Department of Rural Development & Land Reform

Rural Development Plans for the Eastern Cape Province and the Identified District Municipalities within the Province

Alfred Nzo District Municipality

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CHAPTER 1 : INTRODUCTION

1.1 Background

The Implementation Plan seeks to formulate and present a strategic approach towards achieving rural development within the province by considering appropriate overarching rural development objectives at a national and provincial level, and formulating these into a refined and consolidated Provincial Rural Development Plan. The objectives rural sector objectives consider spatial, social and economic characteristics of the province in determining the key priorities and interventions required to achieve the Province’s over rural development vision.

The methodology of this section, within Figure 1, is based on the National Guidelines for Rural Development Plans. The Implementation plan is the fourth of seven steps towards the formulation of the Eastern Cape Rural Development Plan.

Figure 1: Implementation Plan Methodology
1.2 Rural Development Plan Vision

WORK IN PROGRESS
CHAPTER 2: RURAL DEVELOPMENT PROCESS

The process plan or strategic approach presented within figure 2 below, outlines how the consolidated rural development objectives of the Province are framed in order to inform the overarching development pillars of the rural development plan. There is a symbiotic relationship between the pillars in realising the development vision. Developmental objectives, identified via the Guidelines for Rural Development, consolidate into four main pillars, with interlinkages creating dependency of each pillar on the others. These pillars are unpacked further in Section 5. The identification of the pillars allows for the identification of suitable projects and programmes that will lead into the Implementation Plan (Section 6).

Figure 2: Vision
CHAPTER 3 : IDENTIFIED KEY DEVELOPMENT OBJECTIVES

The National Rural Development Guidelines document identifies 13 key objectives for any rural development plan to focus on. These objectives, presented below, identify 13 industries, sectors and stakeholders that are relevant to the rural sphere, on a national level, that require objective identification and implementation. Due to the high-level focus of the document, particularly on the country as a whole, not all of these identified sectors are of strategic importance to every province, with the Eastern Cape no exception. The following section will discuss and identify the relevant objectives for Eastern Cape Rural Development, based off the sourced Guidelines key development objectives.

3.1 Development Objective 1: Environment

The Eastern Cape Province is rich in biodiversity, with eight of nine of the South African biomes found in the province, including twenty-eight distinct vegetation types. It also incorporates five centres of endemism, or unique ecological habitats. The largest of these, the Albany Centre of Endemism, extends for almost nine million hectares across the province. Because centres of endemism area believed to be so unique, their conservation is considered a particularly high priority.

The Province is surrounded by a largely unspoiled coastline stretching over 800 kilometres and replete with potential for tourism as well as an under-tapped marine economy in the form of natural marine resources and a maritime trade that can yield significant returns to the regional economy.

The Eastern Cape is a region with high water potential. All three of the water management areas in the Eastern Cape – Upper Orange, Fish to Tsitsikamma and Mzimvubu to Keiskamma – show projected positive balances in 2025. This represents a significant advantage for the Eastern Cape in a world of growing population and growing freshwater scarcity, and in a water-scarce country such as South Africa. This abundance of water has the potential for unleashing multi-faceted developments in agriculture, energy, the rural economy and other economic endeavour.

3.2 Development Objective 2: Nodal and Human Settlement Structure

The settlement pattern in approximately half of the Province is a result of spatial and land use management decisions that were imposed upon the (largely pastoral) land use practices of indigenous communities. This resulted in the creation of a network of settlements which achieved different levels of urbanisation ranging from rural villages to towns, which:

- The administrative centres in the eastern portion of the Province were usually founded on the basis of the need for administration and bore little relation to associated economic activities beyond a limited commercial and service function. Consequently, there developed a poor functional relationship between these towns and their hinterlands.
- In the western and the central portion of the Province, developed as agricultural service centres to support the predominantly extensive farming areas (in the west and north); and, consequently, developed a more regular functional relationship with these farmland areas. More recently, the decline in the agricultural economy has seen these centres lose much of their development momentum, becoming more inclined towards stagnant dormitory settlements with diminishing economies.

### Consolidated Objective – Nodal and Human Settlement Structure

1. To identify and implement investment opportunities to rectify past tendencies and trends by planning and investing in areas to promote:
   - Spatial justice
   - Spatial Resilience
   - Efficient and sustainable development

### 3.3 Development Objective 3: Movement Network

Class 1, 2 and 3 roads are considered Mobility Roads, connecting national, provincial and district nodes with each other. The remainder of roads are classified as Access Roads and will be discussed in the Municipal cluster.

The mobility roads are mainly a responsibility of SANRAL and EC Province. Both SANRAL and EC DRPW have programmes in place for required upgrades (due to capacity and/or quality issues) and maintenance.

Generally SANRAL’s roads are considered to be in good condition and closely monitored and maintained. The aim is to preserve the state of the roads and improve safety (stray animals, pedestrians and illegal development’s access). The main safety issues are along the N2 East London – Kokstad and R61 Queenstown – Port St Johns. This coincides with the most populated area of the province.

The Provincial surfaced roads are generally in a fair condition: some are good, other are poor. The unsurfaced roads are generally in a poor (sometimes very poor) condition, although some gravel roads are in a fair condition. EC DRPW has an upgrade and maintenance programme in place for all of their roads. The total programme for the Class 2 and 3 roads involves some R12bn worth of upgrade projects. It totals over 1600 km of roads in several projects.

### Consolidated Objective – Movement Network

1. To improve a mobility network which promotes economic upliftment in rural poverty areas.
2. To provide access and mobility support the investment initiatives of rural communities.
3. To provide mobility and accessibility to rural agriculture development.
Development Objective 4: Agriculture/Forestry

The Eastern Cape is well suited for agriculture production with the major uses of land split between sheep and goat production in the western parts of the province, subsistence farming in the east, cattle farming in the south, and dairy farming along the coast and near Queenstown. Poultry production is prevalent throughout the province, with major production located near East London, Stutterheim and Port Elizabeth. The areas around the metropolitan municipalities are best suited for crop farming, which includes potatoes, vegetables, citrus, and grains.

National and Provincial objectives are aligned within the agriculture/forestry economy seek to address market inefficiencies within the sector. These policy documents identify the need for:

- Formalising the rural market,
- Increasing agricultural outputs from subsistence areas
- Encouraging agro-processing operations within rural areas
- Enabling and providing linkages between producers and processors, and
- Promote exports.

There are four aspects to agriculture development within the Rural Development Plan where each is as important as the next. These are agricultural expansion, aquacultural initiatives, forestry initiatives and existing commercial operations. Agricultural expansion refers to developing rural business opportunities within commercial and emerging agriculture that are able to serve further agro-processing activities and promote exports within the region. Agriculture is not only land-based, with aquacultural initiatives equally important for agricultural rural development. Forestry initiatives encompasses both commercialised forestry operations, involving plantations for timber, with long lead times as the saplings grow to harvesting age; and operations where alien vegetation is licensed for clearing, and the product is used for timber or charcoal production.

The above information can be consolidated into a single consolidated objective. This is captured below.

**Consolidated Objective – Agriculture/Forestry**

Identify potential market opportunities and develop agricultural output in rural areas, with the aim to increase the geographic footprint of formalised production, provide inputs for processing and eventually export products. This will be achieved with focus on the following sub-objectives:

1. Enable a developmental-friendly environment in former-homeland areas to increase commercialised agricultural output.
2. Provide high-quality output for export markets where the Province has competitive advantage.
3. Increase production (where possible) of products that are currently imported into the Province.
4. Ensure healthy levels of inputs to agro-processing facilities, further developing the value chain within the province.
5. Identify and develop areas in which existing commercial production can be expanded, or improved.
6. Identify regional areas for provincial commercial forestry expansion.
3.5 Development Objective 5: Mining

The Eastern Cape Province has been identified, both in the status quo and in provincial strategy documents as an area with relatively low potential for intensive mining expansion and production, and a deficiency in value-generating resources. Mining is identified as having limited provincial development significance apart from select niche opportunities that present themselves in specific districts of the province, e.g. Sarah Baartman’s Kaolin industry; O.R. Tambo’s sand mining, Chris Hani’s coal operations, etc.

Potential developments for mining include analysing and providing for the burgeoning petro-chemical industry in the Eastern Cape, as well as, when deemed economically viable, the exploration and exploitation of Karoo Shale Gas reserves (if financially viable deposits are discovered).

**Consolidated Objective – Mining***

Assess Eastern Cape mining operations on a per-project basis for viability and productivity, and intra- & inter-provincial linkages.

*Mining is not a primary objective of the Eastern Cape, therefore mining programmes in the province are not of primary importance to rural development.

3.6 Development Objective 6: Industry

The Industrial sector is broken into five sections, consisting of agro-processing, petrochemicals and mining processing, capital goods production, construction and energy. Petrochemicals and capital goods are primarily contained within urban centres, and are less important towards rural industrial expansion. Agro-processing is the primary contributor towards Eastern Cape Industrial value, contributing 33.0% of provincial Industry GVA-R. Energy and Construction contribute a further 16.1%.

Industrial development within the national and provincial vision plans seeks to exploit existing comparative and production competitive advantages within a region for the improvement of land reform, social and economic infrastructure and the betterment of rural areas, through interaction with the value chain. This means that industrial development, especially in the rural sphere, is to be achieved via the expansion of environmentally, socially and economically viable rural enterprises, as well as the provision of the necessary support from important role-players within the sector to rural enterprises, as required.

The industrial vision for the Rural Development Plan seeks to isolate and develop specific aspects, particularly those centred on agro-processing, which are to be situated near existing or potential agricultural production centres, improving value-chain interaction. Another primary purpose of industrial investment is to improve local labour employment opportunities, arising from investment in rural areas. The above can be consolidated into the following objective.
3.7 Development Objective 7: Business & Trade

The Business Sector in the Eastern Cape covers all non-public non-tourism services in the Tertiary Sector. As such, the sector covers Wholesale and Retail Trade, Transport and Storage, Communication, Finance and Insurance and Business Services. Outside of the two metropolitan municipalities, only 46% of the business sector value is contained within the remaining six districts.

Business objectives for the Rural Development Plan seek to develop the rural business service environment and enable rural development and poverty alleviation. Business services have both positive direct and positive indirect impacts on rural communities and rural industrial centres. Positive direct impacts on communities include new offerings of retail and wholesale services to rural communities and agro-industrial centres, while positive indirect impacts affect available disposable income within rural communities by lowering transport costs and other sundry expenses utilised in travelling to and from previously removed retail locations.

Investment in rural commercial nodes allows rural communities more ready access to goods and services in closer proximity to their dwelling locations. Allowing for private sector commercial investment in wholesale services in rural areas enables agricultural and agro-processing expansion, due to the reduction in transport costs and other indirect expenditure no longer transferred to the production process and instead captured by the service provider. As such, the consolidated objective is as follows.

Consolidated Objective – Business & Trade

Develop rural markets for the above agricultural and industrial outputs both internationally, nationally, and locally, while also catering for the increase in income to previously impoverished areas, and providing the necessary services. This will be achieved with focus on the following sub-objectives:

1. Encourage private sector investment in commercial property within selected rural nodes.
2. Provide goods and services to rural agriculture, specifically new agricultural production centres, and expansion of existing centres.
3.8 Development Objective 8: Tourism

The Eastern Cape has numerous tourism activities and destinations, spread throughout the province, from wildlife parks in Sarah Baartman District Municipality, to coastal resorts in Amathole and O.R. Tambo District Municipalities. However, there is significant room for tourism expansion, especially through the improvement of access to both potential and existing establishments. Other provincial objectives for the sector seek to grow eco-tourism, heritage tourism and sports tourism, as well as improve access infrastructure and service provision.

The Eastern Cape Tourism Master Plan was recently updated in 2014 to re-align provincial tourism development with the National Tourism Sector Strategy objectives. The Eastern Cape Tourism Master Plan acknowledges several themes within provincial tourism, namely: Tourism growth and the economy; Visitor experience and the Eastern Cape Tourism brand, and; Sustainability and good governance. The Eastern Cape tourism sector has areas that are significantly developed, predominantly in the Buffalo City and Nelson Mandela Bay District Municipalities. Rural tourism is significantly less developed, with the Tourism Master Plan seeking to increase demand for rural tourism products via two main thrusts, mirrored in the National Tourism Sector Strategy. These are increasing the number of bed nights consumed in rural areas, and increasing access to rural areas via transport infrastructure development.

Consolidated Objective – Tourism

The Eastern Cape Tourism Master Plan seeks to ensure that infrastructure in the Eastern Cape supports a high quality tourism experience that offers unique and high quality products. The province seeks to achieve tourism expansion through focussing on the following sub-objectives:

1. Grow the tourism sector’s absolute contribution to the provincial economy and increase domestic tourism’s contribution to both the regional and provincial economy.
2. Create an environment that promotes the development and enhancement of skills in the tourism sector.
3. Entrench a tourism culture among residents of the Eastern Cape.
4. Market and promote the Eastern Cape so that tourists recognise it as a destination that offers unique and high quality products.
5. Promote participation of the previously disadvantaged in the tourism sector.
6. To address the issue of geographic, seasonal and rural spread in the Eastern Cape.
7. Promote “responsible tourism” practices within the Eastern Cape.
8. Establish a sound institutional framework to support efficient and effective management & coordination of the tourism sector.
9. Increase the number of visitors and bed-nights spent in rural areas of the province.

3.9 Development Objective 9: Community Facilities

3.9.1 Health

In the past five to ten years there has been a change in the disease patterns afflicting South Africans. While HIV/AIDS and TB remain epidemics at a worrying scale, a number of ‘silent epidemics’ of non-communicable diseases have been advancing. The burden of chronic lifestyle-related diseases required a great measure of attention, particularly a community level. The dysfunctional primary healthcare (PHC) system has not assisted in arresting these diseases of lifestyle.
The burden of disease in South Africa is focused on:

i) HIV & AIDS and Tuberculosis
ii) Maternal and Child Mortality
iii) Non-Communicable Diseases
iv) Injury and Violence

Low life expectancy and high infant and maternal mortality are the most glaring aspects of the dysfunctional health system in the Eastern Cape.

Health conditions and the burden of disease are influenced by several factors, of which the most critical is availability of basic services.

Consolidated Objective – Community Facilities
1. To provide cost-effective, good quality secondary hospital services and specialised services in the Province.
2. To strengthen and continuously develop the modern tertiary services platform to adequate levels in order to be responsive to the demands of the specialist service needs of the community of the Eastern Cape Province.
3. To improve access to health care services through provision of new health facilities, upgrading and revitalisation, as well as maintenance of existing facilities, including the provision of appropriate health care equipment in the Province.

3.9.2 Education

Education learning and skills are the enablers and drivers of inclusive and sustainable development. Basic Education sells has set long term goals for improving literacy, numeracy and science to a level of 90% by increasing the number of learners to enter science based courses at university. The rural development will benefit by adopting agriculture related courses and the provision of colleges in areas earmarked for rural development.

Consolidated Objective – Education
1. To provide specific public primary ordinary schools with resources required for the Grades 1 to 7 levels.
2. To provide specific public secondary ordinary schools with resources required for the Grades 8 to 12 levels.
3. To provide infrastructure, resources and Information Communications.

3.9.3 Sport Recreation Arts and Culture

The Department of Sports Recreation Arts and Culture is responsible for the provision of services such as creative art skills, libraries, museums, and programmes for sport and recreation. The goals of this department are to attain a reading nation, attain a sport playing nation, attain a creative economy and ensure good governance.

Consolidated Objective – Sport Recreation Arts and Culture
1. To render public library support services to the libraries of local authorities.
2. To provide effective archive services and record management.
3.10 Development Objective 10: Engineering Services

Ensuring availability of clean water, adequate sanitation, light and heat, as well as decent housing, are critical in overcoming poverty. In the context of persistent inequalities and social divisions, delays in obtaining services, lower levels of service and relatively high levels of disconnection in poor communities, perpetuate undignified living conditions. Basic services form an important part of a constitutionally guaranteed social safety net in South Africa.

Consolidated Objective – Engineering Services
1. Facilitation of infrastructure development to support rural economic transformation.
2. Provide support infrastructure to rural enterprises and industries in areas with economic development potential.
3. To promote co-operation, integration and alignment between all State and Provincial Departments, and Municipalities, to provide basic services and infrastructure.
4. Provide the rural communities with basic water, sanitisation and power in accordance with National standards.
5. Preparation of water safety plans and risk abatement plans.
6. Monitor political risk to the water and wastewater.

3.11 Development Objective 11: Capacity Building/Training

Capacity building, skills enhancement and training is an essential enabler towards achieving overall provincial rural development objectives. This objective is of critical importance to expanding, existing and new projects, programmes and initiatives within the province, as it enables an environment where these initiatives can be based within areas that possess, or can train, suitably qualified individuals. The ultimate goal of these initiatives to improve rural livelihoods as a result of capabilities, income and employment opportunities provided.

The Eastern Cape Vision 2030 identifies the ability of provincial investments to leverage public employment programmes to develop and improve capabilities for productive activity and sustainable enterprises across the identified industries. The policy additionally identifies the goal of developing support organisations and agents that will aid in producing community development workers, community health workers, and youth working in various programmes.

The Departments of Basic Education and Higher Education, along with Further Education and Training (FET) centres can assist in achieving the Vision’s goals, by matching specific training opportunities with regional initiatives. Alternatively, initiatives can be located proactively around areas already offering the required training.

Consolidated Objective – Capacity Building/Training
Enable an environment in which labour can be sourced locally for rural development initiatives, improving local economic development as well as improving the sustainability and income of local rural areas. This will be achieved with focus on the following sub-objectives:
1. Providing training/skills centres suitable for agricultural and industrial developments within rural areas.
2. Basing initiatives in areas which already possess the necessary training and education facilities.
3. Identify regional areas where additional training facilities are required.
4. Provide sufficient education opportunities to rural communities, particularly the youth, qualifying them for rural initiative involvement and start-up.
3.12 Development Objective 12: Land Availability and Ownership

Land administration is a wide and essential aspect of public administration. It ranges from the determination and control of various land uses, to the establishment of settlements, the management and recording of right to land across a spectrum of tenures, and the transfers of such rights.

At the most formalised level, land administration embraces the technical surveying of land, the approval of such surveys by the Surveyor-General (SG), together comprising the core of the cadastral system, and the registration of Deeds of Transfer involving such surveyed land with the Registrar of Deeds. This system functions effectively but does not include a range of land rights and tenure forms.

Consolidated Objective – Land Availability and Ownership
1. Promote equitable land redistribution and agricultural development by acquiring strategically located land.
2. Provide comprehensive farm development support to smallholder farmers and land reform beneficiaries for agrarian transformation.
3. Facilitate integrated spatial planning and land use management in rural areas and previously deprived areas.
4. Ensure integrated and comprehensive land administration system.
5. Facilitate the restoration of land rights and alternative forms of equitable redress.

3.13 Development Objective 13: Institutional Arrangements

Institutional arrangements and inter-government alignment refers to the environment and capabilities of rural development agents, both public and private, within the province. These agents facilitate rural development, enabling effective management. It is of primary importance that priority/directional overlap does not occur between institutions. Overlap can lead to conflicting ideologies and assistance provided to rural regions. Alternatively, overlap can also result in an overabundance of assistance, especially if there is little communication between organisations.

Institutional arrangements and inter-governmental ensures that there is more fluid communication between organisations and better understanding of who, what and where are the relevant organisations for the rural development requirements. Existing literature suggests that this objective is best achieved through centralising rural planning within a centralised agency, attached to an existing body/organisation. This should enable an environment where effective governance and institutional structures are enabled to achieve rural development.

Furthermore, this development objective outlines and seeks to facilitate future interactions between government departments that promote rural development projects, programmes and other initiatives. The organisational profiles, discussed in the Status Quo, indicate that there is already some form of overlap existing between the existing rural development institutions’ responsibilities and activities. The Rural Development Plan seeks to correct this, in as much to align existing processes with national and provincial objectives, and aligning development through the necessary rural development agencies. The consolidated objective is:
Consolidated Objective – Institutional Arrangements and Intergovernmental Alignment

Consolidate, align and link new or existing governmental strategies towards a singular guiding directive within the rural development sphere, enabling co-operation between departments and improved information sharing. This will be achieved with focus on the following sub-objectives:

1. Align provincial rural development outcomes with national objectives, ensuring that rural development agents are aware and complying with existing requirements.
2. Identify governmental and public organisations objectives and programmes in both National and Provincial contexts.
3. Create an enabling, transparent environment in which the public and private spheres can interact within rural development.
4. Streamline assignments to rural development organisations, to ensure that assistance is spread across, and funnelled effectively into rural regions.
5. Promote a centralised rural development agent that serves as a controlling influence on all key players in the province, and allows for sector specialisation between existing departments and agents.
CHAPTER 4 : DEVELOPMENT FRAMEWORK

4.1 Conceptual Framework – Development Pillars

Rural Development Pillars stem from the rural development objectives, discussed above, and focus the provincial rural development thrusts into four strategic pillars. These pillars are derived, to ensure compliance with existing policy documents, from various national and provincial document reviews.

As a precursor to this Plan, the 2009 Eastern Cape Rural Development Strategy identified five pillars for rural development, namely Land Reform, Agrarian Transformation and Food Security, Non-farm Rural Economy, Infrastructure and Social & Human Development. Each of these pillars within the strategy cover several objective statements. For instance:

- The Land Reform Pillar seeks to facilitate rural development by accelerating land redistribution, improving access to land rights, providing efficient state land management, strengthen intergovernmental relations and provide equitable redress to victims of racial land dispossession.
- Agrarian Transformation and Food Security concerns itself with ensuring food security, accelerating participation and productivity in the agricultural sphere, and supporting access to markets and redistribution channels for rural farmers.
- The Non-Farm Rural Economy covers agro-processing, forestry, aquaculture, tourism and Local Economic Development, and small-scale industry expansion.
- The Infrastructure Pillar covers rural roads, transport and logistic networks improvement, and rural service provision.
- Social and Human Development covers coordinating and improving access to quality services, as well as building vibrant, caring and cohesive communities.

The National Rural Development Plan presents Key Priorities involving rolling out the Comprehensive Rural Development Plan to all rural municipalities (discussed below), while also identifying the importance of land reform projects, the finalisation of land claims, improving corporate governance and service delivery, implementing proper changes in management and innovation strategies, and enhancing the efficiency of information management systems.

The Comprehensive Rural Development Framework identifies a three pronged strategy focused on a co-ordinated and integrated broad-based agrarian transformation, strategically increasing rural development, and an improved land reform programme.

The Department of Rural Development and Land Reform’s Strategic Plan for 2015-2020 outlines seven strategic goals for rural development, namely, fostering corporate governance and service excellence through legal compliance, improving land administration and spatial planning for integrated rural growth and development, an inclusive and equitable land dispensation, tenure and use, improve rural livelihoods by increasing capabilities, income and job opportunities provided, improving service infrastructure and provision within rural communities, promote economically, socially and environmental viable rural enterprises and industries, and the restoration of land rights to those disposed by historical circumstances.
Additionally, the Strategic Plan addresses rural development through Programme 3, seeking to facilitate rural livelihoods development, rural support infrastructure, support rural enterprises and development, and create jobs in rural areas.

The National Department of Rural Development and Land Reform’s 2015-2020 Strategic Plan also seeks to satisfy three primary rural development measures, of meeting basic human needs, enterprises development, and developing agro-villages, credit facilities and markets. Finally, the plan identifies four main points to agrarian transformation, being land, cropping, community and livestock development and reform.

The National Rural Tourism Strategy acknowledges that Agriculture and Tourism were identified as potential pillars for rural transformation, by creating decent employment through economic growth, developing vibrant, equitable and sustainable rural communities, and by relating to regional integration.

The Agricultural Policy Action Plan of 2014 focuses on employment through growth in agriculture and infrastructure development, rural development and food security, and utilising environmental assets and natural resources to their fullest extent. The APAP utilises the Vision 2030 of the National Development Plan, by enabling rural communities to have greater opportunities to participate fully in the economic, social and political life of the country. This will be achieved by supporting the rural economies with agriculture, and where possible mining, tourism, agro-processing and fisheries.

The above policy documents exhibit repeatable trends, as bolded, where land reform, agricultural development, Non-Rural economic development, social development, social reform, service delivery, food security and governmental & public policy compliance and reform. The Eastern Cape Rural Development Plan identifies four rural development Pillars:

- Land Reform
- Agrarian Transformation and Food Security
- Non-Rural Economy
- Infrastructure and Social Development

### 4.1.1 Land Reform

The pillar of Land Reform considers geo-spatial and historical legacy objectives, seeking to improve land rights as well as accelerate land reform enabling agricultural, and other, development. This pillar seeks to:

- Expedite land redistribution to prepare for sustainable rural development.
- Improve land administration and spatial planning for integrated sustainable growth and development with a bias towards rural areas.

### 4.1.2 Agrarian Transformation and Food Security

The agro-processing pillar covers both agriculture production and agro-processing to encapsulate the agricultural value chain. This pillar seeks to:

- Accelerate agricultural development.
- Improve access to and productive use of land.
- Empowerment of rural communities to be self-reliant and able to take charge of their destiny.
- Livestock farming- and Cropping-related value chain development.
The Eastern Cape Agricultural Industry is currently driven by large-scale commercial operations focused around Citrus, Wool, and other livestock production. The Status Quo identified that Sarah Baartman and O.R. Tambo District Municipalities are the leading provincial agricultural producers, responsible for 48% of provincial GVA-R output. Similarly, these two regions are also responsible for 48% of provincial wool production, and together with the Joe Gqabi and Amathole District Municipalities, are responsible for 84% of provincial wool production of 15.5 million kilograms, identifying the Eastern Cape as the largest wool producer in the country. Likewise, the province is the largest producer of mohair nationally, and contributing substantially to South Africa’s status as a major player in the international mohair market. Citrus is another priority production sector, and the Eastern Cape is the second largest producer in the country, after the Limpopo Province. Finally, the Eastern Cape is province with the largest cattle numbers in the province, which contribute towards the beef, dairy, and subsistence farming activities within the region.

Evident from the above, the province is involved with heavy commercial agricultural and agro-processing operations. There are also multiple co-operative operations within the province, and substantial subsistence farming occurring within the interior, notably within and near the Ciskei and Transkei regions. There are development programmes put forward by multiple rural institutions that involve centralising of smaller-scale production operations to promote investment and development opportunities. These Rural Enterprise Development (RED) hubs, also packaged as Agri-Parks and Mega-Agris-Parks, are the provincial solution in transferring small scale production, either cooperative or subsistence agricultural operations, that service the individual or local community to medium and large-scale enterprises servicing a much wider area, including the possibility of supplying international demand. This consolidation would occur via investment in each district municipality, providing the areas for which production can be processed, stored and transported from to major market centres or transported to areas in which further transportation and value-adding can occur.

Large-scale agro-processing occurs far removed from major production regions, with citrus processing split between Kirkwood and Port Elizabeth, wool and mohair processing located in Port Elizabeth, and pineapple processing located in East London. While this is not the case necessarily with all agro-processing within the province, it does show that elements of the industrial value-chain are far removed from each other. Centralising agro-processing within the province in specific areas should reduce unnecessary expenses in the value-adding processes.

The following development objectives fall under Agrarian Transformation and Food Security:

- Development Objective 4: Agriculture/Forestry
- Development Objective 6: Industry (Agro-processing)

4.1.3 Non-Rural Economy

The Non-Rural Economy is defined as economic activities that contribute towards regional output (GDP-R), that are non-rural in nature and location, such as business and retail services, industrial production centres, the construction and energy sectors and other private-sourced services, such as tourism. The third pillar covers non-agricultural related manufacturing industry development, construction, electricity and renewable energy generation, and private sector service provision. This pillar, while encompassing other industrial manufacturing is more focused on construction, business services and renewable energy, due to the rural nature and opportunities of these sectors, and the non-rural nature of the manufacturing industry. Finally, this pillar also encompasses skills development, as skills have a direct impact on the economic capabilities of a region. This pillar seeks to:

- Develop other Industry (other Industrial, Tourism, and Business) Sectors.
• Promote LED and Small-scale industries.
• Improve access to sustainable employment and skills development.

Retail services and major retail service providers are required in rural areas, but are not always accessible for various reasons, most notably transportation infrastructure requirements. The development of transport infrastructure and centralised rural production nodes increase the regional demand for retail services, as a result of increasing incomes, improved transportation services and infrastructure, and centralising economic production regions.

Non-rural industrial activities include petro-chemicals, construction, capital goods investments and energy operations. Capital goods and petro-chemicals operations are primarily located in urban centres. Construction activities are essential for rural development, enabling house, transport, and industrial development. Investments into the energy industry, specifically renewable energy, also serves as a magnet for rural development, with opportunities for alternative land use, based on energy potential studies, being discovered within various areas of the province.

Finally, Tourism within the province is identified as a key development objective in multiple source documents, serving to unlock potential within various regions of the province.

The following development objectives fall under Non-Rural Economy:

• Development Objective 6: Industry (Non-agro-processing)
• Development Objective 7: Business
• Development Objective 8: Tourism

4.1.4 Infrastructure and Social Development

Public-led community development is crucial for rural development, as rural communities potentially require preparation and information before economic development can be successful. Additionally, access to rural regions is critical for the success of any rural development, as it not only enables access to the region, but also eases the locational burden for agricultural and agro-processing transport, improves business service capabilities, and unlocks potential tourism developments. This pillar seeks to:

• Improve rural roads, transport and logistics network.
• Provide and ensure access to service provision.
• Social mobilisation to enable rural communities to take initiatives.

The following development objectives fall under Infrastructure and Social Development:

• Development Objective 9: Community Facilities
• Development Objective 10: Engineering Services

Rural Infrastructure is a key pillar of the Rural Development Plan of the Province. Building the bulk Rural Infrastructure is a pivotal intervention on which the realization of the full socio-economic potential of, especially, the historically under-developed areas of the Province covering some 5 million ha and home to 60% of the people in the Eastern Cape.

The occurrence of the greatest levels of poverty in the Province, Rural areas of OR Tambo and Alfred Nzo Districts, is indicative of the impoverished state of the rural economy in the former homeland areas and the poor levels of bulk rural infrastructure in these areas.
The greatest infrastructure backlogs in these rural areas are the condition and serviceability of the road networks and energy distribution. These impact directly on the rate of economic development that can be forged in these areas as does the rate of progression of the agricultural infrastructure required for a vibrant commodity based Rural Economy. The development of the bulk rural infrastructure is co-ordinated with the respective Departments and Municipalities through Intergovernmental forums, the outcomes of which are the respective Integrated Development Plans (IDP’s).

4.2 Alternative Development Scenarios

4.2.1 “Business as Usual”

- Philosophy

This scenario is based on the premise of how the various Departments (DRDLR, DRDAR, etc.) continue to invest in rural development projects. The focus is on certain rural areas in the province in a fragmented and dispersed manner without consideration of the development potential of the most sustainable and economically viable agriculture commodity and sector.

This situation or approach partly excludes the most recently identified informants and indicators such as the poorest wards, soil capacity, index, agriculture, potential rainfall, infrastructure and sustainable commodities.

Figure 3: Business as Usual

Source: UDEC GIS
The investment and locality of infrastructure developed cannot be ignored but the advantages and disadvantages of the social and economic impact should be analysed and assessed. The following is relevant in this instance:

- **Advantages**
  - Specific communities are benefited by the provision of services and investment.
  - Agriculture and food production is increased in remote areas.
  - Poverty alleviation and job creation is promoted in the rural areas of the province.
  - Investment and projects are grouped e.g. land reform, infrastructure

- **Disadvantages**
  - Investment is based on the agriculture commodity applicable and practised in a specific region.
  - Large areas of the EC Province is neglected as potential projects are not financed.
  - High potential agricultural commodities and areas are not developed.
  - Investment is not linked to transport, routes, poorest wards, environmentally suitable land, high agricultural potential land and areas of high production capability.
  - Investment and agriculture development areas are not informed by markets and economic factors.
  - The areas developed are far from the markets and commercial active areas.

4.2.2 “Commodity Development Approach”

- **Philosophy**

The scenario focuses on a conservative approach of investing in a single commodity best suited to the region or area of the Province by identifying a centrally located urban area and developing facilities specific to the agriculture sector best practised in the district, investment is channelled to support only a single commodity. E.g. small stock, cattle, forestry.

![Figure 4: Commodity Development Approach](image-url)

*Source: UDEC GIS*
• Advantages
  – Investment and development is made in agriculture commodities in a specific region.
  – Regions in the province are developed a specialist commodity region
  – Research and development is highly specialised for the specific product, commodity and region.
  – Agriculture education centres are focussed.

• Disadvantages
  – Potential agriculture products and markets are neglected in other regions and communities of the Province.
  – The poorest wards are not addressed by this approach of investment and labour intensive agriculture is neglected.
  – The development scenario will lead to increased migrant labour being used on a seasonal basis.
  – Knowledge and specialist practises are centralised to a specific region
  – Fluctuating market demand and production will have a negative impact on employment and the economy in general as the region served is dependent on the commodity.

4.2.3 “Integrated Development Approach”

• Philosophy
  This scenario is based on the need for a different approach to directing the development and investment in the rural areas of the province. The scenario intends to curtail the negative disadvantages of the previous two scenarios and expand on the advantages. Development and investment is made in all sectors of agriculture but focusses on integrating the most viable and sustainable commodities in a region in the best suited locality.

  The scenario identifies the development potential of the agriculture dispersed throughout the province and identifies locations for investment and development which is supported by infrastructure and the economy of stable markets. The areas selected address the poor wards, uplifting poverty, basic needs, and unemployment, high potential agriculture and arable land.

  The most centralised and accessible nodes are selected for managing and servicing the regional commodities whilst localised areas are identified for developing and administering localised agriculture products and practises. This scenario focuses on the development of a variety of agriculture commodities and integrates and shares investment and expertise on a local basis, but supported by Regional export knowledge and markets. The scenario unpacks the advantages of the Agri Park Model and Concept developed by the state from other international case studies.
Figure 5: Integrated Development Approach

Source: UDEC GIS

- Advantages
  - Investment is maximised by benefiting the agriculture sector of the entire province and region.
  - Research and development, specialist knowledge and services are shared throughout the rural area.
  - Commodity development benefits all regions of the province.
  - Expertise, skills development, education and training focuses on the various agriculture sectors dispersed throughout the Province benefitting agriculture colleges and education.
  - Logistics, transport, mechanisation resources, equipment, and managerial skills are shared and available to the production areas of the province.
  - Fluctuating markets and product demand has minimal impact on the region as the production of the various commodities are shared.
  - The labour potential of a community is maximised by minimising seasonal migration of labour.

- Disadvantages
  - Research and development for best suited commodity is needed in certain areas of the province.
  - New and improved costly infrastructure is required in certain rural areas.
  - Managerial and administrative skills and personnel should be relocated to rural remote regions.
  - The alignment of development programs of various State Departments are necessary to support the rural development program.

Notwithstanding the aforementioned disadvantages, the integrated development approach scenario is best suited for the development of the rural area of the Eastern Cape Province.
CHAPTER 5 : DEVELOPMENT STRATEGY

The Rural Development Plan’s Development Strategy serves as a bridge between the objectives, pillars and scenarios and the Implementation Plan in the next Section. This chapter seeks to unpack the identifying environment in which pillar potential will be identified, and to outline, using the tools unpacked below, high-level potential development scenarios within the rural districts.

There are three main indicators of provincial and district potential, with relevant sub-categories. These are:

- Competitive and Comparative Advantage;
- Specific catalytic/priority provincial projects – driven by key rural institutions (see Organisation Profile) and organisations; and
- Gap Analysis

![Diagram of Rural Development Potential Analysis]

*Figure 6: Rural Development Potential Analysis*
• **Competitive/Comparative Advantage**

  Competitive Advantage is when a firm, or region, has an absolute advantage over its competitors, allowing greater sales and/or profits. Competitive advantage exists due to cost structure, distribution network, customer support, and, in the case of agriculture, regional suitability for production. Comparative Advantage is less absolute, and stipulates that countries, or regions, should specialise in products for export, even if a complete advantage is held in all goods, and import the remainder, to fully take capture the benefits of economies of scale and other economic advantages.

  This can be decided, discovered or identified through various means, for instance, an examination of existing exports can reveal current competitive/comparative advantages, but not explain the reasons for them. The reasons would be based upon the conducive climate of the region, or how suited it is for production of that good, the raw materials and resources available within the region, and the quality and availability of the land.

  Climatic conditions, which primarily affect the agricultural industry, also have an influence on the tourism industry. Extreme environmental conditions such as floods, droughts, snow can not only impact the yields of certain crops, but can also discourage tourists from visiting an area. Innovative systems have to be implemented, where feasible, to mitigate natural disaster. Climatic conditions, which primarily affect the agricultural industry, also have an influence on the tourism industry. Extreme environmental conditions such as floods, droughts, snow can not only impact the yields of certain crops, but also discourage tourists from visiting an area. Innovative systems have to be implemented, where feasible, to mitigate natural disaster.

  A location’s ability to produce certain commodities is a determinate of where processing and downstream activities will be located. Agro-processing activities are particularly dependant on the availability of raw materials in a given area.

  The availability and type of land in an area is a key determinant of competitiveness. Certain land types, as indicated in previous chapters, are better suited for a particularly type of agriculture. The availability of land for private investors is also critical to new developments in any sector.

• **Catalytic/Priority Provincial Projects**

  In certain cases, comparative and competitive advantage analyses do not reveal all available opportunities, merely the ones best suited via endowed resource and geographical advantages. Furthermore, these revealed advantages are suited for large scale production, primarily for export out of the province/nation. However, there are situations where minor opportunities, institutional support (e.g. governmental grants), or studies have revealed minor advantages for community production.

  Institutional support is as a result of identified sectors, of either national or provincial development priority, that have the support of all levels of government. This support is important more especially on the local level where technical and infrastructure development are most required, enabling the regional population to take advantage of grants, supporting policies and education facilities provided in the region. Supporting policy framework and legislation for developing these sectors can assist in creating an enabling environment for all the priority sectors to thrive.

  Another aspect of institutional support is financial and technical support, as rural businesses, especially SMMEs, in the priority sectors face challenges that hinder production. At a provincial and national level there is sufficient development support available given that the sectors identified represent national and provincial priorities. There however is frequently a gap between what is available in terms of development support and the ability of businesses to access this support, especially in rural areas where there is a lack of information dissemination regarding the opportunities available to any given operation, and scattered institutional support offices. In this regard communication and programme outreach is critical.
Gap Analysis
A gap analysis identified a community’s needs, and seeks to address any deficiencies in current production. Imported products into the area from different domestic and international markets indicated that local production in the area is not able to meet local demand. The rates and nature of goods imported indicate a gap for a particular sector to reduce the import percentages into the area. Not all gaps are correctable, however, in certain cases gaps are identifiable via proximity and access to markets.

Market access and market proximity enables the producer to identify areas in which they are able to penetrate the market. Regions with production advantages of goods near markets with restricted access to these goods should increase production to satisfy demand. This production can be to satisfy producer demand, consumer demand, or both (e.g. poultry production sold for processing into frozen products, and sold at the gate as live birds). However, a local farmer’s market with a gap in tomatoes, for example, does indicate a gap in the market for tomatoes, however does not necessarily mean that it is efficient to produce tomatoes in that region. However, this does not mean that it is necessarily wrong to organize tomatoes for the market to take advantage of this opportunity. Market gaps in this case are not only closed via production, but also through market accessibility.

Accessibility is determined to a large degree by the transport networks, which is currently seen as poor/inadequate in the more rural parts of the province. Poor market access prevents all but the most severe gaps from being addressed, as it becomes increasingly unviable to transport certain products over long stretches of poor roads, live animals especially suffering. Furthermore, as production increases and the need for the road network increases, the increasing pressure on the road network will require constant monitoring and improvement of both primary and secondary roads.

Other factors that affect opportunities for production include access to basic services, such as water and electricity, and innovation and entrepreneurship. Basic service access, or lack thereof, directly impacts the regional ability to produce, as a region without electricity or water should not seek to operate an irrigated greenhouse, for example, while areas with access to one of the above, could produce agriculture (depending on the circumstances)

There is considerable concern regarding electricity availability in remote rural areas as well as the high costs associated with electricity. The high cost of electricity presents an opportunity to explore green initiatives into providing alternative energy sources, with initiatives already identified via the Renewable Energy Independent Power Producers Programme (REIPPP)

The availability of water particularly in the agricultural sector (i.e. irrigation systems) is vital to meet the production demand. Efficient irrigation infrastructure for the emerging sector and small scale farmers is required to ensure increase in production volumes.

Finally, innovation of new technologies within the region, or the ability of a locality to absorb new knowledge and adapt imported technologies will influence the success of new projects introduced. In the case of the former, new production techniques suited to the region, or new production opportunities identified through innovation, provide increased demand for these particular goods to economies of scale or the economic substitution effect. Imported innovations require good communication channels to disseminate the information to the required parties, and in some cases, further education facilities and colleges to teach the relevant producers of the importance and advantages of the new technology and/or techniques. Important relationships can exist between sectoral role-players and various educational institutions in the Eastern Cape.
5.1 Land Reform

Land reform is essentially for the success of rural and long-term economic development. There is, however, a major backlog in land redistribution.

The challenges associated with land reform include the following:

- Inadequate resources – lack of funding has hindered primary initiatives, such as the land redistribution for agricultural development programme.
- Tenure issues – on some tenure issues, such as those concerning community property associations, the key foundation issues of membership, rights, benefits and securing equitable access to land and other resources are not adequately addressed.
- Poor data – lack of information on land under claim and the complexities of the claim settlement process have made it difficult to accurately assess the number of claims (especially community claims), the amount of land involved, and number of people potentially requiring resettlement and enterprise support. Similarly, lack of accurate baseline information on the socio-economic status of programme beneficiaries make reliable post-settlement impact assessment difficult to undertake. Most of the land in the former homelands has not been surveyed.
- Poor intergovernmental relations – poor coordination and ineffective alignment of budgets and programmes of different line departments and municipalities contribute to the failure to provide effective post-settlement support for restitution and redistribution projects.
- Administrative problems – delays in the issuance of title deeds registration, in processing of farms made available to the department for redistribution, in legal entity formation, and in communication with other departments, all slow down the process.
- Absence of effective settlement and implementation support – without a significant investment in settlement and implementation support that begins in the planning and pre-settlements phase, existing post-settlement support services will be overwhelmed.
- Lack of synergy with local programmes – there is no linkage between land use planning and management at local level. Productive agricultural land is sometimes mistakenly used for housing. Most district and local municipalities have not conducted land needs assessments, and their IDPs do not contain information on outstanding redistribution applications.

Land ownership, or tenure, is vastly different in the Western and Eastern regions of the Province. Land tenure ranges from freehold title (on privately owned commercial farms) to Quitrent, Permission to Occupy (PTO) certificates, in the form of agriculture lots and residential lots in the rural eastern section of the Province. The vast majority of rural land area is unregistered state land in the custodianship of the Minister of Rural Development and Land Reform.

5.1.1 Alfred Nzo District Municipality

Reliable, updated information on the status of land claims is needed to complete the report on land restitution.

<table>
<thead>
<tr>
<th>Land Reform</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>State owned land</td>
<td>• Redistribution of land for agrarian and tenure reform</td>
</tr>
</tbody>
</table>

Table 1: Alfred Nzo DM – Land Reform
5.2 Agrarian Transformation and Food Security

The Agrarian Transformation Pillar encapsulates both primary agriculture production and agro-processing to encapsulate the agricultural value chain. In the process of identification of new rural opportunities that present themselves within this pillar in the Eastern Cape and within each District, it is important to take stock of the existing production characteristics of the region, building on the status quo analysis undertaken in previous sections of this report. Specific product supply is provided in the Agriculture Census of 2007, however the information is relatively out of date, with no more recent survey having been undertaken. The Agriculture Census provides a detailed snapshot of the provincial output for 2007. Recent production data is not readily available for the Province, however, it is possible to estimate some of the current production focus areas of the Province based on trade statistics, providing a window into the supply and demand forces of the various districts for agricultural inputs, products and processed materials. The SARS trade statistics available for interpretation are based on the postal addresses of the head offices, and provides a generalised outlook of provincial and district demand/supply.

Trade statistics were identified from the HS-8 Standardised Trade Codes, focusing on agricultural trade categories. These are:

- Live Animals and Meat, and edible meat offal
- Fish and Crustaceans
- Dairy Produce
- Edible Vegetables and certain roots and tubers
- Fruits and Nuts
- Cereals and Wheat, malt and other milled grains
- Fertilisers
- Raw Hides and Skins
- Products of Leather
- Products of fur and artificial fur

Exports increased explosively between 2007 and 2014, increasing from R1.547 to R4.327 billion, or 180%. Imports increased over the same period, from R0.167 billion to R0.940 billion, or by 463%.

Agricultural Potential within the Eastern Cape was recently presented at the Eastern Cape Lekgotla, 2015. The Lekgotla document also provides an area overview of current agricultural production, in both commercial and small-scale scenarios. Total Provincial Area has been presented as 17.15 million hectares, of which 536,645 ha are currently commercialised (with 31% irrigated), 651,904 ha are utilised in small-scale operations, and 1.54 million ha are available as potential cropland. A district-level breakdown is provided in the table below.

With respects to grazing, there are 14 million hectares suitable for grazing operations within the province, of which 1.93 million are suitable for large livestock units, 7.9 million are suitable for sheep, and 3.0 million are suitable for goats. A district level breakdown is also provided in the table below.

On a per crop basis, the Table below provides the provincial average production per hectare and the opportunity for average production per hectare expansion, indicating which industries are currently performing to their potential, and which are currently under-performing. As can be seen, the majority of the province is effectively producing produce, while potatoes and maize are currently inefficient in their land usage. Table 2 provides a high level agricultural industry overview, indicating to what extent each agricultural scheme can expand, via available land, and the number of jobs that will be formed as a result. Livestock development is located within underdeveloped areas, of direct interest to this document.
## Table 2: Eastern Cape Average Production and Potential Production

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Units</th>
<th>Capacity to expand</th>
<th>Potential Jobs Created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field Cropping</td>
<td>ha</td>
<td>200 000</td>
<td>1 333</td>
</tr>
<tr>
<td>Irrigation schemes</td>
<td>ha</td>
<td>4 224</td>
<td>507</td>
</tr>
<tr>
<td>Small unit irrigation (Vegetables)</td>
<td>ha</td>
<td>80 000</td>
<td>9 600</td>
</tr>
<tr>
<td>Citrus</td>
<td>ha</td>
<td>2 000</td>
<td>2 000</td>
</tr>
<tr>
<td>Deciduous Fruit</td>
<td>ha</td>
<td>1 000</td>
<td>1 000</td>
</tr>
<tr>
<td>Chicory</td>
<td>ha</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Macadamia</td>
<td>ha</td>
<td>3 900</td>
<td>2 340</td>
</tr>
<tr>
<td><strong>Under Developed Areas Only</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cattle</td>
<td>Head</td>
<td>14% off take</td>
<td></td>
</tr>
<tr>
<td>Sheep Meat</td>
<td>Head</td>
<td>14% off take</td>
<td></td>
</tr>
<tr>
<td>Wool</td>
<td>tons</td>
<td>20 461</td>
<td>200</td>
</tr>
<tr>
<td>Goat Meat</td>
<td>Head</td>
<td>19% off take</td>
<td></td>
</tr>
<tr>
<td>Livestock Pasture</td>
<td>ha</td>
<td>100 000</td>
<td></td>
</tr>
<tr>
<td>Diary</td>
<td>hds</td>
<td>4 200</td>
<td>72</td>
</tr>
</tbody>
</table>

Source: Eastern Cape Lekgotla, 2014

Forestry initiatives within the province are varied. The province ranges from low forestry initiatives and developments in the western regions of the province, with the number of developments and potential increasing towards the east and north-east, with Alfred Nzo and Joe Gqabi District Municipalities possessing potential for large areas of forestry developments.

The above raw material production operations, and the potential for increasing production, is directly linked to the opportunity for increased agro-processing production, through Agri-Parks Hubs and Resource Centres (See Text Box). Additional forestry value-adding initiatives are likewise encouraged where suitable.
The above analytical tools are utilised to determine district potential projects, opportunities and initiatives that promote rural development within the districts. Agricultural exports are discussed to show existing production advantages within each district, while the district agricultural potential is assessed to indicate opportunities for further production. Finally, land capability and potential was analysed to determine regional advantages in specific production categories. The following sections serve as section summaries of the above process for each district, as well as providing descriptions of sector opportunities.

### 5.2.1 Alfred Nzo District Municipality

Alfred Nzo District Municipality consists of 971 608 hectares of agricultural land, of which 22 055 hectares are commercial cropping, and 109 178 hectares are small-scale cropping. The district is similar to O.R. Tambo in that it also exhibits large discrepancies between commercial and small-scale operations.

The district exported R22.6 million in 2014. Major agricultural contributors to this total were wheat, malt and other grain exports contributing 9% with cereal groats, meals and pellets contributing full to this figure. Poultry meat exports and Dairy exports contributed 2% each.

Agricultural potential within the district identifies 280 687 hectares of agricultural land with development potential within the district. Furthermore, the district has potential for 196 745 large-stock units for cattle development, and 635 710 small-stock units for sheep, and 22 228 stock units for goat. The district possesses the lowest potential for goat farming expansion in the province, including the metropolitan areas.

These stock unit indicates that there is large untapped potential for sheep and cattle development within the district. Agricultural operations can expand by 29%, possibly by expanding the animal feed industry within the region. Forestry production initiatives include invasive alien plant clearing, as well as developing community owned operations in the district. Maize developments exist along the coastal plateau, with citrus operations along the coast.

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**Text Box 1: Agri-Park Hubs and Resource Nodes**

The Agri-Park model is a rural development initiative that involves the structuring of previous informal agricultural production, storage, support and transport services in a central regional area, that is also further equipped to support agricultural activities through training, financial assistance, and whole & retail services suitable for their production. This is achieved on two levels: The first is to provide centralised processing and support services for an entire district in the form of a Agri-Park Mega-Hub, that serves as a focal point for agricultural production in the region, enabling agro-processing in the region where possible, and serving as a central node for training, financial support, and agricultural support services.

The second tiered structure involves minor nodes, or branches, which the Plan refers to as Resource Centres, which serves as collection areas and satellite storage and transport nodes, separate from the main hub, which serves to support more specific agricultural activities and local agro-processing production in an agricultural node more suited to specific product production, such as wool, lamb, beef, dairy, citrus, horticulture, etc., is the primary focus. The Resource Centre links back to the primary node in multiple ways, most importantly, using the primary hub as a centre for training and support services, and in most cases, transporting centre production back to the hub for processing, and transport services, amalgamating regional production into targeted areas.
As per the assessment conducted based on the indicators, the following opportunities present themselves in ANDM:

<table>
<thead>
<tr>
<th>Agrarian Transformation and Food Security</th>
<th>Opportunities</th>
</tr>
</thead>
</table>
| Goat                                     | • Optimising slaughtering of goats and meat processing  
• SMME opportunity in meat and hide processing Multi-purpose feedlots |
| Cattle (beef)                             | • Development of feedlots  
• Animal feed suppliers  
• Development of new abattoirs  
• Long term opportunity for SMME hide processing |
| Poultry                                  | • Expanding existing broiler production  
• Inputs - Animal Feed suppliers  
• Establishment of poultry abattoirs and meat processing.  
• Enhancing informal trading linkages with emerging farmers |
| Crop                                     | • Seed suppliers  
• Milling – maize meal as well as animal feed production  
• Commercial maize development |
| Forestry                                 | • Micro sawmills and existing sawmill optimisation  
• Charcoal production  
• Community forestry projects. |

**Table 4:** Alfred Nzo DM

### 5.3 Non-Rural Economy

The Non-Rural Economy is defined as economic activities that contribute towards regional output (GDP-R), that are non-rural in nature and location, such as business and retail services, industrial production centres, the construction and energy sectors and other private-sourced services, such as tourism. The third pillar covers non-agricultural related manufacturing industrial development, construction, electricity and renewable energy generation, and private sector service provision. This pillar, while encompassing other industrial manufacturing is more focused on retail services, tourism and renewable energy, due to the rural nature and opportunities of these sectors, and the non-rural nature of the manufacturing industry. Construction opportunities, while relevant to each district, are more an extension of other projects within the districts than a targetable objective.
Retail and trade services allow access to improved service offerings in rural regions. The implementation plan seeks to address this by proposing rural retail nodes removed from major centres that service specific short-term needs of rural communities. This is completed by identifying several areas between retail hubs where long transit times encourage bulk purchases, and encouraging retail node development, promoting short-term purchases for a wider region, and reducing transport costs and time-taken for each trip.

Tourism potential within the province is a function the goals of the Eastern Cape Tourism Master Plan. The plan seeks to unlock tourism demand within province through creating an environment that promotes tourism sector development. New and existing tourism developments need to promote the previously disadvantaged, through skills development and enhancement, and addressing geographical, seasonal and rural spread in the Eastern Cape. The ultimate goal of any potential tourism development within the province should be enhancing the provincial goal of becoming a destination that offers unique and high quality products, and by extension increasing the number of visitors and bed-nights spent in rural areas.

Finally, renewable energy has development potential throughout the province, ranging from wind energy along the coast and certain areas in the interior, to solar energy in the Karoo, hydro energy generation at the Umzimvubu Dam project, to bio-fuel generation from designated crops.

Alfred Nzo District Municipality economies have been identified for their non-rural sector potential and are presented below:

5.3.1 Alfred Nzo District Municipality

The district has potential for renewable energy developments, most notably the Umzimvubu hydroelectric dam development that is serving as an employment provider in both the construction phase, and in the operational phase to both the staff maintaining the project, and the local communities with enabled opportunities as a result. Other renewable energy opportunities are the provision of downstream services, such as security, fencing, maintenance and logistics. Alfred Nzo District Municipality likewise possesses commercial opportunities for exploitation, predominantly the rural retail nodes looking to provide essential retail and rural commercial services.

Tourism developments within the district should seek to capture adventure tourism activities, such as hiking, mountain-biking and adventure trails, along the Wild Coast. Further water activities can be developed in conjunction with the Umzimvubu Dam project. Additionally, the district has potential for fly-fishing. There are multiple heritage and culturally significant tourism sites with development potential, that require either improved access via transport infrastructure, service delivery or advertising. Finally, the Mkambati Nature Reserve, once fully developed, should serve to increase tourism activity within the region via demand from tourists and secondary tourism activities based near the reserve. There are additional MICE opportunities at the Ludeke and Ntenetyana Dams in the district, as well as nature reserve expansion. The Joe Gqabi District Municipality airfield development at Rhodes will also have positive benefits for the Alfred Nzo District Municipality.
### Table 5: Alfred Nzo District

<table>
<thead>
<tr>
<th>Non-Rural</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business and Trade Services</strong></td>
<td>• Expand rural retail and commercial services in selected rural nodes.</td>
</tr>
</tbody>
</table>
| **Tourism** | • Hiking, canoeing, mountain biking at the Wild Coast  
• Fly fishing  
• Heritage sites  
• Mkhambati Nature Reserve  
• Cultural sites  
• Development of Umzimvubu Dam (water activities)  
• MICE facility development. |
| **Renewable Energy** | • Umzimvubu Hydroelectric Dam  
• Provision of downstream services (security, fencing, maintenance, logistics) |

### 5.4 Infrastructure and Social Development

“Vision 2030” identifies the development of irrigation potential, crop production and the livestock value chain is strategic development priorities for the Eastern Cape. At the same time the agricultural potential and productivity from land transformation farms are required to be sustained and enhanced. Adequate appropriate infrastructure is one of the strategic interventions required to unlock the potential of the underdeveloped agricultural resource base for the Province and for sustaining and improving the levels and efficiencies of production in the developed farming areas, in particular the land transformation farms where infrastructure has degraded.

#### 5.4.1 Alfred Nzo District Municipality

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td>• Upgrading of inappropriate new schools and hostels in the Hub and FPSU</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>• Provision of fixed and mobile clinics in Agri Hub and FPSU</td>
</tr>
<tr>
<td><strong>Housing</strong></td>
<td>• Provision of rural housing in Agri Hub and FPSU</td>
</tr>
<tr>
<td><strong>Sport Art Culture</strong></td>
<td>• Provision of museums and libraries in rural catchment area</td>
</tr>
<tr>
<td><strong>Police</strong></td>
<td>• Provision of new station at Zwelitsha/Mdeni, Polile, Qhasa, Ntamonde, Mandileni/Huku</td>
</tr>
</tbody>
</table>

*Table 6: Alfred Nzo DM  
Source: UDEC, U-E*
CHAPTER 6: DISTRICT DEVELOPMENT PLANS

The pressing need for sustainable rural development in the Province stems from the persistent challenge of underdevelopment, spatial fragmentation, inequality, limited access to basic infrastructure and facilities, and the lack of economic opportunities. This places a continuous threat to the Province’s social stability.

In the light of the significant role played by agriculture and human settlements in economic and social development, the identification, planning and subsequent utilisation of suitability located land for these two development pillars is salient.

Agriculture and rural settlement development form part of the government’s key national development priorities. Both sectors are strongly emphasised in the national Development Plan (NDP), and National Infrastructure Plan (NIP), as central levers for unlocking the development potential of South Africa. The NIP emphasises the salience of spatial integration in the provision of development orientated infrastructure.

A fragmented urban and rural spatial form poses a challenge for the state to provide basic services equitably. This in turn constrains economic growth, undermines productivity and compromises people’s quality of life. All the identified Strategic Integrated Projects (SIPs) therefore are aimed at promoting equitable service delivery to all citizens. The spatial location of SIPs is also dependent on the identification of land strategically positioned for the functioning of a given infrastructure.

SIPs, namely Agri-logistics and Rural Infrastructure, is significant to the rural Eastern Cape in that the program is aimed to improve investment in agricultural and rural infrastructure that supports expansion of production and employment, small-scale farming and rural development, including facilities for storage (silos, fresh-produce facilities, packing houses); transport links to main networks (rural roads, branch train-line, ports), fencing of farms, irrigation schemes to poor areas; improved R&D on rural issues (including expansion of agricultural colleges), processing facilities (abattoirs, dairy infrastructure), aquaculture incubation schemes and rural tourism infrastructure.

From the Strategic Integrated Projects (SIPs) outlined above it becomes apparent that the promotion of agricultural developments and the transformation of human settlements form part of South Africa’s national development priority.

The creation of biodiversity and mega-reserves on one hand and the demands for developments in the built environment requires a scientific approach that can assist the state to ascertain the best-possible land for these competing activities.

The focus of this chapter will be to identify strategically located land for promoting agricultural development and sustainable human settlements development to support the land reform programme. Land pertaining to other developmental sectors such as tourism will also be identified through integration of relevant information.

Land reform strategies geared towards promoting agricultural development signify a break with the apartheid’s dualistic agricultural policy that favoured white commercial farmers over emerging and subsistence ones. Agricultural development is intrinsically linked to the symbolic and material value of land ownership.
The symbolic value of land also contributes to the fostering of a sense of social cohesion predicated on redistributive justice, creating a unique space for collective mentality critical for nation building. The material value of land in relation to agricultural development is tied to the economic benefits of owning property and thus promoting an active art in the economy of the country.

The land strategically located for agricultural development would be within proximity to the physical and social infrastructure capable of supporting the entire agricultural value-chain. Central to agricultural development therefore are the natural features of a given area; soil types, rainfall and other climatic conditions conducive for specific agricultural practices. The location of local markets for fresh produce as well as supporting infrastructure for enabling access to international markets is also important. Other agriculture related sectors such as agro-processing, and lifestyle tourism for instance, are likely to bolster rural economy, leading to poverty alleviation. The task of identifying strategically located land therefor involves finding the best possible mechanisms for maximising the utilisation of that land.

### 6.1 Informants for Selecting Suitable Sites for Development

Identifying land suitable for rural development is a complex and scientific process. The linkages capability and opportunities between the rural resources and the urban market economics is critical to ensure that investment made in rural areas is sustainable in the long term.

Proposals for rural development and investment should be guided criteria selected from mainly National and Provincial policy documents and legislation, such as the Economic Development Corridors (EDCs), proximity to Strategic Infrastructure Projects (SIPs), proximity to agriculture production capability and infrastructure, linkages to social infrastructure and markets, and land with unique resource features that provide a competitive advantage for the rural area in the District.

Consequently, a number of criteria was selected, based on literature research, guidelines and spatial planning tools, to determine the most appropriate areas for development to ensure efficient, sustainable resilient and justifiable rural development. Criteria was selected for agriculture, tourism and human settlement development.

#### 6.1.1 Criteria for Rural Agriculture Development

Data collected from various state, provincial and private sectors was selected and divided into various themes, namely environmental, physical, socio economic and technical GIS layers. The selection of criteria for the development of agriculture is listed as follows:

- **Socio Economic Status of Communities**
  One of the fundamental purposes of the Rural Development Plan is to identify and provide economic opportunity to marginalised communities. The poorest wards, identified and listed by the Government, is an important informant for rural development. Economic opportunities, to alleviate poverty and create mechanisms for social upliftment and employment, informs the selection of land and capital investment.

- **Ownership of Land**
  Land owned by the state or municipalities is simpler and more cost effective to develop than that owned by private individuals. Private development is driven by market demand and profit motives, and can in numerous cases remain unproductive and fallow. The purchase of private land can further impact on the economic viability of the product or development. Suitable state or municipal land (commonage) should be identified to enhance rural development. The release of land in Tribal Authority areas is also a cumbersome and lengthy process.
- **Average Annual Rainfall**
  Rainfall is one of the factors that determine the availability of moisture for plant growth in the soil. The amount and distribution of rainfall over a year affects the productivity in agriculture. Rainfall is extremely important in agriculture because it determines the type of crop to be grown in certain areas. It also determines the crop yield and the presences or absences of supporting activities such as irrigation measures.

- **Average Temperature**
  Crops have different optimal temperature requirements for developmental purposes such as photosynthesis and respiration. For example, at about 35 degrees Celsius it would be difficult and/or impossible for optimal growth for most plants as the plants physiological processes are greatly inhibited. As a result, such average annual temperature is considered to be unsuitable. Temperatures between 25 – 72 degrees is an optimal condition for crop survival. Severe temperature also affects livestock farming and impacts outputs. Very low temperatures damage plants, particularly when there is frost during the growing season.

- **Vegetation**
  The abundance of vegetation in an area is very useful determining suitability of an area to grazing and cultivation.

- **Proximity to Rivers and Dams**
  The rivers and dams are important in agriculture because they serve as sources of water for irrigation and drinking. When allocating land for agricultural use, it is vital to take into consideration the proximity of the land parcels to these sources of water, especially the perennial rivers because they are not static. This is due to negative impact that some of the agricultural activities might impose on the riverine ecosystem.
  The distance that is greater than 10 km is regarded not suitable for this purpose, as it will impose a cost on the farmer in order to access the water. The land parcels that are located between the 3 and 6 km are moderately suitable, meaning that the cost that will be imposed on the farmer will not be that much. While if it is between 6 and 10 km it is marginally suitable as the cost will be higher than when it is closely located to the rivers.

- **Proximity to Roads**
  Proximity to major roads determines the accessibility to places of trade and economic hubs. Land parcels that are less than 3 km from roads are assigned with class of highly suitable while those that are further away form 10 km fall within the unsuitable class. The land parcels that are located between 3 and 6 km are moderately suitable as the distance from the markets and urban communities is not that far. The land parcels that are within 6 – 10 km are marginally suitable.
  The state and condition of roads directly impacts on the quality and market value of the agriculture commodity. Roads in a poor state, such as many rural roads in the Province, severely impact on the economic viability of crops such as fruit and vegetable production.

- **Proximity to Railway Lines**
  Railways are another mode of transportation providing access to markets and transportation of farm inputs. The advantages of this mode are that products can be transported in bulk at low cost, also resulting in reduction of congestion on the roads, further resulting in minimising air pollution as it reduces the dependency on automobiles. Land parcels that are within a distance of greater than 15 km are unsuitable while the ones that are less than 5 km are highly suitable as they are closer to the stations.
• **Proximity to SIP**
  Existing or planned Strategic Infrastructure Projects (SIP) provides opportunities for investment and development of new markets.

• **Proximity to EDC (Economic Development Corridors)**
  Economic development corridors support economic integration as they open up markets and promote increased trade and investment. Land units less than 15 km away from EDCs are highly suitable, whereas those land units that are further than 45 km from EDCs are unsuitable.

• **Proximity to Cities and Towns**
  Cities provide markets for agricultural produce. The proximity to markets is important as it determines the price of the product and other costs such as the market or transport costs.

### 6.1.2 Criteria for Human Settlement and Rural Economic Markets

• **Average Annual Rainfall**
  Amount of rainfall received in a particular area will determine whether or not certain land is suitable for human habitation.

• **Average Temperature**
  Maximum temperatures within 25 and 27 are ideal and are assigned a highly suitable class. Maximum temperature greater than 35 are assigned unsuitable.

• **Elevation**
  Elevation is a critical factor in determining land suitability as it is closely related to criteria such as soil type and slope stability. Elevation affects human safety and also costs in building urban areas.

• **Proximity to Informal Settlements**
  Informal settlements residents should not be formally housed too far from their current habitats to minimise disruption and dislocation from their communities, social amenities and sources of livelihood.

• **Proximity to Rivers and Dams**
  Rivers and dams are an important source of water for urban development. They also provide opportunities for activities that encourage tourism.

• **Proximity to SIP**
  Strategic Infrastructure Projects serve to increase attractiveness of regions to businesses and improve competitiveness.

• **Proximity to EDCs**
  Land located adjacent to Economic Development Corridors benefit from this proximity due to infrastructure investments and developments.

• **Proximity to Social and Municipal Infrastructure**
  Towns tend to be major growth points for surrounding communities owing to the availability of infrastructure, services and markets. Those land units greater than 21 km from the towns are unsuitable because they would result in people located away from places of work.
• **Proximity to Roads**
  Proximity to major roads determines the accessibility to places of trade, places of employment and economic centres.

### 6.2 Alfred Nzo District Municipality Development Plan

Alfred Nzo District municipality is situated in the North Eastern corner of the Easter Cape Province and covers 11119 km². It stretches from the Drakensberg Mountains, borders Lesotho in the West, Sisonke District Municipality to the North and O.R. Tambo District Municipality in the East and South. This district is part of the 27 priority districts.

Agriculture is the main economic activity in the District. Currently, it is a limited base for economic expansion due to the fact that the majority of farming is traditional subsistence farming. Commercial farming is limited to the Cedarville area in the north east of the District. The District has favourable conditions for the development of the agricultural sector and it is critical to assess the potential of this industry and devise methods of exploiting this untapped potential. In terms of agriculture enterprise classification, the area can be divided as follows:

- Top half (40%): cattle, sheep and maize (in that order)
- Bottom half (60%): cattle, sheep and goats

*Map 1: Alfred Nzo DM: Agriculture Potential - Land Capability (NEW)*

*Source: UDEC GIS*
There are clusters of restitution claims in the far western part of the district. The major road is the N2 between Durban and Mthatha. The status of the R56, traversing the northern section of the province and linking Elliot and Matatiele, has recently been upgraded to a National Road managed and maintained by SANRAL.
The Service Centre – Agri Park

Cedarville/Matatiele is identified as the most suitable urban area to develop the regional rural service centre (Agri Park). The centre should serve the various commodity value chains developed and to be expanded on in the District. The agricultural commodities to be served are:

- Goats (meat, mohair and chevron)
- Lamb, mutton and wool
- Cattle (dairy and beef)
- Piggeries and pork
- Poultry
- Maize

The Service Centre – Agri Hub

The Service Centre or Agri Hub should provide facilities for both the physical and social infrastructure, such as:

- Administration facilities (Offices)
- Storage for dry bulk and cold storage
- Packaging and Quality Control
- Agri processing facilities (ginners, mills, silo’s, abattoirs, canning)
- Transport logistics, machinery rental and mechanisations support services
- Training centre and student accommodation
- Research and demonstration plots for soils, plants, crops, animals, trees, fertilisers, etc.
- Nurseries
- Veterinarian services and annual clinics
- Accommodation for personal
- Business and retail facilities

This should preferably be located on state land in close proximity to major transport routes, rail network and infrastructure such as electricity, water and information, and communication technology networks.

Local Service Centres – Farmer Production Support Units

A second tier of support to rural agriculture development and community upliftment is the establishment of commodity specific centres termed Farmer Production Support Units (FPSU’s). Their centres or units focus on services and support of the production towards food security and the production and development of the primary commodity of the sub region or district.

There are local service centre nodes identified in the ANDM. These are located at:

- Tabankulu - Cattle, sheep, maize
- Mount Frere - Cattle, sheep, goats
- Bizana - Cattle, sheep, goats, aquaculture, fisheries
The local centre for Farmer Production Support Unit for each of the selected towns provide a specific function for the commodity farmed and produced in the local district. Opportunities for development for primary collection storage processing for the local, national and export markets and commodity specific services such as mechanisation, and irrigation are identified and provided in the numerous projects listed for the Alfred Nzo District Municipal area.

The project identified are categorised according to the four development pillars analysed in chapter 4 of this report. A detailed list of the projects are attached in the annexures.
Map 5: Alfred Nzo DM: Housing (NEW)

Source: UDEC GIS

Map 6: Alfred Nzo DM: Agrarian Transformation and Food Security

Source: UDEC GIS
Map 7: Alfred Nzo DM: Agrarian Transformation and Food Security

Source: UDEC GIS
CHAPTER 7: CONCLUSION

WORK IN PROGRESS