

<b>EMPLOYMENT CREATION FUND</b>
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**PROGRESS REPORT:  
ORGANIC CLUSTER FOR RURAL DEVELOPMENT  
November-January 2012  
Second AWP**

Prepared by:

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Prepared for: Employment Creation Fund

Date: 31 January 2012

## **Glossary of Terms**

**Objective:** Objective refers to what the project aims to achieve at various levels from the output up to the goal level. One can therefore refer to goal, purpose, component or output level objectives.

**Component:** A component of a project is a set of related activities and outputs which together contribute to the achievement of a project objective.

**Output:** The products and services which are directly undertaken by an agency or project and delivered to its clients, stakeholders or beneficiaries. Outputs are the tangible result of applying inputs and undertaking activities.

**Performance indicator:** An indicator is the unit of measurement or pointer that is used to monitor or evaluate the achievement of project objectives and outputs over time. Indicators can include specification of quantifiable targets and measures of quality. Indicators should be verifiable.

**Impact:** Impact generally refers to what the project has achieved at the objective level. It measures whether or not the statements of intention (objectives) have been achieved. It can also be measured by asking the question: *What difference has the project made?*

## 1. RESULTS ACHIEVED

This section presents an overview of the status of the implementation of activities.

Place	intervention	Hectors prepared	Employment		
			Field workers	security	Business Developer
Dichoeung	Magarola Coop	15 hectors	25	3	1
Elandskraal	Moepaseromo Coop	3 hectors	16	3	1
Phetwane	Phakamaseme Coop	2.5 hectors	15	3	1
Toitskraal	Training site	4 hectors	18	2	1
Morarela	Morarela Aganang Coop	3 hectors	6		
Dichoueng	Farm Factory establishing		9	3	0
Regae	Regae Coop	2 hectors	13		
SS Ntike consulting	Support office				8
Total			102	14	12

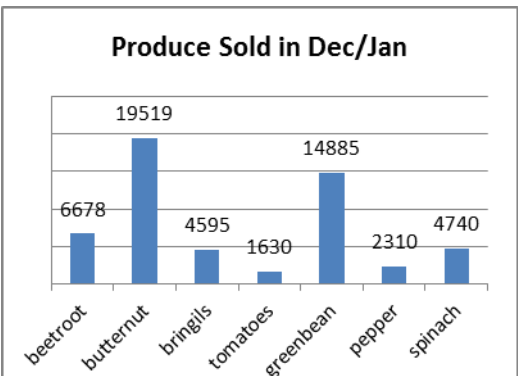
The above table depicts interventions at eight places, hectors ready for cultivation and also employment created. A total of **128** employees are currently working under the project. These entire jobs are permanent and sustained

### The markets supplied are both locally and nationally Main customers are:

1. Super Spar in Marble Hall
2. Pick 'n Pay in Marble hall
3. Goseame Open Market in Polokwane
4. Local retailers like Sehlehle and hawkers
5. School Feeding Scheme tender winners
6. Tshwane National Market in Pretoria and
7. Johannesburg Fresh Produce market.

The market prices are in line with the national fresh produce markets. We will only fetch the organic price once we are organically certified.

### Products Produced, Sold and Revenue

1. Beet root	<div><p><b>Produce Sold in Dec/Jan</b></p><table><thead><tr><th>Produce</th><th>Revenue</th></tr></thead><tbody><tr><td>beetroot</td><td>6678</td></tr><tr><td>butternut</td><td>19519</td></tr><tr><td>bringils</td><td>4595</td></tr><tr><td>tomatoes</td><td>1630</td></tr><tr><td>greenbean</td><td>14885</td></tr><tr><td>pepper</td><td>2310</td></tr><tr><td>spinach</td><td>4740</td></tr></tbody></table></div>	Produce	Revenue	beetroot	6678	butternut	19519	bringils	4595	tomatoes	1630	greenbean	14885	pepper	2310	spinach	4740
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2. Butternut																	
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4. Spinach																	
5. Green Beans																	
6. Pepper																	
7. Bringils (egg plant)																	
8. Carrots																	
A total revenue derived currently is R55 000.00 A total of 25 Tons is produced already																	

## **2.1 Current Activities**

The current status of activities included in this quarter of the second Annual Work Plan is as given in the table below:

**Objective:** Introduce 10 organic farm businesses that will be trained by Agricultural extension officers in three years within the Ephraim Mogale Local municipality. The emerging farmers will be linked to commercial farmers with secured market. The nursery and compost manufacturing plant will supply more than 10 farmers with seedlings and compost

<b>Activities</b>	<b>Anticipated output</b>	<b>Progress to date</b>	<b>Action pending</b>
Expand , maintain and train cooperatives	Systems in cooperatives working	On going	
Start 2 new small scale farming	Land preparation started	Sites inspected	
Technical and business management Training of small scale farmers	Acceptable record keeping for management of the farms	On going	
Identifying learners to join the small scale farming learnership	A class of 20 learners started	Learners are identified in villages and surrounding where organic farming is occurring i.e. cooperatives	
Boreholes: Equipping and drilling and testing water quality and quantity	Sufficient water for irrigating	Boreholes are drilled and waiting to be equipped.	
Producing vegetables for the market	Produce correct quantity and quality for the market	Markets supplied with: Butternut, green beans, carrots,lettuce, Sweet Pepper (green, yellow and red),brigils, and beetroot	
Quality management System	Approved in Organic	Document nearly completed and awaiting to be forwarded to organic certifiers	

*Note: Repeat this table if project has more than one objective or component*

### **2.3 Results achieved**

Results of Activities since the inception of the First AWP are summarized in the table below.

#### **Objective:**

<b>Activities</b>	<b>Target Performance Indicators</b>	<b>Actual Performance Indicators to date</b>	<b>Comment on variance</b>
1) Set Project Management Team and systems in place	<ul style="list-style-type: none"> <li>• Administrative team</li> <li>• Technical team</li> <li>• Management team</li> <li>• Project Management System</li> </ul>	100% completed	No variance
<ul style="list-style-type: none"> <li>• Ensure that Agricultural College has organic programme to train the extension officers.</li> </ul>	Train agricultural extension officers in our programme	On going: The department of Agriculture's extension were trained in organic by experts The department of Agriculture has appointed a personnel who is dedicated to Organic Production	No variation in content The programme will be hosted by department of agriculture directly since the college handles only programmes run by full time staff.
<ul style="list-style-type: none"> <li>• Linking the commercial farmers to small scale farmers on the organic farming.</li> </ul>	Link small scale farmers to commercial farmers	On going. Each farm has full time qualified farmer to train and mentor the farm workers. Projects are linked to qualified farmer and not commercial farmer	No variations in content Local farmers were not conversant in organic farming and hence personnel trained in-house
<ul style="list-style-type: none"> <li>• Identify and mobilise rural farmers to enter organic farming</li> </ul>	Identify and mobilise 10 rural farmer small scale for entry into organic	80% success rate and ongoing: Identified 10 rural farmer organizations and 7 are in the programme	No variance

Activities	Target Performance Indicators	Actual Performance Indicators to date	Comment on variance
	cluster		
<ul style="list-style-type: none"> <li>Train the local rural farmers in organic Farming</li> </ul>	Training programme	100% of farmers in the programme are trained.	
<ul style="list-style-type: none"> <li>Produce crops like potatoes, Butter nuts, egg plant, carrots, lettuce, tomatoes, and other high value crops like chillies.</li> </ul>	Crops planted	Crops planted are: Green beans, lettuce, egg plant, carrots, beetroot, carrots	No variance
<ul style="list-style-type: none"> <li>Build Nursery and compost plant to support local farmers.</li> </ul>	One Nursery and one compost plant	All six site have compost site and one nursery at the training site.	
<ul style="list-style-type: none"> <li>Secure organic markets like at Pick 'n pay and Woolworths with the take-off agreements</li> </ul>	Secured markets.	<p><b>Ongoing.</b> The pick n pay and the Woolworths need the project to be certified prior to secured contact. Certification process started and first inspections are to be done in 2012.</p> <p>The delay is due to poor record keeping from the small scale farmers.</p> <p>The QMS called internal control system for small scale farmer is developed and practiced</p> <p>Only the pick 'n pay in Marble hall did not require any sort of certification, however, they did a farm visit</p> <p>National Produce market (Tshwane and Johannesburg) are supplied weekly with our produce, however, distribution cost are a limiting factor</p>	No Variance. Produce sold at normal price and until the certification is acquired.
Formulate the organic farmer group which includes suppliers, markets, certifiers, Gov and pilots to be promoted by economic cluster departments	One group of organic participants to be formed	Still mobilizing members that would qualify for the membership	NO variance

Activities	Target Performance Indicators	Actual Performance Indicators to date	Comment on variance
•			
Maintenance of Small Scale Farm - Producers	Transfer of Assets maintenance and up keeping of Producer site	Assets are used for ploughing, distributing produce and building sites Assets are going to be transferred once all ten coops are registered	No variance
Training and learning of small scale producer members			

*Note: Repeat this table if project has more than one objective or component*

## 2.3 Planned future activities

It is anticipated that the following key activities will be undertaken during the following quarter covering the period.

### **Objective:**

<b>Activities</b>	<b>Expected Output</b>	<b>Target Performance Indicators</b>	<b>Resource Requirements</b>
Register a cooperative to support other primary coops once we closed for new cooperative in the programme	Cooperative to give support services to other primary cooperatives	One organization to Manage business activities in the cluster	Existing cooperative and the Project Management company
Organic certification	Organic under conversion	Inspection will be done before July 2012	Increase project management team size and ICS to be completed
Start with 3 small scale Farmers	Start these sites before April 2012	Cultivate 10 hectares from these sites	Funds for Electricity, permanent structures boreholes and fencing
Establish central compost processing plant	Screened and unscreened compost produced	500 cubic meter of compost processed	Design and implement screening plant. Consultant and manufacturing company.
Database for organic stakeholders	Directory for organic stakeholders	Electronic distribution of the organic stakeholders	Temporary employees to gather information.
Packhouse	Compliant packhouse	One packhouse to cut & dice and package the produce	Plumbing, ceiling, three phase electrification and cut& dice equipment

*Note: Repeat this table if project has more than one objective or component*



### **3 PERFORMANCE, CHALLENGES AND PROPOSED SOLUTIONS**

#### **3.1 Overall performance against objectives**

The Establishment of organic cluster for rural development is running well.

1. Project Team is constituted in terms of Administration, Technical and management teams
2. Seven of the ten small scale farmers sites are in production.
3. The Produce quality has been well received by the market, however, produce is sold at non organic price since we are not yet certificated.
4. Nursery and compost plant are running fairly well
5. Organic training has been conducted in these farms ( both in class and at farms)
6. Business Management courses have been conducted and beneficiaries have improved record keeping
7. Internal Control System has been drafted as quality management system in contribution towards being organically certified.
8. We registered the farms to be able to sell to national Fresh Produce market
9. The learnership preparations have started but will be in place once the funds are transferred.
10. Each farm has dedicated personnel for technical training
11. Shared equipment pool (tractors, ploughs, compost turner) is coping to deal help farmers. however, maintenance of tractors and boreholes suggests high costs and a need to reduce this cost.
12. We enjoy the non-financial support from department Agriculture, SEDA and Limpopo Business support agency

#### **3.2 Overall performance against indicators**

The interventions will need boreholes, electricity and fence to be installed. A further total of **32** employment opportunities will be created. By the end of the project we should have 160 jobs created in cooperatives, emerging farmers and supporting institution like the secondary cooperative.

The total hectors to be covered at the time will be amounting to approximately 150 hectors cultivated in crops.

#### **3.3 Challenges and Proposed Solutions**

	<b>Challenge</b>	<b>Proposed Solution</b>
Regae Cooperative	Water is drilled and land prepared. The beneficiaries (13 off) are registering a cooperative and activities have started, however, we have not committed to adopt these beneficiaries until the funder has transferred the fund.	Transfer of funds
Bareki Cooperative	No water for irrigating found in the area. Electricity will be available from Eskom in 2013. Consequently, no project will occur at Bareki	We will create another coops in existing areas
Other cooperatives	High demand for more organic intervention	Lack of funds to increase cooperatives
Moepaseromo Cooperative	Water has high total dissolved Solid (TDS) and water not acceptable. TDS greater than	We will try another borehole within the

at Elandskraal	9000 and acceptable limits are 2300 TDS	area as a new source of water The Sekhukhune District Municipality indicated that they will build the canal to supply the cooperatives with water for irrigation.
	Eskom power failure poses serious challenges during the period of November to December which is due to poor power lines in the area	Standby power generators are used.
	Projects sites need to be completed with permanent proper buildings for hygienic purposes as a requirement that producers must adhere to.	Transfer funds

#### 4. Financial Reporting

	Sept	Oct	Nov	Dec	Jan	Feb	Mar
<b>Expenditure Projections</b>	R 999 000	R 999 000.00	R 999 000.00	R 00.00	R 999 000	R 1 135 000	
<b>Actual Expenditure</b>	R 1,088,510.26	R 855,903.00	R 1 368 631.55	R 541 283.04	R 517 316.11		
<b>Variances</b>	R -89,510.26	R +143,097.00	<b>R -369 631.55</b>	<b>R -541 283.04</b>	<b>R481 683.89</b>		
<b>CAPEX</b>	R 234572.14	R 277,563.35	R 229 970.61	R 201 508.40	R 140 919.60		
<b>OPEX</b>	<b>R 853,938.12</b>	<b>R 578,339.65</b>	R 1 138 660.94	R 339 774.64	R 376 396.51		

If there are variances, reasons and corrective measures must be given.