

HALF YEARLY REPORT OF THE ACTIVITIES OF THE TRANSFORMATION PROGRAMME (2006)

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1. INTRODUCTION

The 2006/ 2007 financial began in earnest in July after the Board of Directors and the Potato Industry Development Trust approved the budget for projects. Most of the budget in the current financial year will be spent on the transfer of basic skills on potato production. It is important to note that the need to address the basics with regard to small scale production is of paramount importance as we create a platform from which they can develop further. The skills transfer has been done through practical demonstration which takes place in the form of trials.

In future though there will be endeavours to inculcate the new ways of skills development interventions such as learnerships, skills programmes, internships, ABET, etc. Already the internship programme has been started in both Bloemfontein and Sandveld. In Bloemfontein Potatoes South Africa (PSA) has entered into strategic partnerships with Glen Agricultural College and AgriSETA to break new ground in terms of creating opportunities for the exceptional students at Glen. In Sandveld a similar exercise has been undertaken by PSA and SAND, where an Intern will work closely with the manager of SAND to take farmers in that area to another level in terms of development, skill acquisition and market development.

The Black Economic Empowerment (BEE) drive in the industry has also gained some momentum in the last couple of months to a point where we have initiated a baseline study of the industry that will give an objective analysis of the current status and activities undertaken by the commercial potato farmers. The study will also make recommendations on actions that need to be taken by the industry in future to close the gaps to ensure a win-win situation in the value chain. The BEE phenomenon, which aims to empower Black people economically in all economic sectors, will in future become one of the major focus areas when we move towards the adoption of the AgriBEE charter.

The last few months have also seen the emergence of what we call “New Commercial farmers” or emerging farmers. These are farmers who will or already have access to farms in high production areas and will speedily want to enter the mainstream of commercial production. Some of them have not started to produce yet but they will in the near future, while others have started with production.

2. RESEARCH AND DEVELOPMENT

The cultivar trials and in some instances the demonstration trials are being used to good effect to transfer knowledge through experiential training to mostly the small scale farmers. Projects such as these are used to practically demonstrate the production practices and at the same time to determine the best performing cultivar for the locals to use. In most areas where statistical data has already been analysed in the Eastern and North Eastern Cape, there are clear indications of the dominance of the cultivar Mnandi in terms of yield under dry land and irrigation conditions. To date there has been 12 trials planted in different areas across the country. Some trials will be planted in the new year when the planting season in other areas starts.

3. SOUTH WESTERN, WESTERN, EASTERN FREE STATE, NORTHERN CAPE AND NORTH WEST
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3.1 Sandvet (EF0101)

The planting time for Sandvet irrigation scheme will take place early next year when the planting season starts.

3.2 Glen Agricultural College (EF0201)

The planting time for Glen Agricultural college trials will take place early next year when the planting season starts. The partnership between PSA and Glen Agricultural College has been taken to another level with the introduction of the internship programme. There are two students currently employed through the internship programme with the intention of developing them to add value to the potato industry. They are will be involved in the following aspects of the industry:

- Seed production and certification
- Laboratory services- testing plants for diseases and viruses
- Potato project planning and planting
- Managing trials and many others functions
- After completion, the students will either seek employment in the industry or start their own businesses as producers. There are negotiations currently underway to utilise some of the 4000 ha land of Glen for new venture creation.
- In terms of the approach, students who have successfully completed the internship programme will be allocated land to start producing for 2- 3 years under the mentorship of PSA and Glen.

There will also be initiatives put in place to enable them to acquire their own farms where they can grow.

3.3 Oppermans' Ground (EF0203)

The Oppermans' ground project has not started as expected because the Department of Agriculture has not provided the finances for infrastructure development as originally agreed. This has led to delays in the start of the project. *As a result of the under spending on this project, the Emerging Farmer Development committee recommended that the available funds should be reallocated to the BEE baseline study project. See attached committee recommendations for more details.*

3.4 Zastron trial & Qwaqwa (Maluti) trial (EF0202)

There are two demonstration trials currently planted at Zastron and Qwaqwa. The Zastron trial also saw the involvement of the two Interns on the practical planting and management of the trial, under supervision of Attie Van Den Berg.

4. EASTERN CAPE, NORTH EASTERN CAPE AND KWAZULU-NATAL REGIONAL MANAGER: LOUIS PRETORIUS REGIONAL OFFICER: JOSEPH SOSIBO OFFICE: PORT ELIZABETH CONTACT DETAILS: 041 379 1572

In an endeavour to reach out to the small scale farmers in KwaZulu Natal and the whole of the Eastern Cape, we established structures that will organise potato farmers in different production areas. This structures or committees are meant to ensure that farmers have access to technical information, business linkages, receive support from the government departments and local municipalities. Two committee meetings have already been held in Bisho and Uitenhage in an endeavour to introduce the small scale farmers to the potato system and focused on the three core functions of the business. The planning for the current financial year in the area includes the planting of three trials in Hankey, Tsolo and Kokstad.

4.1 EASTERN AND NORTH EASTERN CAPE

4.1.1 Hankey trial (EF 0401)

The Hankey trial is going to involve both commercial small scale farmers in the area and will be planted early next year.

4.1.2 Tsolo trial (EF1101)

The Tsolo trial has already been planted. This trial is now in its second season and it sees the partnership between PSA and Tsolo Rural and Agricultural Development growing. In terms of the partnership Tsolo avails land and resources such as tractors, irrigation systems and human resources. PSA will on the other hand use the resources to develop farmers in the area through cultivar trials. The exercise has been done to great effect and the presence of a lot of small scale farmers during planting and information days indicates the interest that the potato farmers have on acquiring knowledge.

4.1.3 Willowvale and Engcobo trials

There were two other trials planted in Willowvale as well as in Engcobo. These two trials were originally not planned and budgeted for, however the need from ground level for such information transfer was huge. This led us to plan and plant trials in these two areas. The Willowvale trial was just a demonstration to the local farmers about the basics of potato production.

4.1.4 Market access

The question of market access has to a large extent been addressed through the shift in the mindset of the small scale farmers. The production a good quality product is the key to being competitive in the marketing environment and has played a role in ensuring that the consumers buy your product. PSA has played an important role in that regard by giving farmers the right training and information. Once that is done farmers have to now market their potatoes at a profit. Farmers have realised that they have access to the market right at their door step. They can become competitive by producing good quality crop and selling it to the local communities. This exercise will ensure that they reduce marketing costs such as transport to far away markets. Once they start producing high volumes of potatoes, they can then begin to service the fresh produce markets and they get introduced to the formal marketing world. The above scenario has been well orchestrated by a farmer called Nick Mnukwana in the Ugie area in the North Eastern Cape. He started potato production in 2003 after acquiring a farm through the LRAD programme. He acquired basic implements for production and started producing 2 ha potatoes. His quality was not great in the beginning but through persistence and attending trials and information days, he learned quickly and had now planted 6 ha.

The quality of his yield was good and he started sending some of his produce to the Kei (Mthatha) fresh produce market. Although he could not fetch the same price as the washed potatoes, his unwashed potatoes were quiet competitive and the demand was high. Farmers such as Nick are using the marketing system and environment to his advantage and will certainly grow from there.

4.1.5 Partnerships

Strategic partnerships have been formed with local authorities with regard to their support and engagement with the development of the farmers. In the North Eastern Cape partnerships have been formed with ORTAFSA, a farmer association representing NAFU in the OR Tambo district. ORTAFSA have established a subsidiary association, Potato Producers' Association, with the aim of organising potato farmers in the area and making sure that they receive support that is necessary for their development and together with PSA forming a potato committee.

4.1.6 The Eastern Cape project

The "Eastern Cape potato project" was initially a joint project of PSA and the National Department of Agriculture (NDA) in 2002, whereby a project would be set up in an identified area and develops 30 farmers to plant potatoes in a co-operative system. The identified area was Mqanduli next to Mthatha because it had good soils and a river running through. However the project never got off the ground because the funding was not forthcoming from the NDA. The funding can now be made available, but the people in the area are not "right" to start a project of such magnitude. It was then recommended by the committee that the approach to the project should be revisited. In a meeting held in Mthatha with various stakeholders it was decided to form a steering committee that will revive the project and look at different and productive ways in which that funding can be utilised. A steering committee comprising of PSA, Department of Agriculture (Mthatha), Potato Producers' Association, Kei Fresh Produce Market, LIMA, ORTAFSA and OR Tambo District Municipality was set up. The steering committee met and discussed the frame work for the new approach and made the following recommendations:

- The Kei fresh produce market should be used as a centre of business that will cover and service potato farmers within a radius of 100 km from the market.
- A value adding section has to be established at the market which will provide services such as washing, packing, and bulk breaking facility.
- Provision of inputs, implements scheme in a cooperative model
- A financial business plan has to be developed on the new approach and recommendations will then be made to the committee and the NDA.

4.1.7 Certified Seed scheme

Potatoes Africa cc, made up of Directors Gavin Hill and Chris Dwen, as well as Potatoes South Africa, represented by Louis Pretorius and Joseph Sosibo, have over the years held numerous farmers days in Kokstad, Mthatha, Mount Aylif, Flagstaff and Lusikisiki promoting the concept of successful potato production. These farmers' days have been targeted for the small scale and emerging farmers of which Potatoes Africa have been involved for the past ten years.

It has been through the variety Mnandi which was bred by the ARC at Roodeplaat, that there is a keen interest in potato production within this region as this variety has been able to produce a viable yield under low input conditions and has a good resistance to Late Blight and has a good drought tolerance. Unfortunately four to five years ago unscrupulous traders and commercial farmers started selling large quantities of these varieties as uncertified seed to emerging farmers of which the variety purity and the disease states of the seed are unknown.

It was therefore through the intervention of Potatoes South Africa, who is the principal licence holders of Mnandi variety that legal action was taken against illegal trading in Mnandi plant material. It was then decided by Potatoes South Africa to sell a sublicense to Rayshelf 7 cc, which was made up of all certified seed producers of Mnandi seed at the time, namely Chris Dwen, Gavin Hill, Rupert Craig, Nikky Williamson, Andrew Gilson, Rob Geldart and Dave Forde.

Potatoes Africa has supplied plant material for variety trials in all the production regions of the Eastern Cape and some of these trials were carried out by Potatoes South Africa. The result is that Mnandi has performed well under these conditions and is now the variety of choice. Great emphasis has been placed on:

- Planting only certified seed
- The need to order early
- To organise a collection and distribution centre for the seed potatoes
- For the farmers to collectively purchase their requirement therefore saving on fertilizer and seed costs.

For two years now Potatoes Africa has been distributing the variety Mnandi through J Frances & Sons agency at the Mthatha Market and has built a close relationship with NAFU which is represented by O R Tambo Farmers' Association. It is through these structures, as well as LIMA and the Department of Agriculture that the importance of using certified potato seed has been made.

Chris Dwen, who is Chairman of Rayshelf cc, is encouraged by the commitment that Rayshelf members have shown in distributing and producing a quality product which continues to grow in demand from the small scale and emerging farmers as well as assistance that Potatoes South Africa has given in promoting potato production. (The above extract has been taken verbatim from an article on CHIPS magazine)

4.2 KWAZULU-NATAL

There are seven trials that have already been planted in KwaZulu-Natal. All the trials in this area have been outsourced due to the lack of capacity to carry out such an exercise. The original budgeted amounts have been negotiated down and this has released some of the money for the new project.

4.2.1 Manguzi, Empangeni and Port Shepstone trials (EF0503, EF0501, EF0507)

Three trials were planted in coastal areas of Manguzi (Makhatini flats), Empangeni and Port Shepstone. The three are already at maturity level and the results and reports will be available soon.

4.2.2 Ladysmith, Wartburg, Newcastle and Ixopo trials (EF0504, EF0506, EF0505, EF0502)

The other four trials were planted in the latter stages of the year in Ladysmith, Wartburg, Newcastle and Ixopo. It must be mentioned at this stage that the selection of areas was influenced by the fact that we had embarked on a road show earlier in the year and established committees that also serve as study groups in these areas. So the transfer of technology is following up on the committees that are already established.

4.2.3 Late Blight Forecasting feasibility study

Ixopo, in KwaZulu Natal, has been selected as an area that will pilot the Late Blight Forecasting feasibility study. The study has been initiated by Dacom, a Holland based company, and their South African partners the Agricultural Research Council (ARC) Roodeplaat. The involvement of PSA at this stage has been limited to providing the project custodians with access to small scale farmers for the study. A weather station has already been set up in the designated area and a group of 10 potato farmers have already been identified to that effect. The other advantage for those farmers is that they have an already established relationship with a commercial farmer nearby who also acts as their mentor and he will also become part of the feasibility study.

4.2.4 New Commercial farmer

In the Vryheid area of KwaZulu-Natal Nkosi Zondo has emerged as a potato farmer with lots of potential. He had planted 20 ha of potatoes under irrigation and needed assistance regarding the grading of his potatoes. Louis Pretorius provided a lecture to his employees on marketing aspects and specifically zoomed into grading. Such a lecture provided his employees with a very good background on the quality aspects and what the Prokon inspection services does to ensure that the quality of potatoes are well classed. Further training is needed to ensure continuity and to focus on other aspects of marketing.

**5. WESTERN CAPE
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5.1 Ceres (EF1201)

A meeting was held with Koue Bokkeveld Opleiding Sentrum (KBOS) with regard to the learning material for potato production, but also to structure skills development initiatives in the area. It was decided that the Ceres office of PSA and KBOS will facilitate with the potato farmers to start learnership and skills programmes shortly.

5.2 Philippi market

Following the meeting we had with the market manager in October 2006, the following recommendations were made:

- Potatoes South Africa (PSA) will support the value adding service component of the market that is aimed at establishing washing and packing facilities for small scale and emerging farmers
- PSA will support the development of small scale and emerging potato farmers in the area. Such development will to a large extent depend on the detailed information supplied by the market on the business plan, such as the database of the farmers, the hectares that is available, availability of water, etc. The initiative will then be driven further from that point by PSA through the already existing “Emerging Farmer Development Programme”.
- PSA will support all initiatives that will drive the marketing of potatoes through the APAC registered market agency at Philippi market. The produce will be sourced from commercial farmers and such initiatives will be driven by PSA through the already existing structures.
- All the above initiatives will need to be driven by the management of the Philippi market. Such a drive will involve the development of business plans for all components of the market and give PSA detailed information of the anticipated support that the market expects from us. In some instances as governed by law, PSA might not be able to support initiatives financially, but can link such projects with the relevant stakeholders for their support.

5.3 SAND (EF0801, EF0802)

A trial has already been planted at SAND and the information day will be held on 30th November 2006. The 2 farmers who attended a course and passed have now been taken to the next step, which involves leasing plot next to SAND for them to produce potatoes under the mentorship of the SAND manager and an Intern who has been employed specifically to assist the SAND manager with

small scale farmer projects and other management matters. The second phase of the two year training programme is currently underway with 24 farmers enrolled for the course. There are currently negotiations going on with the Department of Agriculture and Land affairs in the Western Cape, SAND and PSA to start a development project. The project will involve the Department purchasing a farm and SAND the PSA providing infrastructure for the “student” farmers who pass the course to start farming there under the mentorship of the SAND management for two – three years and then they can go on to farm on their own.

5.4 Market agents

5.4.1 George

The market agency under Mr. Simons is growing following the linking up of the agency with two producers in that production region.

5.4.2 Cape Town

The Fine Bros market agency at the Cape Town market has sold 26% of its shares to Cathy Mrubata-Doumbia in a BEE transaction that saw her been elevated to a position of Chairperson. Her portfolio includes being responsible for fresh produce exports into Africa as well as enhancing local distribution channels. She is currently involved in a project of distributing fresh produce especially potatoes to government institutions, early learning centres, old age homes, schools and informal traders. At schools she will also organise cooking potato competitions and awareness campaigns to increase the consumption of potatoes in townships. In November there are plans to take commercial farmers on a bus tour to a township where this initiatives are taking place to show them where their produce end up and the potential that is out there. Both the marketing and the Emerging Farmer Development departments will look at this project as a future initiative that will benefit the industry

6. MEDIA

- Regular article are published on CHIPS magazine under *Emerging Sector* section to give the industry an update on what is happening within that division in the business.
- The website is now recently been used to great effect to communicate to the industry and the general public. There has been a lot of requests and feedback from the website from potential farmers, students and even people from as far a field as Botswana wanting to know more.

- The other production information is published on *NUFARMER & AFRICAN ENTREPRENEUR* which is a monthly publication that is read throughout the country.
- PSA got further media exposure through television when Diale Mokgojwa was invited to do an interview for Ulimo pertaining to the *Emerging Farmer Development Programme*. Further exposure to the industry happened on the 25 minute long programme, *Living Land episode 26 on SABC2*, about the whole potato industry featuring all aspects of the business.
- The weekly radio slots allocated to Joseph Sosibo, the regional officer for small scale farmers in KwaZulu-Natal and Eastern Cape have access to important production information from Ukhozi FM

7. LEARNING MATERIAL DEVELOPMENT & SKILLS DEVELOPMENT

A learning material committee was established with the aim of writing potato specific learning material that will look at the following aspects:

- Training of employees by commercial farmers for efficiency and effectiveness at farm level.
- Training of small scale producers on potato production in South Africa

The process of writing potato specific learning material for specific unit standards is underway and the first stage will involve the development of NQF level 1 and thereafter will look at NQF level 2- 4. Much in-depth information regarding skills development is already published on CHIPS magazine and will also be available on the website soon.

8. BEE BASE LINE STUDY

The need to conduct a preliminary BEE baseline study on commercial potato farmers across the country was discussed and proposed at the Director's meeting in June 2007. It came about as results of transformation goals and targets that were discussed and agreed at the meeting. The exercise will entail outsourcing the function to an external, suitable consultant to conduct an exercise that will give the industry objective analysis and recommendations. Three institutions were asked to submit proposal and make presentations to the Emerging Farmer Development Programme Committee executive. The committee made the following recommendations:

- The proposal of Empowerment Services as presented by Mr William Janisch be accepted and he will present his methodology to the Board of Directors meeting on 14 November 2006; and
- The Board of Directors and The Potato Industry Development Trust approve the reallocation of funds from some projects to the new project.

8.2 TIMELINES

It is envisaged that after approval, the project will commence in mid-January until the first week of April 2007 when the final report will be submitted.