A cross-country study on women's contribution to the adoption of the climate-smart agriculture in Sub-Saharan Africa. *Ecological Economics*, 29. 108145. <https://doi.org/10.1016/j.ecolecon.2024.108145>.

6 National Fresh Produce Markets (NFPMS) collectively refer to all the major fresh produce markets regardless of their structure. There are currently 11 Department/ Business Units; two Corporatised/Municipal Entities, one Public-Private Partnership; and six Privately-owned and Operated Entities functioning as Fresh Produce Markets in South Africa (Agribook.digital. 2025. Fresh Produce Markets. <https://www.agribook.co.za/fresh-produce-markets/> Accessed: 17 April 2025.



In contrast, small-scale producers tend to provide variable and inconsistent quantities of produce. Factors such as limited resources, access to technology, and smaller land holdings often restrict their capacity to compete effectively. As a result, smallholders' contributions are often non-viable in the context of large-scale market operations, leading to a reliance on the more stable output from commercial farms (Dhillon & Moncur, 2023). This reality underscores the disparities between large and small-scale agricultural producers within the marketplace.

The findings from the FPMI highlight the minimal share of black-owned farms, black market agents, and the limited participation of small-scale farmers in the fresh produce value chain as critical concerns. The FPMI investigates the fresh produce value chain, the role of market agents at NFPMs, pricing of inputs such as fertilisers and seeds, existing entry barriers in the fresh produce sector, access to formal retail space, and fresh produce pricing. The analysis of key fresh produce items, including potatoes, onions, and tomatoes, provides further insights.

This report presents a comprehensive analysis of the South African fresh produce sector, with a specific focus on anti-competitive practices, barriers to entry for small-scale and black-owned farms, and the impact of market inefficiencies on consumer welfare. The study, commissioned by Kagiso Trust considering the findings from the Competition Commission's Fresh Produce Market Inquiry (FPMI), aims to offer a civil society-oriented perspective while identifying practical avenues for transformation and inclusion within the sector.

The fresh produce sector in South Africa is crucial for food security, rural livelihoods, and economic development. However, it is highly concentrated, with a few large agribusinesses and retail chains controlling both production and distribution. This concentration has reinforced systemic inequalities, making it challenging for small-scale and emerging black farmers to access markets, finance, infrastructure, and the necessary technical capacity to grow and sustain their operations.

The South African fresh produce sector is essential to the economy, ensuring food security and significantly contributing to employment. Nevertheless, the industry faces numerous challenges, including barriers to entry for emerging farmers, issues of inclusivity, and anti-competitive practices that impede equitable growth.

This report provides a detailed analysis of these challenges from a civil society perspective, drawing on recent inquiries, reports, and stakeholder engagements. It emphasises the need for policy reforms, targeted support programs, infrastructure development, and stronger competition law enforcement to create a fair and inclusive fresh produce market.

Emerging farmers face numerous hurdles, including inadequate infrastructure, such as cold storage and transportation; complex and costly certification requirements like GlobalGAP;⁷ lack of access to affordable finance; and information asymmetries that hinder strategic market participation. Additionally, navigating bureaucratic regulatory systems for compliance and licensing further marginalises these producers.

The FPMI highlights structural issues such as market concentration, collusive behaviour, and unfair trading practices. Major supermarkets often impose high markups on fresh produce and

⁷ GlobalGap is a brand of farm assurance standards based on Good Agricultural Practice, owned by FoodPLUS GmbH. First created in the late 1990s by several European supermarket chains and their suppliers under the name EUREPGAP, standards were developed using the Hazard Analysis and Critical Control Points (HACCP) guidelines published by the United Nations Food and Agriculture Organization, and are governed according to the ISO/IEC 17065 for product certification schemes

engage in exclusionary contracting practices that disadvantage small farmers. Furthermore, municipal fresh produce markets—intended to offer equitable trade opportunities—are plagued by inefficiencies, poor governance, and declining infrastructure.

Consumers, especially those in low-income communities, face inflated produce prices and limited access to a diverse range of fruits and vegetables. These conditions worsen food insecurity and restrict access to nutritionally rich diets. The dominance of standardised retail practices also reduces the availability of indigenous and culturally preferred produce varieties.

The report outlines potential interventions, including targeted subsidies for compliance and infrastructure, the establishment of inclusive procurement policies favouring emerging farmers, the revitalisation of municipal markets, and stronger regulatory enforcement against anti-competitive behaviour. It advocates for a transformation framework that aligns with civil society priorities, ensuring transparency, equity, and sustainable development.

In conclusion, transforming South Africa's fresh produce sector requires a multi-stakeholder approach centred on equity, sustainability, and inclusive economic participation. Addressing systemic inefficiencies and anti-competitive practices is imperative for empowering small-scale farmers and ensuring fair access to affordable, nutritious food for all citizens.

“The fresh produce sector in South Africa is crucial for food security, rural livelihoods, and economic development.”



1. Introduction

1.1. Overview of the South African Fresh Produce Sector

The South African fresh produce sector is a dynamic and integral part of the country's agricultural landscape, encompassing the production, distribution, and sale of fresh fruits, vegetables, and a variety of other agricultural products. This sector is crucial not only for ensuring food security within South Africa but also for contributing significantly to export markets, thereby enhancing the country's position in the global agricultural arena.

The horticulture industry is a branch of agriculture that deals with the growing, processing and marketing of fruits, vegetables, nuts and ornamental plants, and its role in South Africa's agricultural sector has increased over time, particularly its contribution to the country's agricultural exports. Figure 1 provides a simplified presentation of South Africa's horticulture value chain's distinguishing key activities and participants from the input level to the end user or consumer. The main activities in South Africa's fruit and vegetable value chain include production, packing and cold storage, processing, and distribution and marketing. Each activity involves specific processes and technologies that transform and add value to the product at each different stage within the value chain.

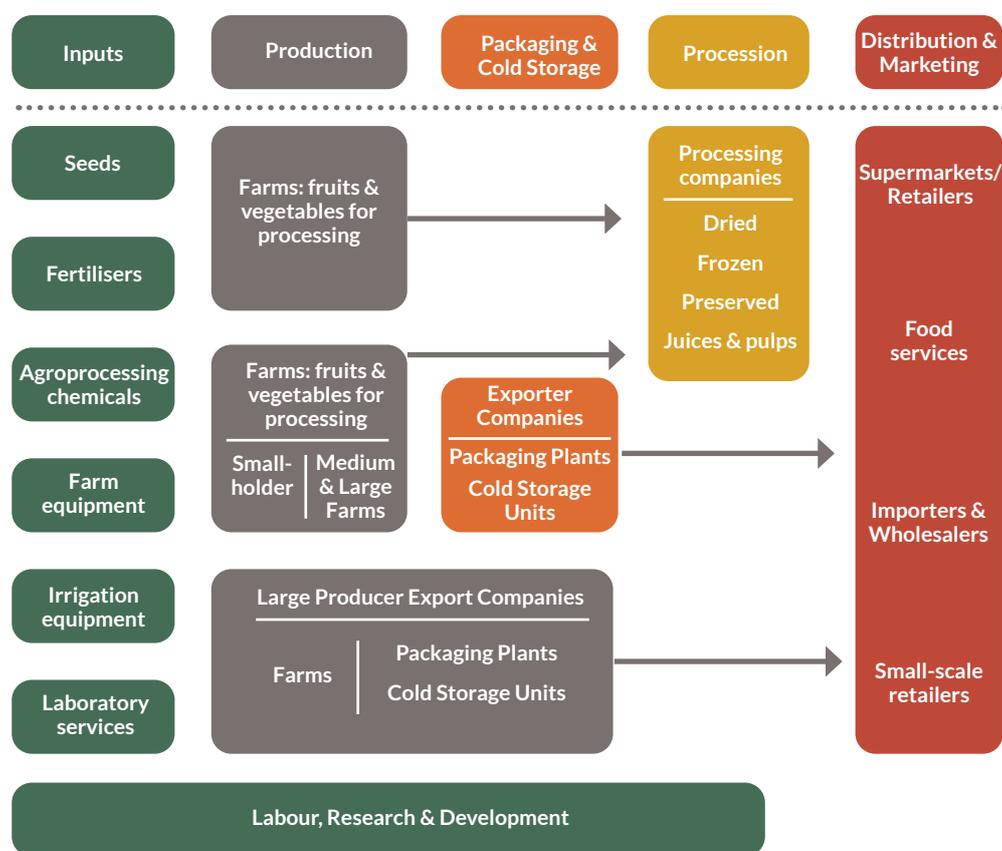


Figure 1: Illustration of the fresh produce (fruit and vegetable) value chain.
Source: Author's depiction.

The first key element in the value chain is the input level, with main inputs including seeds, fertilisers, agrochemicals, irrigation, farm equipment and labour. These inputs are used in the production stage, when large, medium and small farmers produce fruit and vegetable products for either fresh consumption or processing. Commercial production takes place mainly among the large-scale growers that may supply various players in the value chain, including processors, wholesalers, intermediaries, exporter companies and retailers (the DTIC, 2022). Two factors driving this production stage of the fruit and vegetable value chain are quality and volume. The whole process is aimed at ensuring the best possible quality product and volume in order to maximise value.

At this production level of the value chain, fruit and vegetables in South Africa are mainly produced for the fresh market rather than for processing, with the sale of fresh fruit as the most profitable segment of the value chain (Sterras et al., 2018⁸). It is estimated that 72% of total fruit production is sold in the export market, while approximately 28% is sold in the local market. As such, this high export share makes it crucial for producers to comply with global farming standards relating to pesticide use, water quality and other requirements in order to maintain access to high-value export markets (Chisoro-Dube et al., 2018).

After production, the next stage of the fruit and vegetable value chain involves packing and cold storage. Harvested products are sent for packing and storage in cold units. This stage requires sophisticated packaging and cold storage units to preserve the freshness and quality of the fruits and vegetables and increase shelf life (Sterras et al. 2018). Fruit and vegetable packing requires investment in a wide range of equipment and onsite laboratories for product testing to ensure high hygiene standards within the packing houses. According to Bamber et al. (2011)⁹ economies of scale are required at this stage of the value chain because of the high costs associated with cold storage and the other capital investment required, and this is therefore mainly done by large producer-exporter companies.

Due to the highly perishable nature of fruits and vegetables, investment in an efficient logistics network is critical to ensure that the produce is transported and stored while maintaining freshness and quality throughout the supply chain. Therefore, the handling and transport of such fresh produce requires a highly efficient logistics system to avoid post-harvest losses (Sterras et al, 2018). In the South African fruit and vegetable value chain, there are opportunities to invest in more sophisticated cold chain facilities and computerised logistics.

As the bulk of South Africa's fresh produce is sold for fresh consumption, the rejected fruit and vegetables are channelled to processing facilities for value addition and to produce dried fruits, purees, pulps, preserves and juice concentrates (the DTIC, 2022). Within the fruit industry, about 29% of total production constitutes the lower-grade or rejected fruit that goes for processing. Manufacturers source the fruits and vegetables directly from fresh produce producers and sell their processed goods to the export market under their own brand or the buyer's.

The final stage of the fruit and vegetable value chain comprises various distribution and marketing channels. End products are distributed through supermarkets, small retailers, wholesalers, which include fresh produce markets, food services, as well as the export market.

8 Sterras, N., van den Bos, A., and van Lin, M. 2018. The current state of fruit and vegetable agroprocessing in South Africa. Netherlands Enterprise agency. Available at: <https://www.agroberichanbuitenland.nl/documents/2019/01/07/the-current-state-of-fruit-and-vegetable-agro-processing-in-south-africa>. Accessed: April 2025.

9 Bamber, P. Gereffi, G and Fernandez-Stark, K. 2011. The Fruit and Vegetables Global Value Chain Economic Upgrading and Workforce Development. Center on Globalization, Governance & Competitiveness, Duke University.

Characterised by a rich diversity of participants, the sector includes large-scale commercial farmers, smallholder producers, and various intermediaries involved in the supply chain. Each group faces its own unique set of challenges and opportunities. For instance, commercial farmers often benefit from advanced technologies and economies of scale, which enable them to generate high volumes of produce efficiently. In contrast, smallholder farmers play a vital role in local economies and food systems, often focusing on niche markets and organic produce.

The fresh produce sector also grapples with many systemic issues, such as fluctuating market prices, climate change impacts, and the need for sustainable farming practices. As consumer preferences evolve towards healthier and more sustainably sourced food options, the sector must adapt by implementing innovative practices and improving supply chain efficiencies.

Additionally, the South African government and various stakeholders, including agricultural organisations and Non-Government Organisations (NGOs), are increasingly focusing on initiatives that support smallholder farmers, enhance food safety standards, and promote export readiness. These efforts aim to strengthen the overall resilience of the sector while ensuring that it remains competitive in both local and international markets.

Overall, the South African fresh produce sector is not only vital for the nation's economy but also holds the potential for sustainable growth and development, fostering a vibrant agricultural community that can thrive in the face of modern challenges.



1.2. Importance of the Sector to the South African Economy

The fresh produce sector plays a crucial role in bolstering South Africa's economy, significantly contributing to the nation's GDP. This industry not only creates millions of jobs, particularly in rural communities, but also supports numerous livelihoods through its extensive supply chains. Enhancing food security ensures that local populations have access to nutritious options, which is vital for public health and well-being.

Table 1: Contribution of horticulture to total agriculture sales, 2008 to 2022

Year	Agriculture Gross Value (R million)	Contribution of Horticulture to Agriculture Gross Value (R million)	Contribution of Horticulture as a Percentage of Total Agriculture Gross Value (%)
2003	72 925	19 551	27
2004	73 581	21 739	30
2005	77 110	20 695	27
2006	79 150	20 230	26
2007	98 534	23 410	24
2008	129 163	28 835	22
2009	134 566	33 588	25
2010	132 654	33 771	25
2011	144 276	36 791	26
2012	168 598	41 875	25
2013	184 527	47 737	26
2014	210 202	53 890	26
2015	225 562	61 460	27
2016	248 558	74 911	30
2017	270 764	77 940	29
2018	287 148	84 725	30
2019	284 455	85 882	30
2020	310 361	92 287	30
2021	357 792	105 979	30
2022	401 555	108 000	27

Source: DALRRD, 2023. Abstract of Agriculture Statistics.

Moreover, the sector is a major source of export revenue, enabling South Africa to participate actively in global markets. Its diverse range of products contributes to the country's competitive advantage, fostering sustainable economic growth and development. As a foundational pillar of agriculture, the fresh produce sector also promotes innovation and resilience in food systems, further enhancing its importance to South Africa's overall economic landscape.

1.3. Objectives of the Report

The objectives of this report are to:

- ✓ Identify and analyse the key barriers to entry in the fresh produce market
- ✓ Assess the level of inclusivity in the fresh produce value chain.
- ✓ Examine anti-competitive behaviour and its impact on the sector.
- ✓ Provide recommendations for policy reforms, support programs, and enforcement measures to promote a fair and inclusive fresh produce market.

2. Methodology

This research utilises a mixed-methods approach¹⁰ (Leech et al., 2010; Doyle et al., 2009) to deliver a thorough analysis of South Africa’s fresh produce market, incorporating both qualitative and quantitative research methods. The study was carried out through the lens of civil society and advocacy rather than on a purely theoretical and academic basis. Figure 2 captures the flow of the research process that was followed to gather and process data and information for this study.

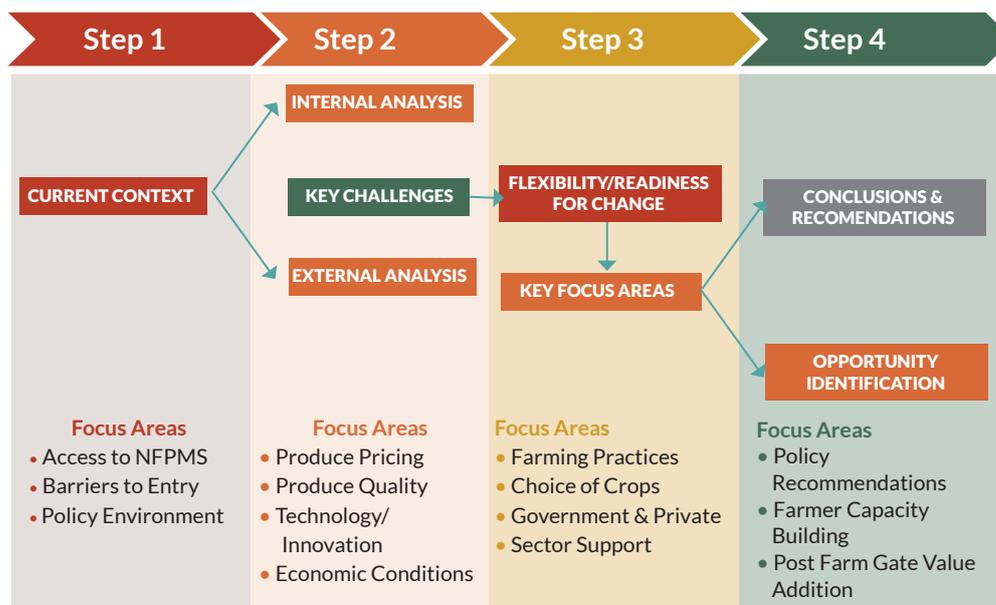


Figure 2: Research Flow Approach

As part of the research process, data were collected and analysed in two (2) phases as shown in Table 2.

Table 2: FPMT Data Collection Approach

Level	Input	Output
Phase 1	Small-Scale and Emerging Farmers Workshop	<ul style="list-style-type: none"> Challenges and proposals on Barriers facing small-scale farmers
Phase 2	Literature review research	<ul style="list-style-type: none"> Barriers impacting small-scale farmers South Africa’s economic landscape as it pertains to the agriculture value chain Agriculture policy overview and the effects thereof Global trends in NFPMs and the fresh produce market trading
	Sector expert interviews	<ul style="list-style-type: none"> Quantitative data on NFPM accessibility and efficiencies Qualitative trends and insights on NFPMs Local and global recommendations into NFPMs and the overall agriculture value chain

¹⁰ Mixed methods research combines quantitative and qualitative approaches to answer a research question, offering a more comprehensive and nuanced understanding than either approach alone. It involves collecting, analysing, and integrating both types of data within a single study or a series of studies.

Phase 1: Small Scale and Emerging Farmers Workshop

Kagiso Trust (KT) organised a Small Scale and Emerging Farmers Workshop in KwaZulu-Natal to identify the challenges these farmers face in accessing Fresh Produce Market (FPM) value chains. The findings from the workshop contributed to KT's submission to the Competition Commission (CC) Statement of Issues (SOIs) regarding one of the selected themes: "Barriers to Entry." Overall, the workshop and research were guided by three main themes.:

Efficiency of the value chain

This was with an emphasis on the dynamics around fresh produce market facilities. Participants highlighted direct and indirect instances of price discrimination and predatory pricing that small-scale farmers faced. This contrasts with the more favourable pricing that large-scale producers were able to negotiate due to their greater bargaining power, access to facilities and greater financial resources

Market dynamics and impact on producers

The theme of the discussion focused on pricing inputs and outputs. Participants addressed challenges related to fertilisers and seeds, which were identified as significant issues. Key points included the high cost of inputs, the limited number of competitors in the market supplying farmers, and the problems arising from a lack of buying power due to disunity and poorly structured cooperatives. Additionally, participants explored potential solutions, emphasising the need for small-scale farmers to collaborate more closely. They also highlighted the importance of introducing more market agents and new participants to create greater opportunities for small-scale farmers and historically disadvantaged individuals (HDIs).

Barriers to entry

The challenges faced by small-scale farming communities and historically disadvantaged farmers in South Africa are multifaceted and deeply rooted in the agricultural sector's historical context. These barriers to entry are not just economic but also social and institutional.

Firstly, access to financial resources remains a significant hurdle. Many small-scale farmers struggle to secure loans or credit due to their lack of collateral and financial history. This limits their ability to invest in necessary equipment, seeds, and technology that could enhance their productivity and market competitiveness.

Moreover, there are also infrastructural challenges, including limited access to irrigation, roads, and markets. Poor infrastructure can make it difficult for farmers to transport their goods to market, reducing their profitability and ability to compete with larger agricultural enterprises.

In addition to economic and infrastructural barriers, there are social dynamics at play. Historically disadvantaged communities often face systemic discrimination that can manifest in limited access to information, training, and support networks that are crucial for successful farming. This lack of access can hinder their ability to adopt modern farming practices or innovate in response to market demands.

Furthermore, government policies and programs may not always adequately address the specific needs of these small-scale and historically disadvantaged farmers. If policies do not prioritise inclusivity and provide tailored support, they can inadvertently perpetuate existing inequalities within the agricultural sector.

Overall, addressing these barriers is essential for fostering a more inclusive agricultural landscape in South Africa, where all farmers, regardless of their background, can participate equitably and contribute to the country's food security and economic development. By creating a more supportive environment for small-scale and historically disadvantaged farmers, the sector can thrive and become more resilient.

Phase 2: Literature Review and Sector Experts Interviews

Insights from the literature review and sector expert engagements focused on the following themes:

1. Access to NFPMs for small-scale farmers
2. Efficiency of NFPMs
3. Role of Market Agents
4. Competitive Behaviour - Market Pricing
5. Competitive Behaviour - Input Cost Drivers
6. Logistics Value Chain
7. Policy Environment
8. NFPM Management and Operational Structures
9. Global trends

2.1. Qualitative Analysis:

The qualitative component involves an in-depth examination of policy documents, reports from the Competition Commission, and insights from civil society organisations. Key among these sources is the Competition Commission's Fresh Produce Market Inquiry (FPMI) final report, released on January 13, 2025, which identifies features within the fresh produce value chain that impede, restrict, and distort competition. Additionally, perspectives from civil society organisations provide contextual understanding of the challenges faced by small-scale and historically disadvantaged farmers (SA News, 2025).

2.2. Quantitative Analysis:

The quantitative aspect incorporates statistical data from market analyses and reports to substantiate findings. According to the FPPI, the domestic fresh produce market is valued at over R53 billion annually, with approximately R21 billion sold through national fresh produce markets and about R32 billion through formal retailers. These figures exclude exports, direct sales, and farm gate sales. The inquiry focused on key fruits such as apples, citrus (notably oranges and soft citrus), bananas, pears, and table grapes, as well as vegetables including potatoes, onions, carrots, cabbage, tomatoes, and spinach. This selection represents staples in South African households and provides a representative overview of the market (Comins, 2024).

By integrating qualitative insights with quantitative data, this study aims to present a holistic understanding of the structural features and practices within the fresh produce value chain, highlighting areas that may impede competition and proposing actionable recommendations for fostering a more inclusive and competitive market environment (Competition Commission, 2025).

2.3. Market structure and major firms

In South Africa, fresh produce from small-scale growers is normally harvested and sold directly at the farm gate for local consumption or to intermediaries (The DTIC, 2022). For large-scale producers, fresh fruits and vegetables are sent to packing houses for washing and packaging before they are distributed to fresh produce markets and processing industries. There are, however, some large-scale commercial farmers who, through contract farming, sell directly to some of the supermarkets and exporting agents.

Retailers increasingly dominate the fruit and vegetable market and attach supply conditions to both quantity and quality of the fresh produce throughout the year (De Visser and Dijkxhoorn, 2012). The main supermarkets in the South African market are Pick n Pay, Shoprite, Woolworths, SPAR, Walmart, and Food Lovers Market. The supermarkets source fresh fruit and vegetables from municipal markets as well as directly from contract farmers. Among the main supermarkets, Food Lovers Market sources most of its fresh fruit and vegetables from municipal markets. The other supermarkets mainly procure directly from farmers during low-demand periods, only buying from municipal markets at high-demand periods when fresh produce is in short supply and can only be sourced at a central market (Das Nair and Chisoro-Dube, 2015).

About 20 major national fresh produce markets operate in South Africa. In 2019, approximately 3.4 million tons of fresh fruits and vegetables were sold at national fresh produce markets, with an annual turnover of R18 billion (DALRRD, 2019). Total revenue was estimated at R19 billion in 2020 (the DTIC, 2022). There are four types of national fresh produce markets in terms of ownership or management, which are department (business) units, corporatised (municipal) entities, public-private partnerships, and privately owned and operated entities (see Table 3).

Table 3: Type of National Fresh Produce Markets in South Africa

Category	Market
Municipally owned and operated markets (department/business units)	<ul style="list-style-type: none"> • Tshwane • Sol Plaatjie (formerly Kimberley) • Port Elizabeth • East London • Durban • Mangaung (formerly Bloemfontein) • Pietermaritzburg • Matjhabeng (formerly Welkom) • Matlosana (formerly Klerksdorp) • Springs • Vereeniging • eMalahleni (formerly Witbank)
Corporatised/Municipal Entity	<ul style="list-style-type: none"> • Joburg and Kei
Public-private partnerships (municipally owned but privately operated)	<ul style="list-style-type: none"> • Cape Town
Privately owned and operated	<ul style="list-style-type: none"> • George • Nelspruit • Mpumalanga • Mooketsi • Polokwane • Vanderbijlpark

Source: DALRRD, 2020.

The municipal fresh produce markets are a key source for fresh fruits and vegetables for independent retailers, hawkers and regional food importers. The City of Johannesburg municipal fresh produce market is South Africa's largest fresh fruit and vegetable wholesaler and accounted for a market share of 48% of national fresh produce, and also the first point of sale for more than 6,000 farmers in the country in 2015 (Das Nair and Chisoro-Dube, 2015).

In terms of the processing of fruits and vegetables, there are notable players within the agro-processing industry, and these include large companies such as Tiger Brands, Pioneer Foods and Rhodes Food Group (Bryden, 2020¹¹).

Tiger Brands is one of South Africa's main fruit and vegetable processing companies. It sources its fruit and vegetables from commercial farms, with the bulk of its manufacturing taking place in its factory in Boksburg, Gauteng. Canned fruit production is done in Langeberg and Ashton Foods, which is approximately 180km east of Cape Town. This factory is among the top global producers and exporters of canned fruit, estimated to process over 100 000 tonnes of fruit per year. Tiger Brands also has a facility in Paarl in the Western Cape, which focuses on the production of jam. The company houses some of South Africa's well-known brands such as KOO, All Gold, Mrs Balls, Crosse and Blackwell and Black Cat (Tiger Brands, n.d.).

The Rhodes Food Group operates 14 manufacturing plants across the country and an additional fruit processing plant in Eswatini. The Western Cape houses its fruit processing facilities, which produce purées, juice and fruit products, while its vegetable processing plants are located in Limpopo and the Free State (Rhodes Food Group, 2022).

11 Bryden, N. (2020). The Preserving and Processing of Fruit and Vegetables Industry in South Africa 2020. Who Owns Whom. Available at: <https://www.whoownswhom.co.za/store/preserving-processing-fruit-vegetables-industry-south-africa/> (Accessed 13 April 2025).



“New entrants, particularly black-owned farmers, often struggle to access land due to high prices, limited availability, and complex land tenure systems.”

3. Barriers to Entry in the Fresh Produce Market

3.1. Access to Land, Finance, and Markets

3.1.1. Challenges faced by new entrants in acquiring suitable land

One of the most significant barriers to entry in the fresh produce market is the difficulty in acquiring suitable land. Land ownership patterns in South Africa are still heavily influenced by historical inequalities, with a significant portion of arable land concentrated in the hands of a few large-scale commercial farmers. New entrants, particularly black-owned farmers, often struggle to access land due to high prices, limited availability, and complex land tenure systems.

3.1.2. Difficulties in accessing affordable financing for agricultural activities

Access to finance is another major obstacle for new entrants in the fresh produce market. Commercial banks are often reluctant to lend to small-scale farmers due to perceived risks and a lack of collateral. Government-sponsored agricultural finance programs are often underfunded or plagued by bureaucratic inefficiencies, limiting their effectiveness in supporting emerging farmers.

3.2. Market access constraints

Access to formal agricultural markets is a fundamental requirement for small-scale black farmers' commercial success and sustainability. However, systemic exclusion, entrenched market practices, and infrastructural deficiencies undermine equitable access for these producers. Formal markets—including municipal fresh produce markets, supermarkets, and agro-processing firms - are often dominated by established, large-scale commercial producers who benefit from longstanding supply relationships, established logistics networks, and preferential contract terms.

3.2.1. Consolidation of Supply Chains

One of the major barriers to market access stems from the consolidation of supply chains. Large agribusinesses often integrate vertically and horizontally across the value chain, from input supply to processing and distribution. This concentration limits the opportunities available to new entrants, as existing contracts are locked in and governed by high-volume, low-cost delivery models that small-scale farmers struggle to meet. Retail chains prefer consistent supply in terms of both volume and product standards, which typically favours established commercial farms that can invest in large-scale production and mechanised systems.

3.2.2. Exclusionary Procurement Practices

Retailers and wholesalers often impose rigid supplier conditions, including stringent quality standards, formal certifications, and bulk delivery capabilities that are difficult for small-scale producers to fulfil. As a result, these farmers are frequently sidelined in favour of larger, more reliable suppliers. Moreover, the negotiation dynamics between suppliers and buyers are often asymmetrical, with small producers lacking the bargaining power or legal knowledge to secure fair terms.

3.2.3. Infrastructure Deficits

The lack of adequate rural infrastructure significantly hampers the ability of small farmers to reach high-value markets. Many rural areas are plagued by poor road networks, limited access to reliable electricity, and insufficient storage facilities. Without cold storage or packhouses, produce often perishes before it can be delivered, especially for high-value perishable crops like leafy greens or berries. This not only leads to income loss but also discourages investment in diverse crops that could potentially earn better returns.

3.2.4. Transport Inefficiencies

Transport remains one of the most critical logistical challenges. In most cases, small-scale farmers must rely on informal or expensive third-party transporters to move goods to market. Due to low volumes, they cannot capitalise on economies of scale and are thus forced to accept higher per-unit costs for transportation. Inadequate or unreliable transport means that produce often arrives late or in poor condition, further undermining market trust and reducing the chances of repeat orders.

3.2.5. Limited Aggregation Mechanisms

Aggregation—where produce from multiple farmers is collected and processed as a unified consignment—can enable smallholders to meet bulk requirements and reduce logistical costs. However, South Africa lacks sufficient farmer cooperatives or agri-hubs equipped to play this role at scale. The few that exist often suffer from poor governance, inadequate financing, or limited operational expertise, curtailing their effectiveness.

3.2.6. Lack of Institutional Support

While various government programs aim to support market access, these are often fragmented, poorly coordinated, or inaccessible due to bureaucratic inefficiencies. Additionally, marketing channels through which government entities are supposed to procure from emerging farmers, such as school feeding schemes, are frequently plagued by corruption or delayed payments, reducing their reliability as stable outlets.

3.2.7. Potential Interventions

To address these challenges, integrated interventions are required. These may include the development of local agro-processing hubs, support for cooperative marketing models, the subsidisation of transport and storage infrastructure, and improved enforcement of inclusive procurement regulations. Tailored support mechanisms must also ensure that small-scale farmers can meet the logistical and quality demands of the formal market without being overburdened by compliance costs.

3.3. Regulatory and Compliance Costs

3.3.1. Burdensome regulatory requirements and compliance costs.

The fresh produce sector is subject to a wide range of regulations and compliance requirements, including food safety standards, environmental regulations, and labour laws. These regulations can be particularly burdensome for small-scale farmers, who often lack the resources and expertise to comply with them.

3.3.2. Impact on small-scale farmers and new entrants.

High regulatory and compliance costs can deter new entrants from entering the market and force existing small-scale farmers to exit, reducing competition and limiting consumer choice.

3.3.3. High input costs

The rising costs of essential inputs such as fertilisers and seeds pose a significant barrier to small-scale farmers. These high costs reduce profit margins and make it difficult for farmers to invest in productivity-enhancing technologies. High input costs are one of the key factors hindering competition and participation in the fresh produce market (Ndlovu & Masuku, 2021). South Africa's reliance on imported agricultural inputs, particularly fertilisers and agrochemicals, places it in a vulnerable position within the global agricultural market. This dependency has far-reaching implications for the country's agricultural productivity and overall food security.

The ongoing conflict between Russia and Ukraine has highlighted the fragility of these supply chains. Both countries are significant producers of fertilisers and key raw materials used in their manufacture. Disruptions caused by the war, such as sanctions, logistical challenges, and export restrictions, have led to a sharp increase in prices and a scarcity of these crucial inputs. Consequently, South African farmers are facing higher production costs, which can lead to increased prices for consumers and potentially reduced crop yields, jeopardising food supply.

Furthermore, these interruptions not only affect current production but also have longer-term implications for agricultural sustainability. Farmers might be forced to reduce their inputs, leading to lower soil fertility and diminished crop health over time. This situation underscores the need for South Africa to explore alternative strategies, such as investing in local production capabilities, diversifying supply sources, and adopting sustainable agricultural practices.

In response to these challenges, the South African government and agricultural sector stakeholders need to collaborate to develop robust strategies that mitigate the impact of global supply chain disruptions. This may include fostering innovation in agricultural practices, investing in research for alternative fertilisers, and enhancing local production of essential inputs to reduce reliance on imports. By addressing these vulnerabilities, South Africa can work towards a more resilient agricultural sector that can withstand external shocks and ultimately ensure food security for its population.

“High input costs are one of the key factors hindering competition and participation in the fresh produce market.”

3.4. Infrastructure Deficiencies

3.4.1. Inadequate infrastructure, including storage, transportation, and market facilities.

Inadequate infrastructure is a major constraint on the growth and development of the fresh produce sector in South Africa. Many rural areas lack proper storage facilities, transportation networks, and market infrastructure, leading to high post-harvest losses and reduced competitiveness.

3.4.2. Effects on the competitiveness of emerging farmers.

Emerging farmers are particularly vulnerable to infrastructure deficiencies, as they often lack the resources to invest in their infrastructure. This puts them at a disadvantage compared to larger commercial farmers who have access to better infrastructure.

3.5. Market Information Asymmetry

3.5.1. Lack of access to market information and pricing data.

Access to timely and accurate market information is essential for farmers to make informed decisions about what to plant, when to harvest, and where to sell their produce. However, many small-scale farmers lack access to market information and pricing data, putting them at a disadvantage in negotiating fair prices with buyers.

3.5.2. Disadvantages faced by new entrants in negotiating fair prices.

New entrants are particularly vulnerable to market information asymmetry, as they often lack the experience and networks to navigate the complexities of the fresh produce market.

3.6. Certification and Standards

3.6.1. Difficulties in meeting stringent certification and quality standards.

The fresh produce market is increasingly driven by certification and quality standards, such as GlobalGAP and BRC Global Standards (BRCGS¹²). These standards are designed to ensure food safety, environmental sustainability, and social responsibility. However, meeting these standards can be challenging for small-scale farmers, who often lack the resources and expertise to implement the necessary practices.

¹² For fresh produce, the BRC Global Standard (BRCGS) focuses on food safety, requiring packers of fruit, vegetables, and nuts to implement robust controls and management systems, including HACCP, traceability, and quality management, to ensure consumer safety.

3.6.2. Exclusion of small-scale farmers from participating in formal markets.

Failure to meet certification and quality standards can exclude small-scale farmers from participating in formal markets, limiting their access to higher-value customers and reducing their profitability.

3.7. Regulatory Challenges

Complex and often burdensome regulatory requirements create additional obstacles for small-scale farmers. Issues such as land tenure insecurity, compliance with food safety standards, and access to water rights are particularly problematic. The FPMI noted that regulatory hurdles are among the most significant barriers to competition within the sector (bricscompetition.org; 2025).

3.8. Infrastructure Deficiencies

Inadequate infrastructure, including poor road networks, limited storage facilities, and insufficient market infrastructure, hampers the ability of small-scale farmers to transport and store produce effectively. These deficiencies lead to post-harvest losses and reduced market competitiveness. The FPMI highlighted inefficiencies at municipal fresh produce markets as a factor impeding competition (bricscompetition.org; 2025).



“Women farmers in South Africa face systemic barriers in accessing productive resources such as land, finance, and markets.”



4. Inclusivity in the Fresh Produce Value Chain

4.1. Participation of Black-Owned and Managed Farms

4.1.1. Limited participation of black-owned and managed farms (BOFs) in the mainstream market.

Despite continued efforts to promote black economic empowerment, black-owned and managed farms (BOFs) still face substantial hurdles in joining the mainstream fresh produce market. Barriers such as enduring historical inequalities, restricted access to critical resources, and systemic discriminatory practices remain significant challenges to their progress.

4.1.2. Historical inequalities and their impact on access to resources.

Historical inequalities have resulted in a skewed distribution of land, capital, and other resources, making it difficult for black-owned farmers to compete with established commercial farmers.

4.2. Gender Inequality

4.2.1. Challenges faced by women farmers in accessing land, finance, and markets.

Despite women playing a critical role in South Africa's agriculture, particularly in smallholder and subsistence farming, the fresh produce sector remains male-dominated, both in ownership and leadership. Women farmers in South Africa face systemic barriers in accessing productive resources such as land, finance, and markets. Deep-rooted gender norms and discriminatory practices often limit their land ownership rights, which in turn restricts their ability to secure credit or formal contracts with buyers and suppliers in the value chain.

In the fresh produce sector, which is highly competitive and quality-driven, access to infrastructure, cold storage, transport, and formal market linkages is vital. However, many women producers are sidelined due to their marginalised position in supply chains and their exclusion from producer organisations and commercial networks. This marginalisation is further exacerbated by limited access to training, extension services, and agronomic support, which are crucial for meeting the strict standards of retailers and export markets.

Moreover, decision-making platforms, from farmer cooperatives to policy forums, often underrepresent women, denying them a voice in shaping the very systems that govern their livelihoods. While various national policies and frameworks acknowledge the need for gender inclusivity, implementation on the ground remains uneven.

A more inclusive fresh produce sector requires targeted interventions to address these disparities, such as gender-responsive land reform, dedicated financing instruments, mentorship programs, and the intentional inclusion of women in market development initiatives. Unlocking the potential of women farmers is not just a social imperative but an economic one that can enhance productivity, food security, and rural development in South Africa.

4.2.2. Strategies for promoting gender equality in the sector.

Strategies for promoting gender equality in the sector include providing targeted support programs for women farmers, promoting women's leadership in agricultural organisations, and addressing gender-based discrimination in land ownership and access to finance.

4.3. Smallholder Farmer Integration

4.3.1. Difficulties in integrating smallholder farmers into formal value chains.

Smallholder farmers frequently face challenges when trying to integrate into formal value chains. These challenges stem from their limited scale, inconsistent product quality, and restricted access to market information. As a result, they often have to sell their produce to intermediaries at low prices, which invariably significantly reduces their profitability.

4.3.2. Role of government and private sector initiatives in supporting smallholder farmers.

Government and private sector initiatives can play a crucial role in supporting smallholder farmers by providing access to training, technology, and market linkages.

For example, the government can implement agricultural extension programs that offer workshops and training sessions on modern farming techniques. In many countries, initiatives like these have led to increased crop yields and better soil management practices. Organisations such as the Food and Agriculture Organisation (FAO) often partner with local governments to facilitate these training programs, ensuring that smallholder farmers receive the latest knowledge and skills (Raji et al., 2024; Mbatha, 2024).

In terms of technology, various private sector companies have developed mobile applications and platforms tailored for smallholder farmers. For instance, apps like iCow in Kenya provide farmers with vital information on best practices, weather forecasts, and disease management. By leveraging mobile technology, farmers can access real-time data to enhance productivity and efficiency.

Market linkages are equally important for smallholder farmers to sell their produce at fair prices. Cooperatives can be formed to help farmers pool their resources, which improves bargaining power when negotiating with larger buyers. A successful example is the creation of agricultural cooperatives in countries like Ethiopia, where farmers collaborate to access markets, obtain better pricing, and reduce costs related to transportation and storage. However, there has been limited success with cooperatives in South Africa, and further research is required to unearth the reasons for this apparent lack of success.

Moreover, companies like Fair Trade promote ethical practices by connecting smallholder farmers directly with consumers. Through Fair Trade certification and similar programmes, farmers can receive a premium price for their products while ensuring sustainable practices are upheld, thereby improving their livelihoods.

By combining efforts from both the government and private sectors, we can create a more supportive ecosystem that empowers smallholder farmers and enhances food security in communities around the world.

4.4. Skills Development and Training

4.4.1. Lack of adequate skills development and training programs.

Lack of adequate skills development and training programs is a major constraint on the productivity and competitiveness of emerging farmers. Many farmers lack the knowledge and skills to adopt modern farming practices, manage their businesses effectively, and comply with regulatory requirements. This lack of knowledge and skills has a direct link to most smallholder farmers, the majority of whom are black, who were previously excluded from formal agricultural activities.

4.4.2. Effects of limited skills on the productivity and competitiveness of emerging farmers (EFs).

Investing in skills development and training programs can significantly improve the productivity and competitiveness of emerging farmers, enabling them to participate more effectively in the fresh produce market.

4.5. Market Access for Marginalised Groups

4.5.1. Barriers faced by marginalised groups in accessing markets.

Marginalised groups, such as people with disabilities and rural communities, often face additional barriers in accessing markets due to discrimination, lack of transportation, and limited access to information.

4.5.2. Strategies for promoting inclusive market access.

Strategies for promoting inclusive market access include providing targeted support programs for marginalised groups, improving transportation infrastructure, and promoting awareness of market opportunities.

“Investing in skills development and training programs can significantly improve the productivity and competitiveness of emerging farmers.”



5. Anti-Competitive Behaviour and Civil Society Perspectives

5.1. Market Concentration

5.1.1. High levels of market concentration and dominance by a few large players.

The South African fresh produce market is marked by a high degree of market concentration, where a handful of large players dominate and control a substantial portion of the market share. This concentration of power can foster anti-competitive behaviour, such as price fixing and market manipulation, which can ultimately diminish consumer choice and options. Additionally, the limited competition may stifle innovation and the introduction of new products, as smaller producers struggle to compete against the established giants. As a result, consumers may face higher prices and fewer choices, which can adversely affect their purchasing decisions and overall satisfaction with the fresh produce available in the market. Addressing these issues may require regulatory intervention or the promotion of policies that encourage greater competition and support for smaller producers to enhance the diversity and quality of offerings in the market.

5.1.2. Impact on competition and pricing.

High market concentration occurs when a small number of firms dominate a particular market, which can create an environment conducive to anti-competitive practices such as price fixing and collusion. These actions often result in artificially inflated prices for consumers, depriving them of fair market competition and forcing them to pay more for goods and services. Additionally, small-scale farmers and producers may suffer significantly, as they are frequently squeezed out of the market or offered lower prices for their products. This imbalance can stifle innovation, reduce market diversity, and ultimately harm the overall economy, leading to reduced consumer choice and economic inequality.

5.2. Price Fixing and Collusion

5.2.1. Evidence of price-fixing and collusion among market participants.

Allegations of price-fixing and collusion in the South African fresh produce market point to serious concerns regarding the integrity and fairness of market practices. These claims suggest that various market participants, including wholesalers and retailers, may be coordinating their prices rather than allowing natural market forces to dictate pricing. Such actions can lead to artificial inflation of prices, which ultimately affects consumers by reducing their purchasing power and limiting their access to affordable fresh produce.

Price-fixing undermines the principles of competition, which are foundational to a healthy market economy. In a competitive environment, prices are typically determined by supply and demand. However, when participants collude to set prices, it creates an uneven playing field.

Small-scale farmers, who often lack the resources and market power of larger players, may find it increasingly difficult to compete. This can lead to their marginalisation or even their exit from the market altogether, reducing diversity and innovation in the agricultural sector.

Additionally, consumers bear the brunt of these practices. Higher prices for fresh produce disproportionately impact low-income households, who may rely heavily on affordable fruits and vegetables for their nutrition. In a country like South Africa, where food security is a pressing issue, such price manipulation can have serious implications for public health and well-being.

The South African authorities, particularly the Competition Commission, must take decisive action to investigate allegations of price-fixing and collusion. By enforcing fair trading practices, they can help protect consumers and support small-scale farmers (SSFs). Ensuring transparency and accountability in the fresh produce market is essential for fostering competition and promoting sustainable agricultural practices that benefit the economy as a whole.

In conclusion, addressing the issues of price-fixing and collusion in the market is vital for ensuring fair competition, protecting consumer interests, and supporting the livelihoods of small-scale farmers. Ensuring a level playing field encourages innovation, diversity, and ultimately leads to a healthier agricultural system.

5.2.2. Effects of collusive anti-competitive behaviour on consumers and small-scale farmers (SSFs).

Price-fixing and collusion among market participants create a distorted marketplace, leading to artificially elevated prices for consumers. This practice often results in diminished financial returns for smallholder farmers, as they receive lower prices for their products due to manipulated market conditions. Consequently, these unethical practices undermine the profitability of small-scale producers, making it increasingly difficult for them to sustain their livelihoods and remain competitive. This dynamic not only harms the economic stability of farmers but also affects the overall market ecosystem by reducing diversity and innovation, ultimately impacting food security and consumer choices.



5.3. Abuse of Dominant Position

5.3.1. Abuse of dominant position by large players in the market.

Large players in the market can abuse their dominant position through various anti-competitive practices. Here are some examples of such behaviour:

- **Predatory Pricing:** Predatory pricing occurs when a dominant company sets prices extremely low, often below cost, to drive competitors out of the market. For instance, a large retailer might sell a product at a loss to undercut smaller competitors. Once these competitors have exited the market, the retailer can raise prices again, harming consumers in the long run.
- **Exclusive Dealing:** In this scenario, a dominant company may require suppliers or retailers to sell only their products, effectively locking out competitors. For example, a beverage company could offer incentives to grocery stores to carry only its drinks, preventing smaller brands from gaining shelf space and diminishing competition in the market.
- **Tying Arrangements:** This practice involves a company forcing customers to buy one product to purchase another. An example of this could be a software company that requires customers to buy its operating system along with other software applications, limiting consumer choice and making it difficult for alternative products to compete.
- **Market Foreclosure:** A dominant player might adopt tactics to restrict access to essential distribution channels for competitors. For example, if a major manufacturer controls most distribution outlets, it may refuse to allow smaller competitors to have shelf space, effectively shutting them out of the market.
- **Price Discrimination:** A dominant firm might charge different prices to different customers without a justified reason. For instance, a large internet service provider could offer lower rates to larger businesses while charging higher rates to residential customers, creating an uneven playing field for competitors.

These practices not only harm competition but can also lead to higher prices and fewer choices for consumers over time. Regulatory bodies must monitor and address such behaviours to maintain a healthy marketplace.

5.4. Impact on smaller competitors and new entrants.

Abuse of a dominant market position can significantly harm smaller competitors and new entrants, creating substantial barriers to competition and innovation. When a company leverages its market power unfairly, it can stifle the growth of emerging businesses by undercutting prices, engaging in predatory practices, or using exclusive contracts that limit access to essential distribution channels. This not only hinders the ability of smaller players to compete but also curtails the overall innovation within the industry, as new ideas and products struggle to gain traction. Consequently, this dynamic can lead to a less competitive market landscape, reduced consumer choice, and stagnant advancements in technology and services.

6. Unfair Trading Practices

6.1. Prevalence of unfair trading practices, including delayed payments and unfair contracts.

Unfair trading practices, including delayed payments and exploitative contracts, are widespread in the South African fresh produce market. These practices disproportionately affect small-scale farmers, who frequently find themselves disadvantaged due to their limited bargaining power. As a result, these farmers struggle to secure equitable terms, which can hinder their livelihoods and the sustainability of their operations. The imbalance in negotiating power often leaves them vulnerable, undermining their ability to thrive in a competitive industry.

6.2. Effects on the financial viability of small-scale farmers.

Delayed payments and unfair contracts can significantly undermine the financial viability of small-scale farmers in South Africa, making it increasingly difficult for them to invest in their businesses and achieve growth.

For instance, many small-scale farmers in the Eastern Cape face challenges with delayed payments from larger agribusinesses that rely on their produce (Ndlovu & Masuku, 2021). A common complaint is that farmers may deliver their crops but wait weeks or even months for payment. This delay can lead to cash flow problems, hindering their ability to purchase necessary inputs like seeds, fertilisers, and equipment for the next planting season. Farmers in the region often report that these delays create a cycle of debt, preventing them from expanding their operations or improving their land.

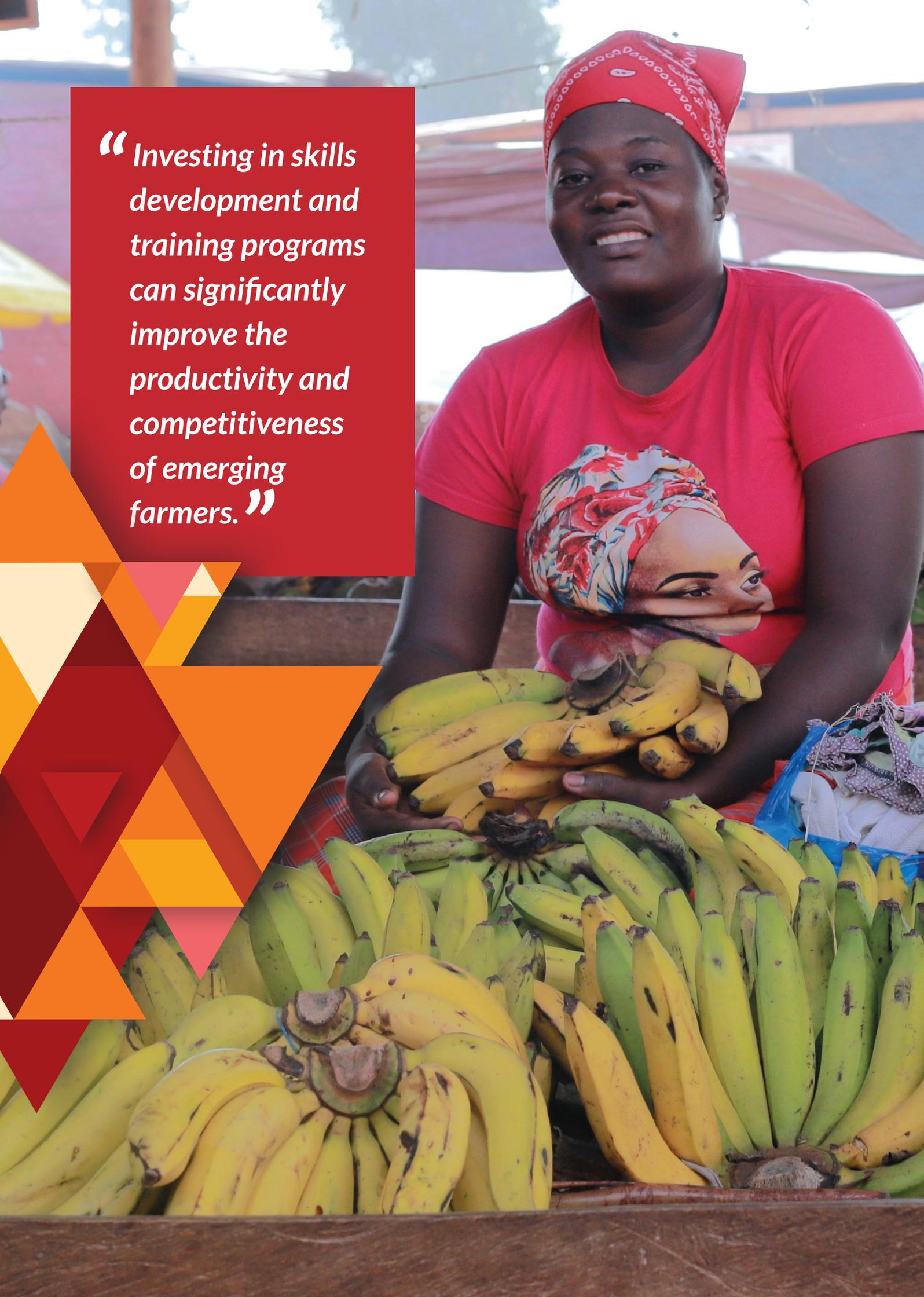
Additionally, many small-scale farmers in South Africa encounter unfair contracts that limit their bargaining power (Mkhabela, 2018). For example, in the fruit and vegetable sector, large retailers may impose strict conditions that small farmers cannot negotiate, such as price setting and delivery schedules that do not accommodate the farmers' needs. This can lead to situations where farmers are locked into unfavourable terms that do not reflect the true value of their products, ultimately harming their business prospects.

The challenges of unfair trading practices are compounded by systemic issues as well. For example, the impact of the COVID-19 pandemic highlighted the fragility of many small farmers' livelihoods. With disruptions in supply chains and market access, small farmers were among the hardest hit, not facing only delayed payments but also a drop in demand for their produce.

Organisations such as the Southern African Farmers' Union (SACAU) and various cooperatives are actively advocating for fair contracts and timely payments for small-scale farmers. However, the process of reform is slow, and many farmers continue to struggle to access the necessary resources to thrive.

To encourage growth and financial stability, it is crucial to implement policies that protect small farmers from unfair practices and ensure timely payments. By strengthening their financial viability, we can help them invest in their businesses and contribute more effectively to South Africa's agricultural sector and food security.

“ Investing in skills development and training programs can significantly improve the productivity and competitiveness of emerging farmers. ”



7. Civil Society Advocacy

7.1. Role of civil society organisations in monitoring and addressing anti-competitive behaviour.

Civil society organisations (CSOs) are essential in promoting fair competition and addressing anti-competitive behaviour in the South African fresh produce market (NAMC, 2022). These organisations engage in advocacy, research, and support efforts aimed at fostering a healthy agricultural ecosystem that benefits all stakeholders, especially small-scale farmers.

One notable organisation is Kagiso Trust, which focuses on empowering communities through various capacity-building initiatives. They work to enhance the livelihoods of smallholder farmers, ensuring they can compete fairly in the market. Kagiso Trust provides training, access to resources, and advocacy for policies that support equitable access to market opportunities.

Another significant player is the South African Fresh Produce Producers' Organisation (FPO), which brings together various stakeholders in the fresh produce sector. This organisation plays a pivotal role in advocating for transparent market practices while representing the interests of producers and addressing challenges such as monopolistic behaviour in the market.

Additionally, the African Centre for a Green Economy (AfriGE) focuses on sustainable practices within the agricultural sector. They conduct research and provide strategic insights to inform policies that promote fair competition, sustainability, and support for small-scale farmers, ensuring their voices are heard in the marketplace.

The Land Bank also partners with civil society organisations to provide financial support to emerging farmers, helping to bridge the gap between small-scale producers and the broader market. This collaboration is critical in ensuring that small farmers have the resources needed to thrive and contribute to a competitive agricultural landscape.

Organisations like the National Agricultural Marketing Council (NAMC) also play a monitoring role, working alongside CSOs to analyse market dynamics and promote policies that foster fair competition and transparent practices in the agricultural sector.

Through these collective efforts, civil society organisations not only advocate for changes in policies and practices but also provide vital support to small-scale farmers, creating an environment where they can flourish amid challenges posed by anti-competitive behaviour in the market. Their work is indispensable in ensuring a fairer, more equitable fresh produce market in South Africa.

7.2. Advocacy for fair and competitive markets.

Civil society organisations play a crucial role in advocating for significant policy reforms aimed at enhancing the integrity and efficiency of the fresh produce market. They emphasise the need for stronger enforcement of competition laws to prevent monopolistic practices and ensure a level playing field for all market participants. Additionally, these organisations call for increased transparency in the pricing and supply chain processes, which can help consumers make informed choices and foster trust in both producers and suppliers. By working to influence government policies and engage with local communities, civil society organisations strive to create a more equitable and sustainable market for fresh produce.

8. Case Studies and Global Best Practices

8.1. South Africa: Fresh Produce Market Reforms to Increase Transparency and Efficiency

South Africa has undertaken significant reforms in the fresh produce market to improve transparency, efficiency, and competitiveness. The country's market system has historically been characterised by inefficiencies, price manipulation, and a lack of market access for smallholder farmers (Poon, 2018; Rusenga & Ndhlovu, 2023). Recent reforms have focused on improving regulatory frameworks, increasing access to market information, and fostering competition.

Key reforms include:

- **Market Decentralisation:** The traditional market system, dominated by large municipal fresh produce markets, has been restructured to allow for more decentralised trading platforms, improving access for smallholder farmers.
- **Transparency in Pricing:** The introduction of real-time price discovery mechanisms, including digital trading platforms and electronic price reporting, has enhanced market fairness and reduced information asymmetry.
- **Infrastructure Improvements:** Investment in cold storage, transportation networks, and logistics hubs has helped reduce post-harvest losses and improve product quality.
- **Regulatory Adjustments:** The Competition Commission has implemented measures to curb anti-competitive behaviour and ensure fair market participation for all stakeholders.
- **Public-Private Partnerships:** Collaborative efforts between the government, private sector, and farmer organisations have facilitated the establishment of more efficient marketing channels.

South Africa's experience demonstrates that regulatory and infrastructural reforms can significantly enhance market efficiency, create a more level playing field, and reduce post-harvest losses, ultimately benefiting both producers and consumers.

8.2. Kenya: Digital Market Platforms for Smallholder Farmers

Kenya: Digital market platforms for smallholder farmers improving price discovery and reducing middlemen

Kenya has seen significant success in leveraging digital market platforms to improve price discovery and reduce reliance on middlemen. These platforms have transformed how smallholder farmers access markets and sell their produce, leading to increased income and greater market transparency.

Key strategies include:

- **Mobile-Based Market Access:** Platforms like M-Farm and Twiga Foods connect farmers directly with buyers, ensuring fair pricing and reducing transaction inefficiencies.
- **Real-Time Price Discovery:** Farmers receive up-to-date market prices via SMS, mobile apps, and web platforms, allowing them to make informed selling decisions.
- **Supply Chain Optimisation:** Digital platforms streamline logistics, minimising post-harvest losses and improving delivery efficiency.
- **Financial Inclusion:** Integration with mobile money services facilitates secure transactions and access to credit facilities for smallholder farmers.

Kenya's success demonstrates how digital solutions can modernise fresh produce markets, empower farmers, and create a more transparent and efficient supply chain.

8.3. The Netherlands: Advanced Fresh Produce Logistics Model

The Netherlands: Advanced fresh produce logistics model ensuring efficiency and reduced post-harvest losses

The Netherlands is a global leader in fresh produce logistics, characterised by efficient supply chain management, advanced cold storage infrastructure, and innovative transport solutions. The country has successfully minimised post-harvest losses through a combination of smart logistics, automation, and data-driven decision-making.

Key strategies include:

- **Integrated Cold Chain Infrastructure:** The Netherlands has invested heavily in refrigerated transport, controlled-atmosphere storage, and temperature-controlled distribution hubs, ensuring that fresh produce maintains high quality from farm to market.
- **Advanced Logistics Hubs:** The Port of Rotterdam serves as a key global distribution point, integrating logistics services that streamline international fresh produce trade.
- **Data-Driven Supply Chain Management:** The use of artificial intelligence and big data analytics optimises inventory management, reduces waste, and enhances efficiency across the value chain.
- **Public-Private Partnerships:** Collaboration between government agencies, research institutions, and private sector players fosters continuous improvement in fresh produce logistics and market access.

The Netherlands' model offers valuable insights for countries looking to enhance their fresh produce market infrastructure. Key lessons include the importance of investing in modern storage and transport facilities, leveraging technology for real-time monitoring, and fostering collaboration between stakeholders to achieve supply chain efficiency.

8.4. Case Study: India's Fresh Produce Sector – Success through Aggregation, Infrastructure, and Market Access

Background

India, one of the world's largest producers of fruits and vegetables, has made significant strides in strengthening its fresh produce sector. Despite challenges related to fragmentation, perishability, and market inefficiencies, several state-led and private initiatives have demonstrated success, particularly in empowering smallholder farmers and integrating them into profitable value chains.

Key Interventions and Success Factors

- **Farmer Producer Organisations (FPOs):**
The Government of India has supported the formation of over 10,000 FPOs, which aggregate smallholder farmers—including women—and improve their bargaining power. FPOs enable collective input procurement, shared infrastructure use (cold chains, packhouses), and direct market linkages with buyers, reducing reliance on intermediaries.

Example: In Maharashtra, the Sahyadri Farmers Producer Company Ltd. is a farmer-led FPO that exports grapes, mangoes, and tomatoes. It has created an integrated value chain with modern grading, packing, and cold storage, significantly boosting farmer incomes.

- **Public-Private Partnerships and ICT:**
Initiatives like e-NAM (National Agriculture Market) provide a unified national digital platform for transparent price discovery and real-time market access. This digital market access has benefited fresh produce growers by widening the buyer base and reducing exploitation.
- **Women's Empowerment Initiatives:**
The Kudumbashree program in Kerala, a women-led self-help group (SHG) network, engages in vegetable cultivation, marketing, and value addition. Women farmers are trained, financially supported, and connected to institutional markets (schools, hospitals), leading to improved livelihoods and social status.
- **Infrastructure and Cold Chain Development:**
Government schemes such as the Pradhan Mantri Kisan SAMPADA Yojana have invested in cold chains, mega food parks, and agro-processing clusters. These investments reduce post-harvest losses and enable producers to meet quality standards for both domestic and export markets.

Outcomes

- Increased farmer incomes (up to 30–50% for FPO-linked farmers)
- Improved access to finance, especially through collateral-free loans for SHGs
- Greater price realisation and reduced wastage due to infrastructure support
- Inclusion of women and marginalised communities in profitable segments of the value chain

Relevance for South Africa

India's experience demonstrates the importance of:

- Organising small producers, especially women, into cooperatives or FPOs
- Investing in rural infrastructure and market access technologies
- Supporting women farmers through targeted training, finance, and procurement schemes
- Policy coherence between agriculture, trade, and rural development sectors

By adopting similar inclusive strategies and leveraging South Africa's existing agricultural policies, the fresh produce sector can become more equitable and efficient.



9. Recommendations and Policy Options

- **Policy and Regulatory Reforms**
 - ✓ Recommendations for policy and regulatory reforms to address barriers to entry and promote inclusivity.
 - ✓ Streamline regulatory requirements related to land tenure, water rights, and food safety standards to make them more accessible and less burdensome for small-scale farmers.
- **Support for Emerging Farmers**
 - ✓ Recommendations for targeted support programs for emerging farmers, including access to finance, training, and market information.
 - ✓ Implement subsidy programs to reduce the cost of essential inputs for small-scale farmers. This would alleviate financial burdens and encourage increased production.
- **Infrastructure Development**
 - ✓ Recommendations for investing in infrastructure to improve market access and reduce post-harvest losses.
 - ✓ Allocate public funds for the development of rural infrastructure, including roads, storage facilities, and market spaces, to support the logistical needs of small-scale farmers.
- **Strengthening Competition Enforcement**
 - ✓ Recommendations for strengthening competition enforcement to address anti-competitive behaviour.
- **Promoting Fair Trading Practices**
 - ✓ Recommendations for promoting fair trading practices and protecting small-scale farmers from exploitation.
 - ✓ Develop policies that mandate the inclusion of small-scale farmers in formal retail supply chains. This could involve setting procurement targets for retailers to source a certain percentage of produce from historically disadvantaged farmers.
- **Civil Society Engagement**
 - ✓ Recommendations for enhancing civil society engagement in monitoring and advocating for a fair and inclusive fresh produce market.
 - ✓ Provide technical and financial assistance for the formation and operation of farmer cooperatives to enhance collective bargaining and resource sharing.

10. Conclusion

Transforming South Africa's fresh produce market requires a multifaceted approach that addresses structural barriers, promotes fair competition, and empowers small-scale black farmers. By implementing targeted policies and supporting civil society initiatives, the sector can become more inclusive, equitable, and resilient.

In conclusion, the issues surrounding price-fixing, collusion, and the abuse of dominant market positions present significant challenges to the integrity of the agricultural sector in South Africa. These practices not only inflate prices for consumers but also erode the financial viability of small-scale farmers, jeopardising their livelihoods and stifling innovation within the market. The resultant distortion of competition undermines the diverse ecosystem essential for a healthy agricultural landscape, ultimately affecting food security and consumer choices.

Moreover, the prevalence of unfair trading practices, such as delayed payments and exploitative contracts, exacerbates the vulnerabilities faced by smaller competitors and new entrants. This creates an uneven playing field where established players leverage their dominance to suppress competition, limit consumer options, and hinder the emergence of new ideas and products.

It is imperative for regulatory bodies, particularly the Competition Commission, to take a proactive stance in investigating and addressing these detrimental practices. By enforcing fair trading regulations and promoting transparency, authorities can help restore a balanced marketplace that supports both consumer interests and the sustainability of small producers. Ensuring fair competition is foundational not only for enhancing market dynamics but also for fostering a resilient agricultural sector that contributes positively to the economy and society as a whole. Ultimately, tackling these issues will pave the way for a more equitable and innovative agricultural landscape that benefits all stakeholders involved.



“By implementing targeted policies and supporting civil society initiatives, the sector can become more inclusive, equitable, and resilient.”

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Appendices

Appendix A: Relevant Legislation and Regulations

Before 1994	1994-2004	2004-2014	2014-2024
<ul style="list-style-type: none"> • Agricultural Product Standards Act 119 of 1990 	<ul style="list-style-type: none"> • Restitution of Land Rights Act 22 of 1994 • Marketing of Agricultural Products Act 47 of 1996 • White Paper on Agriculture (1995) • Extension of the Security of Tenure Act (1997) • Competition Act 89 of 1998 • Strategic Plan for South African Agriculture (2001) 	<ul style="list-style-type: none"> • National Water Resource Strategy (2000) • Comprehensive Agricultural Support Programme (2004) • Black Economic Empowerment Framework for Agriculture (AgriBEE), 2006 • Consumer Protection Act 68 of 2008 • National Development Plan (2012) • Agricultural Policy Action Plan (2013) • New Growth Path (2014) 	<ul style="list-style-type: none"> • Agriculture and Agro-processing Master Plan (2022)

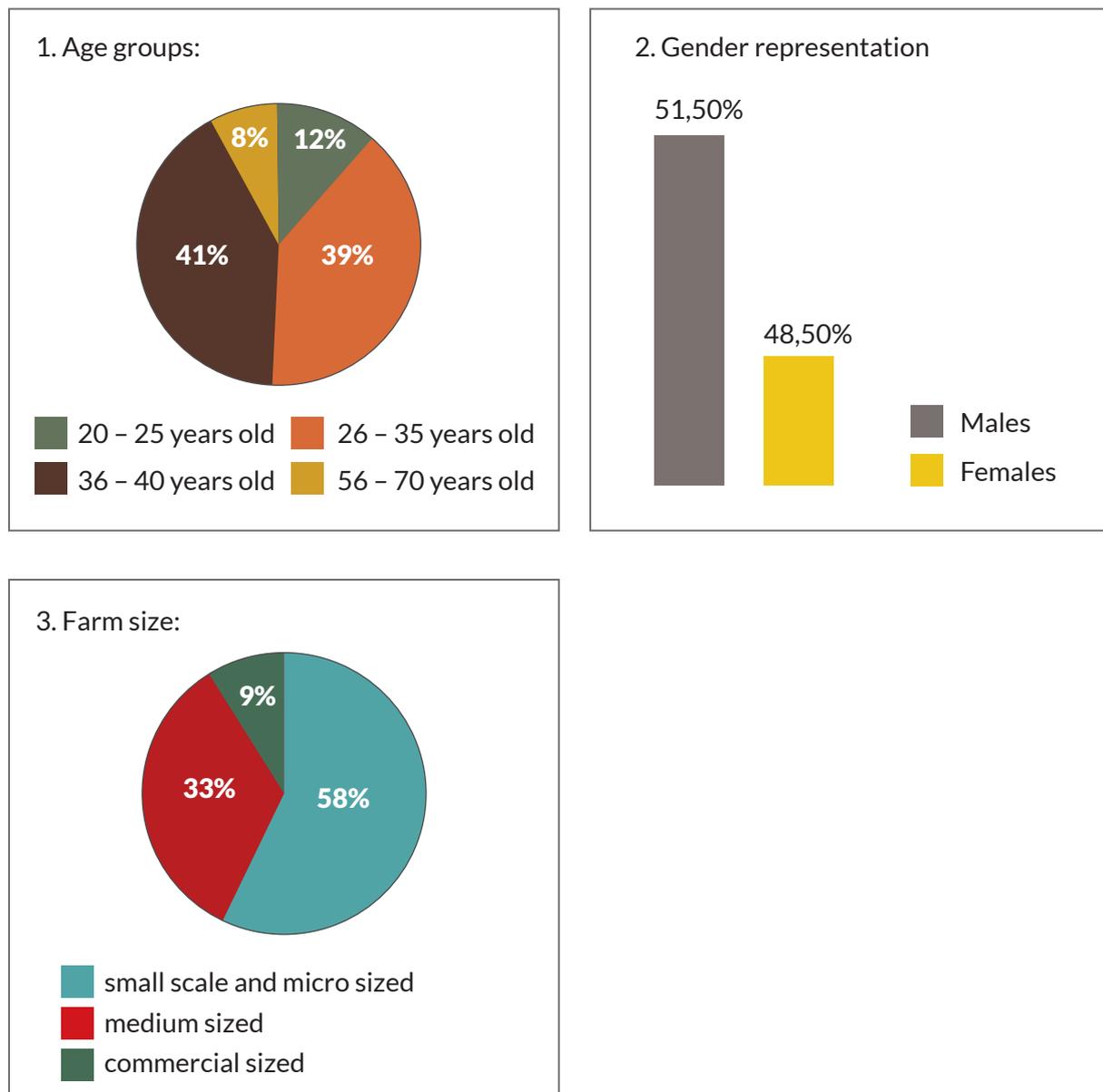
Appendix B: Sources of Data and Statistics on the Fresh Produce Sector

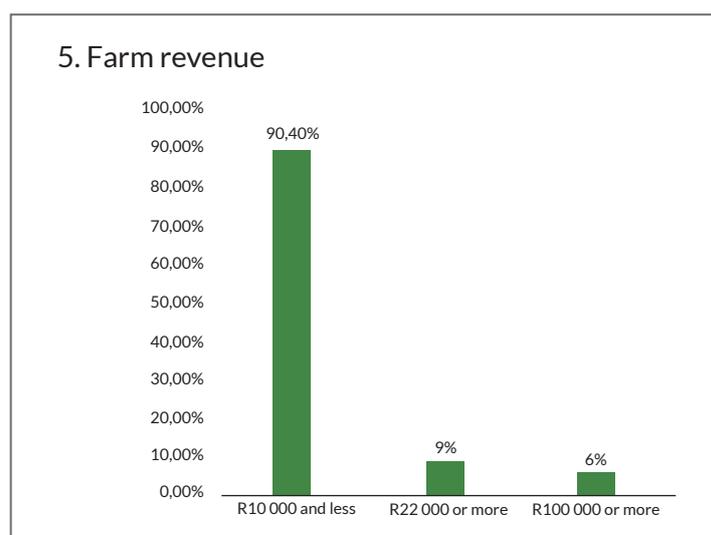
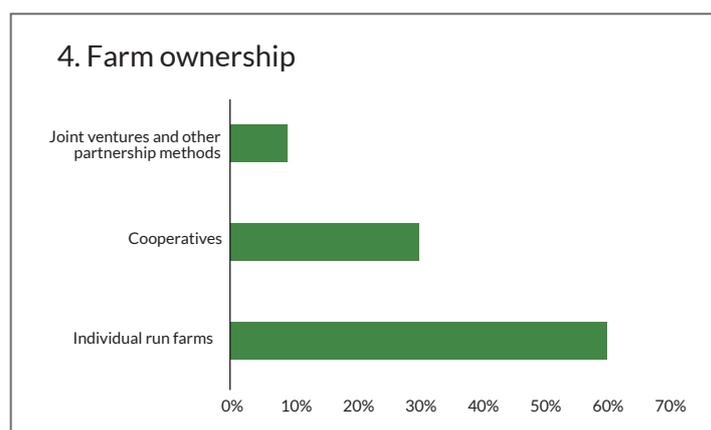
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Appendix C: Outcomes of Small-Scale and Emerging Farmers Workshop

Opportunities and Recommendations from KZN small-scale farmers

As part of the evidence-gathering process, KT engaged in a consultative workshop with largely small-scale farmers in KwaZulu-Natal who provided a wide range of insights, recommendations, and solutions based on their lived experiences within the sector. This stakeholder group was diverse and involved black-owned and/or controlled businesses, particularly by women, youth, persons with disabilities, and emerging MSMEs, who all contributed to a dynamic and informative discussion. The delegate's profile was summarised as:





The main findings from the workshop were grouped into two categories. The first category identified opportunities to enhance socio-economic development, policies, and financial services for all stakeholders, including small-scale farmers and historically disadvantaged individuals (HDIs), who have largely been marginalised. The second category included recommendations aimed at addressing and leveraging opportunities created by the information asymmetry faced by NFPM (Non-Food Product Market) traders, who often lack knowledge of the average market price of goods on the day of sale.

Table 6: Categories of findings from the Small-scale and Emerging Farmers Workshop

Category	Detail
Category I: Opportunities	An opportunity for all key NFPM stakeholders (community, government, , NGOs, CSOs, CBOs and FBOs) to work together to redesign, create and strengthen agricultural cooperatives for actors and specific small-scale farmers and HDIs to receive support throughout the agricultural value chain
	Bolstering supplier development support services further into policy. Leveraging co-operatives, creating centres of employment, business development and shared values
	Alignment of the political and legal environment to support the formation of Public Private Partnerships (PPPs) to co-own agriculture structures, i.e. FPM platforms, to assist in the facilitation of the route to market for small-scale farmers. Such PPPs can enable NFPMs to: <ul style="list-style-type: none"> • Play a pivotal role in price discovery • Make agents comply with fair market prices
	Room for the establishment and growth of emerging agents to challenge existing agents, to make pricing competitive for small-scale farmers and historically disadvantaged farmers

Category II: Recommendations	Establishment of a centralised agricultural body to play a regulatory role in the pricing of (certain) foods, comprising various stakeholders from the agricultural industry to: <ul style="list-style-type: none"> • Set up a PPP-based Fresh Produce Market to service small-scale farming communities and historically disadvantaged farmers in South Africa • Provide logistics and developmental support to community agricultural co-operatives • Through a membership, the body should look to provide some sort of insurance for its members <ul style="list-style-type: none"> ○ Farmers and growers may seek insurance coverage to protect their investment and ensure a stable income in the face of risks such as weather-related events, pests and diseases, transportation and handling issues, and market fluctuations. ○ The specific terms and conditions of fresh produce insurance policies can vary widely depending on the crop, region, and insurer. For example, an insurance policy may cover only damage caused by hail or frost, but not damage caused by insects or disease
	Create Agri-focused co-operatives in nearby communities, ensuring values alignment and shared valued economic activities
	The above body should be a statutory body with policy considerations governing its MOI and membership

Key trends and insights from Sector experts

Quantitative analysis from Sector Expert Interviews

Figure 6 illustrates how sector experts perceive the accessibility and efficiency of National Fresh Produce Markets (NFPMs). The findings indicate that the Fresh Produce Markets (FPMs) in metropolitan areas, particularly in Gauteng and the Western Cape provinces, are considered to be more efficient and accessible. Experts noted that the markets in Johannesburg, Tshwane, and Cape Town are accessible; however, they are primarily structured to benefit commercial farmers rather than promote transformation. Additionally, it was revealed that in regions with limited access to fresh produce markets due to distance, such as Mpumalanga, some retail groups in the private sector serve as alternative markets that are accessible to smallholder farmers in that area.

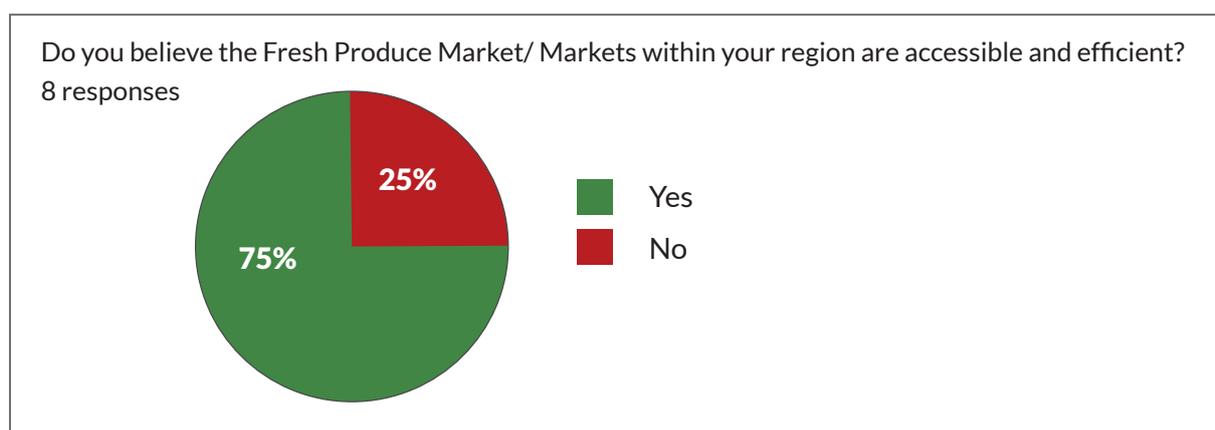


Figure 6: FPM Accessibility and Efficiency

The engagement with sector experts furthermore indicated that there are certain costs that small holder farmers have which affect their produce price when they go to market. The most common costs are as follows:

Table 7: Costs associated with trading at FPMs for small-scale farmers

Level	Area of cost	Details
Small scale farms	Fertiliser and chemicals	This has an impact on soil management and the eventual quality of produce
	Access to water	This includes water use rights and access to irrigation systems
	Feed	Especially for livestock farmers
	Fuel and/or electricity	Especially where there is post-farm gate value addition
	Labour	There is a need to build the capacity of farm owners and farmworkers
	Accreditation and cost of compliance	This relates especially to private sector markets, which have stringent requirements, particularly for individual smallholder farmers to meet as opposed to those with the support of associations or development support organisations
	Logistics	Getting the produce to market in time at a cost-effective rate

Qualitative analysis from Sector Expert Interviews

Engagements with sector experts identified challenges and opportunities, potential policy interventions, and trends seen globally or regionally (within the African continent) that can be adopted to the South African FPM environment. These are summarised in Table 6.

Table 8: Challenges and opportunities at NFPMs

Area	Challenges	Opportunities
NFPM Management Structures	<ul style="list-style-type: none"> Management structures of NFPMs are currently politically driven 	<ul style="list-style-type: none"> The management structures of NFPMs need to change to be driven more by the farmers
		<ul style="list-style-type: none"> Inclusion of the private sector and smallholder farmers in the management and boards of FPMs should be established and increased
Product Pricing	<ul style="list-style-type: none"> Product pricing is not transparent across the markets, and it is more beneficial for commercial farmers and market agents 	<ul style="list-style-type: none"> Global trends show FPMs are successful when the actual farmers are involved in how the FPM is managed and the pricing of their produce rather than relying upon third parties such as market agents
	<ul style="list-style-type: none"> Lack of communication with suppliers/farmers on what produce is in demand and what the current market prices are 	<ul style="list-style-type: none"> Small-scale farmers need capacity building, especially concerning pricing their produce
	<ul style="list-style-type: none"> Limited financial and logistics support for small-scale farmers, especially when it comes to supplying their produce to NFPMs 	

Recommendations from Sector Expert Interviews

Based on the above thematic areas identified and the analysis of the data collected from sector experts, the following key insights can be derived, as identified in Table 9.

Table 9: Sector expert recommendations for FPM transformation

Level	Recommendation	Details
Small-scale farms	Role of market agents	<ul style="list-style-type: none"> Market agents within the NFPM environment tend to play the role of gatekeepers and, as such, frustrate the transformation process Due to their expertise in the various commodities and seasonality thereof, an opportunity exists for market agents to actively contribute to the development of smallholder farmers, i.e. sharing product and commodity cycle information
	Management structure	<ul style="list-style-type: none"> Change in the management structures of NFPMs needs to be driven to involve the farmers at decision-making levels and policy development A potential policy approach is to categorise NFPMs and develop standards by which they need to operate. This would define an ideal model of how an FPM should look and how it is managed, including how smallholder farmers should be integrated
	Sustainability	<ul style="list-style-type: none"> NFPMs can adopt a system where they auction off fresh produce that is left over to reduce waste. This has been implemented locally in the Johannesburg Flower Market and FPMs in countries such as Taiwan
	Post-farm gate value-added services and support	<ul style="list-style-type: none"> Post-farm gate value addition needs to be enhanced. This would include factors such as processing, packaging, and logistics. As an example, flower farmers in Kenya have added packaging before exporting their flowers NFPMs need to provide more value-added services such as packaging and/or produce processing. As an example, Brazilian citrus farmers have found more benefit in juicing their produce rather than selling the raw fruit
	Towards transformation of FPMs for small-scale farmers	<ul style="list-style-type: none"> A potential policy approach is to categorise NFPMs and develop standards by which they need to operate. This would define an ideal model of how an FPM should look like and how it is managed including how small holder farmers should be integrated Farmers with similar produce need to collaborate and learn from each other to have more bargaining power in the markets A developmental approach ought to be taken to growing small holder farmers that supply into FPMs, where they can be scaled and collectively positioned for export markets and not only local FPMs Exploring the possibility of the government, in partnership with farmers, setting up decentralised distribution centres closer to where farmers are based. This would lower logistics costs and can also provide a 1-stop shop where farmers can access services. A further proposal was for this to be structured in the form of Special Economic Zones for smallholder farmers to access such services A potential trade policy approach is to limit the importing of high-value products from other countries, but rather to drive their localisation through local smallholder farmers. This has been implemented in some countries, such as Botswana, in the case of oranges, and other vegetables Transformation of the sector needs to be more robust. A targeted central farmer transformation fund that is consolidated from the various farmer support funds from public and private institutions should be considered. For example, a portion of the membership fees paid into Agriculture Associations goes to transformation activities, such as support for meeting market requirements and attending export trade fairs. Such funds can be centralised across associations and other institutions for more farmers to benefit from outcomes-based development activities



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