

MASTER AGRI-PARK BUSINESS PLAN: Eastern Cape

April 2016

FINAL REPORT



O.R. TAMBO DISTRICT BUSINESS PLAN



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EXECUTIVE SUMMARY

This DRAFT O.R. Tambo Agri-Park Business Plan reviewed the current agricultural activities in the O.R. Tambo District Municipality including, but not limited to, a review of the major agricultural products produced and the activities of the various public sector organisations supporting agriculture and farming projects in the region. This report serves as the first phase of the Agri-Park Business Plan, providing a status quo analysis, commodity selection, prioritisation and identification as well as a development concept and implementation guideline. The first section deals with the status quo and major role players in the region. The second section is the commodity prioritisation section and deals with the selection of commodities and the market environment around those commodities. The third section is the development concept and the implementation guidelines which consists of high level costing and recommendations for the development of the Agri-Park in OR Tambo District Municipality.

The Department of Rural Development and Land Reform has defined an Agri-Park as “a networked innovation system of agro-production; processing; logistics; marketing; training and extension services located in District Municipalities. As a network it enables a market-driven combination and integration of various agricultural activities and rural transformation services.” Thus the Agri-Park concept involves integrating collective farming, farmer incubation programmes, Agri-Clusters, and Eco-Villages; while also contributing to land conservation and preservation. A business plan for the Agri-Park in O.R. Tambo District Municipality was developed in 2015 by the Department of Rural Development and Agrarian Reform together with the district municipality. This report builds on that research as well as the Agricultural Policy Action Plan (APAP).

In this report reference is made to ‘commodities’ this being a broad range of agricultural products and not strictly traded agricultural commodities. Commodities were identified through a review of the status quo of agricultural activities and biophysical conditions of the region, a review of policy documents and current agricultural projects. These commodities were then analysed by way of a prioritisation matrix which has assessed each commodity according to 37 scoring criteria falling into four broad classes. These are:

- A) Biophysical criteria
- B) Enterprise viability
- C) Economic development
- D) Political & social objectives

Based on an O.R. Tambo District Municipality Council decision the site of the Agri-Hub for the district is in the town of Lusikisiki (Lambasi Agri-Hub), in Ngquza Hill Local Municipality LM. The concept of the Agri-park and its supporting structures within the O.R. Tambo District Municipality will be explored within the Final Report.

In accordance with the Agricultural Policy Action Plan and directives from the Department of Rural Development and Land Reform the top scoring commodities have been identified for inclusion as the core focus areas for the O.R. Tambo Agri-Park. The top scoring commodities for O.R. Tambo were identified as: Livestock (Cattle); Vegetables; and Maize. Due to the similarities between the respective value chains, livestock was expanded to include Livestock (goats) and vegetables expanded to include specific fruits. As a result, the commodity discussions include red meat (for beef and chevon) production; maize production; and vegetable & fruit production.

The identified commodities were then taken through a detailed analysis, including a market analysis; value-chain assessment and SWOT Analysis (Chapter 8 – 11 respectively).

The following were the key outcomes of the commodity analysis, relating to these main candidate commodities:

Red Meat:

- The O.R. Tambo District Municipality environment is well suited to livestock farming, including cattle, goats and, to a lesser extent, sheep.
- Good opportunities exist for agglomeration in the District specifically for small-scale and subsistence farmers to enter the O.R. Tambo District Municipality red meat market
- Opportunities exist for the expansion of agro-processing at a district level through initiatives such as packaging, rendering, etc.
- The demand for red meat has been showing strong growth in recent years and conditions are right for new entrants into the red meat market.

Maize:

- Maize is well suited to many parts of the O.R. Tambo District Municipality, and is grown as a subsistence crop throughout the district, i.e. many of the skills required for production are already present in the region, which bodes well for future efforts to increase maize production.
- Yellow maize not only contributes to food security directly within the O.R. Tambo District Municipality, but plays a major role in supporting the Red Meat value chain as a major source of feed, post-processing.
- The maize market is robust and any maize production will find a buyer. High quality maize will fetch a premium price but even low quality production can be sold to offset costs in the feed markets. Processing opportunities exist within the district at the RED Hubs at Lambasi and Mqanduli.

Vegetables & Fruit:

- There are numerous areas across the district where a variety of crops can be produced, with respect to vegetables. Fruit production potential exists along the coast, specifically Port St. Johns Local Municipality. Both of these involve high-value crop production initiatives
- Vegetables can uplift a local economy with both food and income into the local GDP
- Local commodity production will reduce the reliance on provincial and national imports of produce into the district, reducing food expenditure for consumers, and contributing to food security, specifically eastern regions who source from KwaZulu Natal. .
- Vegetables are likely to earn income relatively quickly compared to other commodities, as production is on a per crop basis.

As with many rural municipalities, the agricultural development is constrained by road infrastructure, access to water and electricity infrastructure as well as issues affecting access to arable land under the curatorship of traditional leadership structures. For the Agri-Park concept to succeed it is imperative that these issues be adequately addressed. These challenges and weaknesses were discussed with the SWOT Analysis, these include:

- Large investments in road, water and electricity infrastructure is required to facilitate the growth of agriculture in the deep rural areas of the O.R. Tambo District Municipality.
- Significant investment in skills development and training in all identified commodities is required before significant levels of production can be achieved
- A large portion of the O.R. Tambo District Municipality comprises former homeland areas. As a result, much of this land is held under communal land ownership. Releasing good quality land for commercial development is therefore likely to be difficult.
- Theft and vandalism of farm infrastructure and crops pose a moderate threat to agricultural production in the O.R. Tambo District.

The third section of this report deals with the development concept and the implementation guidelines which consists of high level costing and recommendations for the development of the Agri-Park in OR Tambo District.

The development concept covers what the completed Agri-Park should contain per commodity. The key thrusts are listed in a table below for each commodity. These key thrusts are activities/ products that should be developed by the Agri-Park.

Table I.I: Key thrusts

Vegetable	
Organic vegetables	There is a growing market in South Africa for organically grown vegetables as consumers become more aware of food production. There may be a gap in the market to exploit organically grown vegetables.
Processing of vegetables	Basic processing of vegetables could take place at the Agri-Hub. Cutting, peeling and packaging could be an important processing opportunity.
Production of vegetables in key projects	Vegetable production can be kick-started in areas through investment in key projects.
Market Linkages	Linkages with other Agri-Parks also focusing on vegetable production, such as Amathole DM, is important for market support and improved sustainability.
Training	A key aspect involved in Agri-Park concept is that of training and development of farmers. Emerging vegetable farmers need practical training in best farming practices as well as training in how to access markets.
Maize	
Silos	Developing a silo or storage facility in the district for local maize farmers.
Milling	Maize milling/processing would be a value-adding activity in the district. Milling can also enhance the quality of maize produced in the district.
Fencing	Fencing of local farms and commonages for small holder and emerging farmers.
Training	Training is a vital aspect of the Agri-Park concept. In order to give small holder and merging farmers an opportunity to produce maize for the market then it is important to train farmers in farming techniques and market information.
Market Linkages	Linkages with other Agri-Parks also focusing on maize production, such as Joe Gqabi DM and Amathole DM, is important for market support and improved sustainability.
Livestock	
Genetic improvement	Improving the genetic quality of emerging and small-holder farmers for immediate relatively fast improvement of prices offered for carcasses when sold to abattoirs.
Fencing	Fencing of commonage key grazing areas for small holder and emerging farmers.
Management of commonage	A key aspect of improving small holder farmer's herds is an improvement in the management of commonage. Commonage, if correctly planned and managed, can be vital for small holder farmers.
Veterinary support	FPSUs provide a base for DAFF veterinarians to operate out of and are invaluable to emerging and smallholder farmers.
Training	Training is a vital aspect of the Agri-Park concept. In order to give small holder and merging farmers an opportunity to produce livestock for the market then it is important to train farmers in animal handling and market information.
Abattoir facilities	There is currently space in the market for an abattoir at FPSU level that has deboning facilities. The Umzikantu Abattoir should be upgraded and expanded to service the Agri-Park. This should largely be focused on B and C grade meats for the local markets.

This section also contains the high level costing which was conducted. The costing indicates that the FPSU would cost approximately **R121 442 500** while the Agri-Hub would cost approximately **R 26 608 500**. The total cost of the entire Agri-Park in ORTDM would be approximately **R 148 051 000**. It is recommended that the RUMC is placed in an area of existing infrastructure. This will limit costs spent on the RUMC and focus funding on the Agri-Hub and FPSUs.

Agri-Park Unit	Total Cost
FPSU	R121 442 500
Mqanduli	
Mthatha	
Libode	
Qumbu	
Port St Johns	
Agri-Hub	R 26 608 500
Lusikisiki (Lambasi)	
TOTAL	±R 148 051 000

Finally the implementation guidelines provides guidelines on how to implement the Agri-Parks concept. It contains alignment with government programmes, projects and campaigns that are currently ongoing. Recommendations and the rollout plan are also part of this section. Specific recommendations are given for:

- Infrastructure
- Natural resources
- Agri-Park commodities
- Technology
- Training
- Agri-Park units
- Logistics
- Policy environment
- Funding/ investment
- Private/ public integration
- Market and
- Incentive programmes

LIST OF ABBREVIATIONS

APAP	Agricultural Policy Action Plan
CASP	Comprehensive Agriculture Support Programmes
CRDP	Comprehensive Rural Development Programme
DAFF	Department of Agriculture, Forestry and Fisheries.
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DRDLR	Department of Rural Development and Land Reform
DRDAR	Department of Rural Development and Agrarian Reform
ECDC	Eastern Cape Development Corporation
ECRDA	Eastern Cape Rural Development Agency
ECRDS	Eastern Cape Rural Development Strategy
ECSECC	Eastern Cape Socio-Economic Consultative Council
FPSU	Farmer Production Support Unit
GDP-R	Regional Gross Domestic Production
GVA-R	Regional Gross Value Added
IDP	Integrated Development Plan
IPAP	Industrial Policy Action Plan
LRAD	Land Redistribution for Agricultural Development Programme
NDP	National Development Plan
REID	Rural Enterprise and Industry Development
RID	Rural and Infrastructure Development
RUMC	Rural Urban Market Centre
SEDA	Small Sector Enterprise Development
SIP	Strategic Integrated Project
SWOT	Strengths, Weaknesses, Opportunities and Threats

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Overview

Chapter 1

1. INTRODUCTION

This report is commissioned by the National Department of Rural Development and Land Reform (DRDLR) and constitutes a Master Agri-Park Business Plan for the O.R. Tambo District Municipality. The Business Plan – Commodity Prioritisation is aimed at operationalising Agri-Parks that have been identified in pre-determined district municipalities in the Eastern Cape.

The Department of Rural Development and Land Reform has defined an Agri-Park as “a networked innovation system of agro-production, processing, logistics, marketing, training and extension services, located in District Municipalities. As a network it enables a market-driven combination and integration of various agricultural activities and rural transformation services”. This means that the Agri-Park concept involves integrating collective farming, farmer incubation programmes, Agri-Clusters, and Eco-Villages; while also contributing to land conservation and preservation.

The DRDLR has identified the need for business plans for 44 district municipalities across South Africa for the development of these Agri-Parks. This business plan is specifically developed for the O.R. Tambo District Municipality.

The goal of the Agri-Park Business Plan is described as:

“To develop a Master Agri-Park Business Plan that aligns with the Agri-Park Model that was developed by the Department of Rural Development and Land Reform and the dominant Commodity Value Chains in the specified District Municipalities.”

The objectives of the Agri-Park Business Plan is summarised from the Terms of Reference as follows:

1. To understand the Agri-Park Model developed by the DRLDR.
2. To identify the existing agro-processing facilities and farmers within each district municipality and to establish possible linkages.
3. To identify three possible agro-processing business opportunities for each Agri-Park.
4. To develop an institutional/operational plan for each Agri-Park that indicated how existing farmers will be linked with the Agri-park.
5. Review all existing documentation, maps and information.
6. To work with the representative of the districts and the CSIR.
7. SWOT analysis that includes a legal, environmental, financial and technical analysis.
8. Identify current agro-processing initiatives and possible synergies, linkages and opportunities to buy into existing businesses.
9. Do a financial analysis of the proposed agro-business opportunities.
10. To conduct a feasibility and viability assessment of the proposed agro-processing facilities.
11. Develop an operational plan for the business park.
12. Determine the costing of the Agri-Park.

1.1 Methodology

The methodology described in Figure 1.1 is to outline the steps undertaken to develop the Agri-Park Business Plan. The flow diagram also serves as a general outline for the Business Plan itself. Step One contains Chapter One, Two and Four (See Section 1.2), outlining the development process of the business plan and introducing the Agri-Park concept. Step Two presents Chapter Three, detailing existing policy documents. Step Three outlines the current socio-economic and economic status quo, as well as identifying key stakeholders. This is covered in Chapters Five and Six. Step Four is discussed in Chapters Five and Seven, while Step Six is presented

in Chapters Seven, Eight, Nine and Ten. Steps Seven, Eight, and Nine are dealt with in a future version of the draft.

Figure 1.1 - Methodology



1.2 Draft Business Plan – Commodity Section Report

The purpose of the Business Plan is to provide the O.R Tambo District Municipality and the Department of Rural Development with a strategic planning document that will outline how to establish and develop a viable and successful Agri-Park in O.R. Tambo District Municipality. The Business Plan report comprises the following chapters:

Chapter 2 - Agri-Park Model: This chapter is aimed at providing a theoretical understanding of the Agri-Park concept. This will describe the theoretical basis of an Agri-Park, how it will operate, why it is being established and who it will service.

Chapter 3 - Policy Review: The policy review chapter briefly outlines national, provincial and local policies and documents related to agricultural primary production and processing. The chapter will also consider district specific policies and documents such as the IDP and LED documents.

Chapter 4 - Location Context: This chapter provides a description of the district in terms of its regional location, major urban nodes, transport routes and main economic activities. It also provides information pertaining to the location of the proposed Agri-Park, including maps and depiction of existing economic infrastructure.

Chapter 5 - Role-Players: This chapter identifies the government, private sector and associations and organisations currently involved in the agricultural sector in the district. This will include each stakeholders' mandates and related agricultural projects.

Chapter 6 – District Economic and Socio-Economic Analysis: This chapter describes the economic and socio-economic status of O.R Tambo District Municipality. Details around district demographics, labour trends, income and poverty levels are also provided for the purposes of providing a contextual base analysis of the current socio-economic dynamics of the region

Chapter 7 - Agricultural Industry Analysis: The agricultural industry analysis provides insights into the dominant agricultural activities, current and proposed agricultural projects, and the environmental conditions in the district. The chapter presents a commodity priority matrix, where various district agricultural activities are scored based on their biophysical, enterprise, economic and political & social criteria to assess production opportunities and viability. The matrix is integral in determining the main priority commodities for the Agri-Park.

Chapter 8 – 10: Prioritised Commodity¹ Market Analysis: The three main commodities for the Agri-Park identified in chapter 7 are discussed in more detail in these chapter. This includes a market assessment, value chain assessment and SWOT analysis.

Chapter 11: Development Concepts: The development concepts chapter outlines the Agri-Park concept for each of the key commodities at the different Agri-Park units, high level costing.

Chapter 12: Implementation Guidelines: The implementation guidelines is aimed at providing recommendations and outlining the implementation process. It also ensures that the Agri-Park concept is in line with current government programmes.

Chapter 13: Organisational Structure: Chapter 13 provides an overview outlining the proposed organisational structure of the Agri-Park and the major operators and stakeholders in the project.

¹ Commodities in this case refers to any possible product that can be produced or cultivated by the Agri-Park.

Agri-Park Model

Chapter 2

2 AGRI-PARK MODEL

The Agri-Parks concept was developed by the Department of Rural Development and Land Reform, after examining multiple private and public land usage models, ranging over educational and experimental farm operations, collective farming initiatives, farmer-incubator projects, Agri-Clusters, eco-villages, and urban-edge allotments and market gardens. Agri-Parks seek to serve as the transition zone between agricultural production zones in rural areas and urban processing and transportation hubs.

Agri-Parks are aptly named, in that the park seeks to aid in open space preservation, and seeks to promote a business park environment, with multiple organisations and initiatives based out of a centralised area. The centralisation of developmental agricultural activities within districts encourage linkages between the parks and the surrounding land for production. Additionally, it enables the centralisation of physical infrastructure within the district, enabling development of rural agricultural activities. The national guidelines for Agri-Parks are provided for in Text Box 2.1.

Text Box 2.1 – Agri-Park Guidelines

Agri-Park Guidelines

1. *One Agri-Park per District (44 nationally, 6 provincially)*
2. *Agri-Parks must be farmer controlled.*
3. *Agri-Parks must be the catalyst around which rural industrialisation will take place.*
4. *Agri-Parks must be supported by government (for 10 years) to ensure economic sustainability.*
5. *Partnerships between government and private sector stakeholders should be strengthened, ensuring increased access to water, energy, and transport services, and production and develop existing and create new markets to strengthen and expand value-chains.*
6. *Maximise production of state land with high agricultural potential.*
7. *Increase and maximise access to markets to all farmers, especially emerging farmers and rural communities.*
8. *Maximise the use of land with high agricultural potential (i.e. land with high production capability).*
9. *Maximise use of existing agro-processing, bulk and logistics infrastructure.*
10. *Revitalise rural towns and provide support to towns with good growth potential, particularly towns with high current or potential economic growth, and high population growth over the past ten years.*

Agri-Parks, which will be farmer controlled, seek to achieve multiple developmental objectives within the rural environment, aimed at promoting agricultural production within subsistence and small-scale producers. The Agri-Park approach will include the selection and training of smallholder farmers, as well as selecting farms per province for the placement, incubation and training of unemployed graduates and other entrepreneurs. These Agri-Business entrepreneurs, and small-scale/subsistence farmers, will be actively mobilised and organised to support this initiative. Strategic public partnerships between the Department of Rural Development and Land Reform (DRDLR) with other key government institutions, such as the Department of Agriculture, Forestry and Fisheries, the Department of Cooperative Governance and Traditional Affairs, and local institutions such as provincial development agencies, and the Eastern Cape Rural Development Agency.

The development of Agri-Parks will necessitate the review of all existing land reform policies, to ensure sufficient policy support. State land is expected to be used for both production and processing.

2.1 Strategic objectives of the Agri-Parks Programme

The following are the strategic objectives of the Agri-Parks Programme:

- Establish Agri-Parks in all of South Africa's District Municipalities that will kick start the Rural Economic Transformation for these rural regions.
- Promote the growth of the smallholder sector by creating 300 000 new small-scale producers, as well as 145 000 new jobs in the agro-processing industry by the year 2020 (as set out in the National Growth Path).
- Promote the skills of, and support to, small-holder farmers through the provision of capacity building, mentorship, farm infrastructure, extension services, production inputs and mechanisation inputs.
- Strengthen existing and create new partnerships within all three spheres of government, the private sector and civil society to develop critical economic infrastructure such as roads, energy, water, ICT and transportation/logistics corridors that support the Agri-Park value chain.
- Enable producer ownership of the majority of Agri-Parks equity (70%), with the state and commercial interests holding minority shares (30%).
- Allow smallholder producers to take full control of Agri-Parks by steadily decreasing state support over a period of ten years.
- Bring under-utilised land (especially in Communal Areas Land and land reform farms) into full production over the next few years, and expand irrigated agriculture.
- Contribute to the achievement of the National Development Plan's "inclusive rural economy" and target of 1 million jobs created in agriculture sector through creating higher demand for raw agricultural produce, primary and ancillary inputs, as well as generating increased downstream economic activities in the sector.

The Agri-Parks Programme seeks to achieve a rural economic development through an all-inclusive approach to development by developing agricultural value chains that are linked nationally. The programme will also be able to address issues of employment, skills development and productivity of land.

The Agri-Parks programme is viewed as a programme that will address issues of rural economic development, one of government's key areas to address. Government has previously intervened with various anti-poverty programmes, but with a lower impact than what was expected. The Agri-Parks model, however, is expected to co-ordinate anti-poverty activities, providing an integrated package service that will match the local priorities. The development of Agri-Parks will necessitate the review of all existing land reform policies, to ensure sufficient policy support. State land is expected to be used for both production and processing.

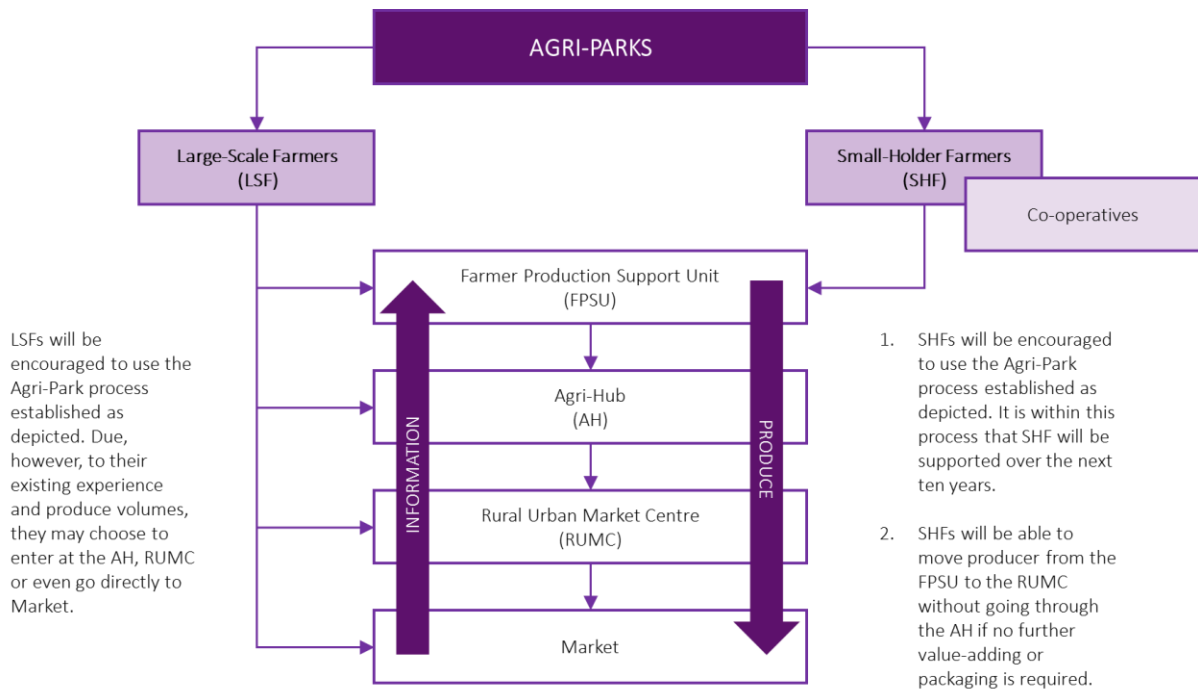
2.2 Agri-Park Structure

An Agri-Park is a networked innovation system of agro-production, processing, logistics, and marketing, training and extension services. The Agri-Park system is located in a district municipality, serving to enable market-driven combination and integration of various agricultural activities and rural transformation services. The Agri-Park concept comprises of three basic units:

- **Agri-Hub Unit (AH).**
- **The Farmer Production Support Unit (FPSU).**
- **The Rural Urban Market Centre Unit (RUMC).**

Figure 2.1 provides a visual representation of the information and produce flows within the Agri-Hub system

Figure 2.1 - Agri-Park Flow Diagram



Source: DRDLR (2015)

2.2.1 Agri-Hub

Agri-Hubs are located in centralised places within a District Municipality that are able to service and interact favourably with agricultural activities within the district. The Agri-Hub, by necessity, is located in an area that can serve as a link between district agricultural production and markets, and supply inputs from service and product providers towards the agricultural producers. Agri-Hubs, ultimately, need to possess sufficient physical and social infrastructure to accommodate:

- Storage/warehousing facilities (cold storage, dehydrators, silos etc.)
- Agro-processing facilities (mills, abattoirs, juicing, etc.)
- Enterprise development areas: lease space to high intensity start-up industries that can benefit from the inputs of outputs of the Agri-Hub, i.e. piggeries, tunnel grow crops, bio-gas production etc.
- Large -scale nurseries to supply agricultural production initiatives.
- Packaging facilities for national and international markets.
- Weighing facilities
- Logistics hubs for collection of goods from the FPSUs.
- Transport service workshops and spare parts for larger maintenance tasks of Agri-Hub and FPSU equipment.
- Agricultural technology demonstration parks to train farmers in the Agri-Park catchment area on new technologies in terms of fertilisers, plants and seeds, irrigation, energy use and farm implements
- Soil testing laboratories.
- Accommodation for extension training and capacity building programs
- Housing and recreational facilities for workers and Agri-Hub staff.

- Business, marketing and Banking facilities, (ICT)
- Rural development organisation offices.

2.2.2 Farmer Production Support Units

The Farmer Production Support Unit (FPSU) is a rural outreach unit connected with the Agri-Hub. The FPSU serves as a resource node in areas isolated away from the main Agri-Hub, serving the surrounding community. The FPSU is detailed with collecting primary production from agricultural initiatives in the area, storing this product, engaging in small-scale processing operations for the local market, and providing extension services to surrounding operations (including mechanisation). In more detail, FPSU are multiple centres within a district that provide:

- Agricultural input supply control (quality, quantity, timeous deployment of inputs).
- Mechanisation support (tractor driving, ploughing, spraying, harvesting etc.)
- Machinery, servicing workshop facilities.
- Primary produce collection.
- Weighing of produce and stock.
- Sorting of produce for local and other markets.
- Packaging of produce for local markets
- Local storage.
- Processing for local markets (small-scale mills etc.)
- Auction facilities for local markets
- Provide Market information on commodity prices (ICT).
- Extension support and training
- Local logistics support (delivery of farming inputs, post-harvest transportation, transportation to local markets, etc.)
- Small Business Development and Training centre.
- Banking
- Fuel

2.2.3 Rural Urban Marketing Centres

Rural Urban Marketing Centres (RUMC) are located on the periphery of large urban areas, providing three main purposes. The first is to link rural, urban and international markets; the second is to act as a holding facility for product, releasing produce as required to urban markets based on seasonal trends; and the third is to provide market intelligence and feedback to the Agri-Hub and FPSU. RUMCs seek to:

- Improve access to and distribute market intelligence;
- Assist farmers, processors in managing a nexus of contracts;
- Provide large warehousing and cold storage facilities to enable market management;
- Provide logistic and transport in collection of produce from FPSUs or Agri-Hubs;
- Receive inputs from FPSU's and Agri-Hubs.
- Assist multiple Agri-Parks.

Figure 2.1 depicts the catchment area of the Agri-Park in the grey circle, essentially illustrating the size and contents of the Park that includes farmers, FPSU's, AH's and RUMC's. The Agri-Hub, or AH, forms the central point of the Agri-Park that is linked to the FPSU's. There will be more than one FPSU per district, which is intended to provide a supporting role between the AH and the farmers. All these components of the Agri-Hub are interlinked, providing a streamlined and integrated approach to agricultural and rural development provides the relevant detail of the catchment of each component.

Figure 2.2 - Strategic Representation of the Agri-Park model



Source: DRDLR (2015)

Table 2.1 - Norms and Standards for Agri-Parks

Component	Proposed catchment area in areas of low density population	Proposed catchment area in areas of high density population
FPSU	30km	10km
Agri-Hub	120km	60km
RUMC	250km	150km

Source: DRDLR (2015)

The FPSU is designed to have catchment areas of 30km in low density areas and 10km in high density areas, indicating that there will be several per district. The AH is designed to have catchment areas of 120km in low density areas and 60km in high density areas, indicating fewer AH’s than FPSU’s. The RUMC is designed to have the largest catchment areas of 250km in low density areas and 150km in high density areas. There are likely only to be one RUMC in the Eastern Cape for the initial phase of the Agri-Parks roll out. It will likely be located in Buffalo City. After this initial phase a RUMCs may be located in each district municipality if there is a need for it. When the OR Tambo Agri-Park develops into a feasible business venture and there is a demand for a RUMC, one could be developed specifically for OR Tambo in the Mthatha SEZ.

Policy Review

Chapter 3

3 POLICY REVIEW

The following chapter discusses the relevant agricultural policy plans pertaining to and related to the development of Agri-Parks. Agriculture policy documents are provided at three levels of government: National, provincial and municipal. Each of these levels approach agriculture and Rural Development with their own priorities. National government seeks to address high-level inequalities resulting from changing governmental regime and general migratory trends. National-level documents also seek to promote plans with a focus on employment creation and income for South Africans. Provincial level reports are more spatially orientated in that specific opportunities are identified and prioritised for rural development. Municipal government planning is often budgetary linked, allowing for targeted rural policies and initiatives.

These policy and planning documents are critical to the successful planning for the O.R. Tambo District Agri-Hub and creation of the Agri-Hub business plan.

3.1 National Development Plan (NDP) (2012)

The National Development Plan outlines the visions for South Africa, to be realised in 2030, which the provincial (e.g. Eastern Cape Vision 2030) and municipality (e.g. Nelson Mandela Bay Vision 2030) development plans have subsequently been based. The Plan emphasises the importance of inclusive rural development alongside urban initiatives, giving due diligence to the large populace throughout SA that resides within rural areas, enabling rural communities to have greater opportunities to participate in the economic, social and political life of the country (NPC, 2012).

The main driving force of rural development within the National Development Plan is implemented through job creation in the agricultural sector, through development based on effective land reform, and the growth of production in traditional agriculture and aquaculture. Should these policies be implemented, the agricultural initiatives will also enable development within agro-processing and fishing sub-sectors, as well as enabling additional tourism and entrepreneurial capabilities of the regions. Finally, South Africa is committed to providing and improving access to basic services that will develop capabilities of communities to take advantages of opportunities around the region, assisting the communities through remittances and skills transfer (NPC, 2012)

3.2 Comprehensive Rural Development Programme (CRDP) (2009)

The CRDP condenses the policies affecting rural communities into a single organised directive. The framework is “aimed at being an effective response against poverty and food insecurity by maximising the use and management of natural resources to create vibrant, equitable and sustainable rural communities” (Department of Rural Development and Land Reform, 2009:10).

The strategic objective of the CRDP is to facilitate integrated development and social cohesion through participatory approaches in partnership with all sectors of society, and seeks to accomplish this through a three-pronged strategy focusing on:

- A coordinated and integrated broad-based agrarian transformation;
- Strategically increasing rural development; and
- An improved land reform programme

3.3 Department of Rural Development and Land Reform – Strategic Plan 2015-2020 (2015)

The Strategic Plan outlines five programmes that will assist in completing its mission statement: To initiate, facilitate, coordinate, catalyse and implement an integrated rural development programme (Department of

Rural Development and Land Reform, 2015:9). Of these programmes, one specifically targets rural development, Programme 3: Rural Development.

Programme 3 plans set in place actions for government entities to implement for rural development. The main objectives of the programme are to:

- Facilitate rural livelihoods development;
- Develop infrastructure that will support the rural economy;
- Provide support to rural enterprises and development of rural sectors and sub-sectors; and
- Encourage job creation and skills development in rural areas.

These objectives have links to the Agriculture Policy Action Plan, the CRDP, and the National Development Plan.

3.4 Industrial Policy Action Plan 2013/14 – 2015/16 (2013)

The IPAP is unlike the previous rural development policy reports, in that it does not focus primarily on rural development, but rather industrial development. National industrial development is not isolated to industrial hubs, but spread across the whole value chain. The plan focuses on rural development via improving rural inputs into the value chain. Examples of rural inputs range from agricultural produce from formalised farming structures to animal hides sold informally from subsistence farmers. The IPAP seeks to inform and standardise the latter markets, so that a uniform, high quality product is available for processing (DTI, 2013).

3.5 Diagnostic Overview of the Eastern Cape Province (2013)

This report is a summary of the main challenges, attributes and accomplishments of the Eastern Cape. It serves as a diagnostic review that highlights the main development challenges and problems in the province. Furthermore, the review acknowledges and seeks to address the well-known provincial crisis areas, specifically health, education, employment and the functioning of the state, with particular focus on education and health, economic development, and governance and institutional capabilities, the core chapters of the overview.

The review does not specifically focus on rural development, but similar to the IPAP, addresses the core role that rural communities play in correcting the above concerns. Human Development, as a good example, focuses on the disparities between the rural and urban areas, the disparities between the former homeland areas and the Cape Province, and the legacies of Apartheid. The chapter also acknowledges and discusses migratory trends, such as the circular rural-rural and the rural-urban migration patterns (Eastern Cape Planning Commission, 2013A).

3.6 Eastern Cape Rural Development Strategy (ECRDS) (2010)

The ECRDS is a response by the Eastern Cape Department of Agriculture and Rural Development to a then growing national focus on rural development. Rural development was seen as a corrective tool to address uneven development, as a result of increased urbanisation after 1994. The ECRDS seeks to “align and effectively coordinate all policy interventions in order to ensure that the strategy draws from, and is aligned with all major policy frameworks across all spheres of government”. (Eastern Cape Department of Agriculture and Rural Development, 2010:9)

The ECRDS acknowledges that the Rural Eastern Cape is a region that required a different approach than macro-policy objectives. Rural development, with respects to the Eastern Cape, is a process where people need to be involved in creating a different society, and must be created around population organisation and mobilisation.

The strategy ties the need for rural development into several fundamental concerns currently existing within the province, particularly:

- Structural factors
- Historical political economy
- Land and agrarian relations
- Settlement patterns and migration
- Food security; and
- Impacts of past initiatives.

The strategy also outlines the principles of which it uses to understand Rural Development, before outlining its strategic vision and goals. The goals are broadly defined as the transformation of rural areas into regions that are socially and economically developed, and creating a conducive institutional environment for rural development. The goals will be achieved through the implementation of six pillars, focusing on land reform, agrarian transformation and food security, non-agriculture rural economic development, infrastructure, social and human development, and providing an enabling environment (Eastern Cape Provincial Government, 2010).

3.7 Eastern Cape Rural Development Plan (2015)

The Eastern Cape Rural Development Plan is a follow up document to the Eastern Cape Rural Development Strategy. The EC RDP defines and identifies the rural population within the province, as well as providing an industrial review of key rural industries within the province (Agriculture, Forestry, Tourism, Agro-Processing, Construction, and Mining). The Plan also seeks to outline rural-focused development opportunities within the province, based upon existing initiatives and industrial gaps identified within the various districts. The document achieves this by focusing on four developmental pillars: Land Reform, Agrarian Transformation and Food Security, Non-Farm Rural Economy, and Infrastructure and Social Development.

The four pillars streamline developmental objectives, identified within the document, into distinct categories, enabling project planning and industrial development. One of the key developmental projects identified within the Rural Development Plan is the Agri-Park, with the plan unpacking the Agri-Park concept and identifying areas in which positive knock-on effects can be obtained near, and as a result of, the development of the Agri-Hub and FPSU, such as improved transport infrastructure, localised agro-processing initiatives, and enabling consolidated agricultural production (DRDRLR, 2015).

3.8 Agricultural Policy Action Plan (APAP) (2014)

The Agricultural Policy Action Plan (APAP) seeks to translate the high-level responses offered in the IGDP, into tangible, concrete steps. The first iteration of APAP is not offered as a fully comprehensive plan; rather, based on the model of the Industrial Policy Action Plan ('IPAP'), it identifies an ambitious but manageable number of focused actions, in anticipation of future APAP iterations that will take the process further.

The APAP aligns itself with the New Growth Path (NGP), the National Development Plan (NDP) and Industrial Policy Action Plan (IPAP) and seeks to assist in the achievement of Outcome 4, Decent Employment through Inclusive Growth, and that of Outcome 7, Comprehensive Rural Development and Food Security.

The APAP presents 'sectoral interventions' that concern selected subsectors/value chains, and 'transversal interventions' which will support multiple subsectors (such as addressing common constraints or addressing core competencies) and implementation management, monitoring and evaluation process.

The key outcomes of the APAP are listed below:

SECTORAL INTERVENTIONS

- **Poultry / Soybean / Maize integrated value chain**

Interventions are concerned primarily with supporting the domestic soybean and yellow maize industries with the aim of increasing production and lowering animal feed costs i.e. by relying less on imported oil-cake, which is double of what is locally produced, and in this way render domestic poultry producers more competitive.
- **Red meat value chain**

Intervention are concerned with commercialising the communal livestock systems by means of improving the herd health status and husbandry, continual reduction and prevention of food borne illness. There is a need to ensure an analysis is done determining the potential of communal the communal farmers, and the support required to prepare them (standards and meat quality and other processes) to meet market requirements.
- **Wheat value chain**

Interventions seek to make South African wheat farmers more competitive. This will be done through a combination of R&D in new cultivars, adaptation of conservation agriculture technologies to wheat production, while examining the possibility of augmenting milling capacity in the Western Cape near to one of South Africa's main production areas.
- **Fruits & vegetables**

Interventions for fruits and vegetables include the supporting of fresh produce markets through infrastructure investment, raising levels of skills and agricultural knowledge and the development of new technologies to increase the productivity and profitability of fruit and vegetable farming.
- **Wine industry**

Interventions for the wine value chain are focused on rendering it more adaptable, robust, globally competitive and profitable. The sustainability of possible solutions and interventions will be directly proportionate to the extent to which the industry is able to institutionalise with the necessary government support.
- **Biofuels value chain**

There are two main types of interventions regarding biofuels. The one type relates to a cluster of R&D initiatives to ensure that farmers have access to the best possible varieties for feedstock production, including R&D that enables them to increasingly take advantage of conservation agriculture methods. The second is to determine how best to develop the smallholder sector to become feedstock suppliers, especially as much of the land that could be made available for biofuels feedstock production is located within the former homelands.
- **Forestry**

The interventions for forestry are concerned with the following:

 - Infrastructure development
 - Land allocation and providing land tenure security
 - Develop new management model for state owned forests
 - Small growers support

- **Small-scale fisheries**

The interventions for small-scale fisheries as described in the Small-Scale Fisheries Policy are as follows:

- Subsidy schemes for the storage of fish, skills training in the areas of processing, and basic business skills.
- Subsidy schemes for the establishment of locally based and owned marketing companies,
- The development of a South African label/certificate for fish products caught by small-scale fishers.
- Establish small-scale fisheries development nodes.

- **Aquaculture competitiveness improvement programme (ACIP)**

Interventions for aquaculture are taken from the National Aquaculture Strategic Framework and are as follows:

1. Create an enabling, integrated regulatory and operational environment for developing an equitable and globally competitive aquaculture sector for South Africa.
2. Increase access to available public and private land and water bodies for utilisation for aquaculture purposes.
3. Ensure that appropriate funding instruments are put in place to attract private and public investments into the sector.
4. Make provision for a reliable supply of good-quality and affordable seed and feed to all fish farmers.
5. Ensure adequate investment in the undertaking of aquaculture research and development to ensure technical knowledge and transfer of technology which will make the aquaculture sector highly competitive.
6. Implement environmental and biosecurity programmes to assure food safety and enhance quality of aquaculture products.
7. Increase South African aquaculture products' market share locally and internationally.
8. Ensure information management and dissemination to create awareness and promote aquaculture as a socially, environmentally and economically viable activity.
9. Create partnerships and coordination between various government departments, industry and the private sector.
10. Invest in capacity building and skills development in government, fish farmers and the private sector.

TRANSVERSAL INTERVENTIONS

- **Fetsa Tlala**

Fetsa Tlala Integrated Food Production Intervention focuses on supporting subsistence and smallholder farmers to increase the area under production, with particular attention to bringing under-utilised arable land in the former homelands into production, targeting 1 million hectares by March 2019.

- **Research and innovation**

Interventions include the establishment of appropriate national bodies with the purpose of setting the national Research and Development agenda for agriculture, forestry and fisheries, to guide and monitor agricultural innovation.

- **Promoting climate-smart agriculture (CSA)**

Interventions are in support of the following aspirations

- The development of CSA framework / strategy
- Up-scaling of the CSA concept and practices by/among all farmers in all the nine provinces.

- The provision of incentives for CSA practices with special focus on small holder farmers
 - CSA through measures such as, but not limited to, reduced tax on fuel.
 - To produce more with the same amount of water by using more efficient irrigation methods & water demand management
- **Trade, agri-business development and support**
Interventions are aimed at increasing market access for agriculture, forestry and fisheries products both domestically and internationally through targeted/ product specific interventions. The priority should be given to smallholder farmers through research, capacity building and technical assistance.
- **Strategic Integrated Project (SIP) 11**
The Interventions for the SIP 11 - Agri-logistics and rural infrastructure – are listed below:
 - Maximise the use of communal land and productivity of land reform projects
 - Expand irrigated agriculture by 500 000 Ha
 - Support agricultural sectors and regions with high productive potential
- **Bio-security**
Interventions for bio-security include:
 - Develop and strengthen regulatory frameworks in the biosecurity sphere
 - Promotion of regulatory compliance and training and advisory services in the field of biosecurity
 - Verification and registration of production unit codes for export markets
 - Control and eradication of quarantine diseases and pests
 - Procurement of an electronic information management system, and
 - Improvement of the early warning and early detection systems.

Source: DAFF (2014)

3.8.1 O.R. Tambo District Municipality Agricultural Policy Action Plan (2015)

The Agricultural Policy Action Plan also details district level information, provided by the national departments of DRDLR, DAFF, and the provincial DRDAR. The Action Plan details the suitability of the district for an Agri-Hub, highlighting priority crops and locations for development.

The district is relatively small in terms of provincial agricultural output, with four Comprehensive Agriculture Support Programmes (CASP) located in the northern part of the district. There is land identified for maize production, with 84 000 hectares, across the district. Otherwise, the northern portion of the district, accounting for 80% of the land, is suitable for cattle, sheep and goat production, while the southern portion is more suited for sheep, goats, cattle and maize (DRDLR et al., 2015). The regional gateway is Mthatha, and land is primarily owned by the state, due to its status as a former homeland area. The N2 national road serves as a major linkage between Cape Town, Port Elizabeth, and Durban.

Based on analysis presented in the document, the Agri-Hub location should be located near a readily available market, with engineering services and transport infrastructure.

3.9 Eastern Cape Vision 2030 (2014)

The Eastern Cape Vision 2030 is a comprehensive response by Eastern Cape Planning Commission to the National Development Plan (Vision 2030) outlining the province's critical priorities. The Provincial Development Plan (PDP) has, at its core, ten principles. These are:

- The implementation, monitoring and review cycle of the PDP must encourage the active and critical participation of all citizens of the Eastern Cape in their own development. Key to this will be people-centred local action.
- The PDP and its implementation must be decisive in redressing injustices of the past effectively, while fostering a consciousness for justice in future judgments and arrangements.
- The PDP should foster equitable economic growth and investment, as well as opportunities for meaningful work.
- High-quality education, a healthy population and effective social protection are important to the realisation of a flourishing future for all. The PDP should particularly guarantee an equal start for all children, and ensure that no child suffers from malnutrition.
- The PDP should foster creative links between economic and social strategies to promote inclusive and equitable participation in the economy by an active, hardworking and cohesive society.
- Collaboration between communities, the public and private sectors should be strengthened, with greater attention paid to strengthening the capabilities of a community-anchored agency for sustainable development.
- An effective and capable government, and public institutions with ethically committed leaders, are key to the success of the PDP.
- An ethical, accountable private sector is equally important to the success of the PDP.
- Conscientious leadership is encouraged from all sectors of society and there should be a conscious, ongoing effort to develop and strengthen such leadership.
- The PDP should foster the province's knowledge-driven, evidence-based development.

Source: Eastern Cape Planning Commission (2013B)

The Eastern Cape Planning Commission responds to the challenges outlined in the NDP by illustrating that, provincially:

1. There are too few people who work
2. The standard of education for most black learners is poor
3. Infrastructure is poorly located, under-maintained and insufficient to foster higher growth and spatial transformation
4. Spatial patterns exclude the poor from development
5. The economy is overly and unsustainably resource intensive
6. A widespread disease burden is compounded by a failing public health system,
7. Public services are uneven and often of poor quality
8. Corruption is widespread
9. South Africa remains a divided society.

The Commission seeks to address these issues through rural development strategies, regionally targeted, that encourage spatially specific solutions. For example, the eastern and north-eastern parts of the province are identified as high-density, poverty-stricken rural areas, and are acknowledged as potential agricultural hubs; whereas the central region of the province is encouraged to make use of the East London Industrial Development Zone (IDZ), through sectoral expansion. The western regions of the province are identified as having untapped economic and tourism potential, as well expansion opportunities within existing agricultural and agro-processing production, such as Mohair.

The PDP ultimately identifies three pillars through which the province can achieve its strategic vision and objectives, specifically:

- Human Development;
- Economic Opportunity and Rights; and
- Institutional Capabilities.

3.10 O.R. Tambo Policy Review

The Eastern Cape Municipalities periodically release Integrated Development Plans (IDPs) and Local Economic Development Reviews (LED) that are relevant to socio-economic and economic development within those regions. These reports contain relevant information and planned initiatives for these municipalities for the stipulated periods. Subsequently, the Agri-Parks will need to align themselves with these documents.

3.10.1 O.R Tambo LED Review (2014)

The O.R. Tambo LED Review serves to update the existing LED profile and reemphasise the goals of the original document, in line with the national LED Framework review of 2014. The vision, objective, pillars of the LED are as follows:

- Vision:
 - A Spatially balanced district that facilitates shared, community-anchored development and promotes sustainable growth based on the local economy's latent strengths and competitive advantage.
- Objectives:
 - Intensified promotion of economic diversification and spatial balance
 - Exploration and expansion of agricultural value chains
 - Leveraged and targeted investment in rural and tourism nodes
- Pillars:
 - Enterprise support
 - Agricultural Livelihoods
 - Tourism Sector Support.

The pillars each serve as an implementation framework for each objective, with enterprise support governed by the intensified promotion of economic diversification and spatial balance; Agricultural Livelihoods by exploration and expansion of agricultural value chains; and Tourism Sector Support by leveraged and targeted investment in rural and tourism nodes. Within the framework provided by the pillars, several key projects have been identified within each pillar. These are

- Enterprise support:
 - Public procurement as LED Driver
 - Research into mega projects
 - Micro-enterprises capacitation
- Agricultural Livelihoods
 - Kei Fresh produce support
 - Wild Coast mariculture
 - Langeni Timber Cluster
- Tourism Sector Support.
 - Port St Johns tourism oriented upgraded
 - Coffee Bay tourism node development
 - Marketing and promotion of regional tourism assets.

Source: O.R. Tambo District Municipality (2014)

3.10.2 O.R Tambo IDP 2014/2015 Review

The O.R. Tambo District Municipality Integrated Development Plan process was undertaken within the applicable national and provincial legal and policy framework, to identify and target development goals for the district in the 2014 – 2018 period. The plan was informed by various policy documents, including the:

- The O.R. Tambo Five Year Term Report (2006-2011): An assessment of IDP implementation;
- The introduction of a new Municipal Council after the 2011-Local Government Elections;
- The 2011 – Census update on the Socio Economic Profile of the District;
- The IDP/Budget Public hearings
- Comments from the MEC; and
- New national and provincial development strategies and plans.

The IDP, once adopted, will focus on the following development goals for the district over the next 5 years. These are:

- Coordinate the endeavours of the three spheres of government;
- Construct enabling infrastructure and deliver quality services to all;
- Ensure responsive and accountable government and promote clean governance;
- Promote economic growth and develop sustainable community livelihoods; and
- Improve the capacity of the State as key development actor.

3.10.3 O.R Tambo District Municipality DRDAR Draft Business Plan Review (2015)

The O.R. Tambo District Municipality has developed a draft business plan regarding Agri-Parks, with the Agri-Hub (based at Mthatha) and the 5 FPSU centres. The business plan presents the mission and vision of the business plan, and values and sector priorities of the district. These are:

- Mission:
 - Promote, support and coordinate rural development and agrarian reform interventions to reduce poverty and underdevelopment through job creation, integrated food security programme, and equitable participation in development by all rural communities.
- Vision:
 - Vibrant, equitable, sustainable rural communities and food security for all.
- Values of the District:
 - Innovation
 - Excellence
 - “Bambisanani”²
 - Mutual respect
 - Honesty & Integrity
 - Inclusivity
- Sector Priorities
 - Livestock improvement
 - Promotion of Animal Health
 - Promotion of viable and profitable farming business enterprises
 - Agricultural infrastructure development support
 - Food Security- Implement the Crop Production Plan
 - Job Creation

² Believe that the sum of our collective efforts will be greater than the total of our individual efforts

- Revitalising irrigation schemes

The draft business plan presents historical, socio-economic and economic summaries of the O.R. Tambo District Municipality. The document provides a detailed agricultural review, identifying several commodities as key potential drivers for the district, as well as potential development locations. These are:

- Port St Johns Local Municipality, for sub-tropical fruits, oil & protein crops, vegetables, game animals and livestock
- Ngquza Hill Local Municipality, for sub-tropical fruits, chicory, tea, field crops, game animals and livestock
- Nyandeni Local Municipality, for field crops, game animals and livestock
- Mhlontlo Local Municipality, for irrigated vegetable crops, game animals and livestock
- King Sabatha Dalindyebo Local Municipality, for irrigated vegetable crops, sub-tropical fruits, game animals, and livestock.

Other commodities identified include high value crops, such as tea and essential oils, forestry, and beekeeping, or apiculture.

Finally, the draft business plan identifies several commodities for prioritisation at the Agri-Hub and FPSU centres. These are wool, meat, milk, fruit & vegetable, grains, and high value crop production (DRDLR et al, 2015).

Location Context

Chapter 4

4 LOCATION CONTEXT

4.1 Description of the district

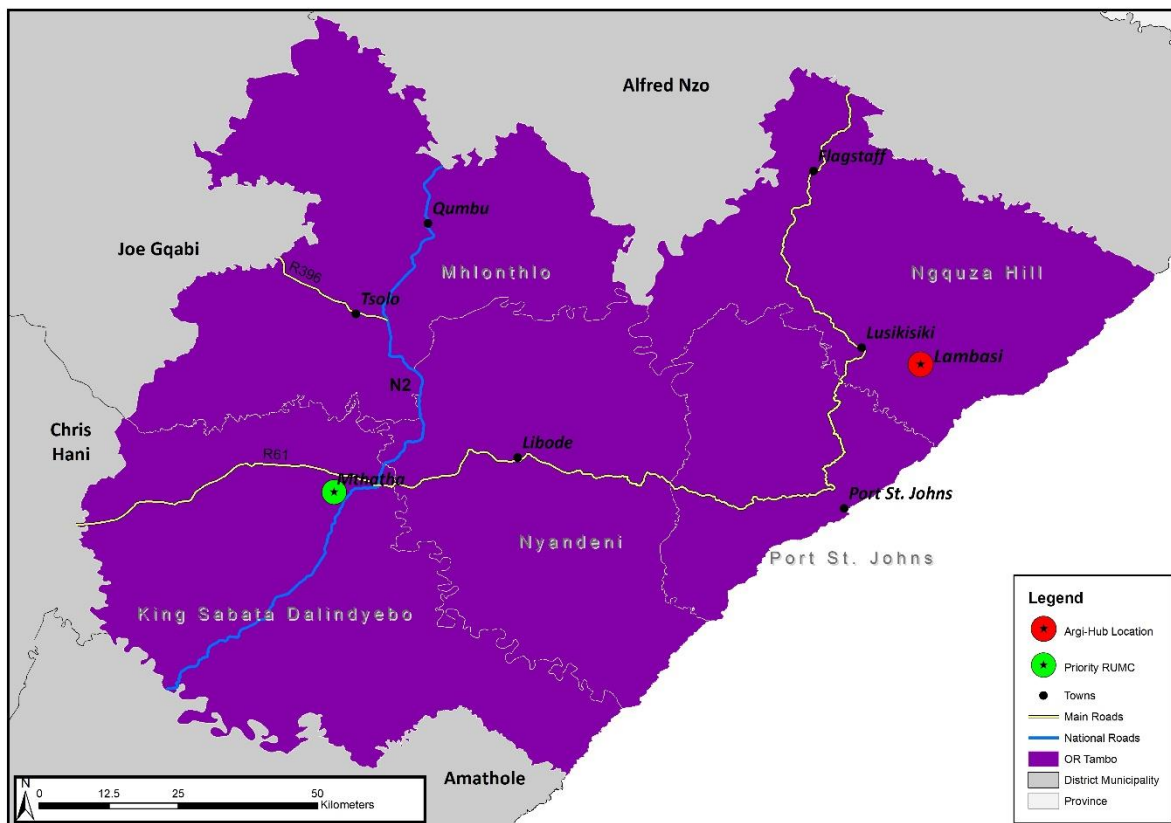
The O.R. Tambo District Municipality is bordered by the Amathole, Chris Hani, Joe Gqabi and Alfred Nzo Districts. The district is comprised of five local municipalities; King Sabatha Dalindyebo, Nyandeni, Ngquza Hill, Mhlontlo and Port St. Johns. It covers an area of roughly 12 095 km². The major district population centre is Mthatha, situated within King Sabatha Dalindyebo Local Municipality. Other notably sized urban centres within the district include Port St Johns, Lusikisiki, Libode, Qumbu and Tsolo.

The O.R. Tambo District Municipality is the most populated district municipality in the province, with 1.37 million people permanently residing within its borders. It has the 3rd highest population density, behind only the metropolitan areas, with 113.0 persons/km². It is the district that possesses the highest proportion of uneducated individuals, with 17.9% of the population holding no form of formal education.

4.2 Location of the Agri-Hub

The O.R. Tambo District Municipality is one of the smaller districts in terms of area within the province, with range of environmental conditions. The district is primary rural in nature, with Mthatha as the largest (and only significant) population. An Agri-Hub has been provisionally placed at Lambasi, near Lusikisiki, as per Map 4.1. The Agri-Hub is well positioned within the rural market to assist agricultural production in this area. This access enables regional production access to a major distribution node, primarily suited to collect and distribute local agricultural production via the Agri-Hub. It is recommended that the FPSUs are located in Mqanduli, Mthatha, Libode, Qumbu and Port St. Johns in the initial phase of the Agri-Park development. If there is a need for additional FPSUs in OR Tambo additional FPSUs can be located in Ngqeleni and Tsolo during a later phase of Agri-Parks development.

Map 4.1 – O.R. Tambo District Municipality Agri-Hub



Source: Urban-Econ GIS Department (2015)

4.3 Economic Infrastructure

The N2 national road transects the O.R. Tambo District from the south west, passing through Mthatha and Qumbu to the Mt Ayliff region in the north west of the district. . The N2 links Cape Town to Port Elizabeth to Durban. Regional roads in the district link significant population centres, specifically: the R61, coming from Engcobo into O.R. Tambo District Municipality, passing near Mthatha, through Libode, and Port St Johns, turning to continue through Lusikisiki and Flagstaff. The other regional road, the R396, turns off the N2 through Tsolo. There is no established railroad network within the district. Port St Johns serves as the regional port, with potential for further development as an aquaculture centre. Agricultural education and training occurs at institutions such as the Tsolo Agricultural College and the Walter Sisulu University. Infrastructure is also being invested into Mthatha, in preparation for its declaration as a Wild Coast Special Economic Zone, enabling agro-processing within the district (ORTDM IDP, 2015). Mthatha is also being considering for metropolitan status.

The provision of basic services such as electricity and water were below the provincial figures. Water service provision in the district indicates a major deficiency within the province as, despite over 100 000 households with water service, the district has the worst water services connectivity in the province, as well as the highest number of households that draw water from dams river and streams, and the second highest that draw water from boreholes. Reduced water service provision in the O.R. Tambo region could serve as a major hindrance to agricultural activities in the district, with the district more likely forced to rely on river irrigation schemes for large-scale agriculture projects. In counterpoint to the water services scenario, O.R. Tambo District Municipality has 70.5% of its households connected to the electricity grid, albeit still below the provincial average (75.2%). Much of the electrical network in the municipality is of acceptable quality with a few towns in the District in need of upgrades to the network and maintenance. The load-shedding outages that occur throughout the

country limit the economic effectiveness of the area but this is a common theme across the country. Electricity infrastructure is largely acceptable in the District.

Role-Players

Chapter 5

5 ROLE PLAYERS

The following chapter will discuss the main role-players who could provide support, finance and skills assistance for the Agri-Park's operation. This section will include possible role-players from the public sector, private sector and various associations and organisations. It will discuss the various role-players' current mandates in the District and Province, as well as provide an indication of their current projects scope in the region.

5.1 Public Sector

5.1.1 The National Department of Rural Development and Land Reform (DRDLR)

The mandate of the DRDLR is to promote sustainable land and agrarian transformation in the country while promoting rural development and creating sustainable tenure systems that will enhance South Africans livelihoods. They are also tasked with fighting poverty and promoting food security. The DRDLR functions under three pillars namely:

- The first pillar - sustainable land and agrarian transformation:
 - The aim is to increase agricultural production through the optimal and sustainable use of natural resources and appropriate technologies to ensure food security, dignity and improved rural livelihoods. This will subsequently lead to vibrant local economic development.
- The second pillar - rural development:
 - This focus is on improving both economic infrastructure (such as roads, community gardens, food production, fencing for agriculture, etc.) and social infrastructure (e.g., communal sanitation, and non-farming activities). To successfully achieve this, ownership of processes, projects and programmes is vital.
- The third pillar- land reform based on restitution, redistribution and land tenure reform:
 - Deliberate and intensified post-settlement support is available to ensure that land transferred to black South Africans contributes to the fight against poverty, by ensuring food security and underpinning economic and social transformation in rural areas. Land reform remains critical to the comprehensive development of South Africa's rural areas and the government's recapitalisation and development of land reform projects, currently in distress, bears testimony to this.

The main projects that DRDLR are going to be involved in in the District is the Agri-Parks Project. The National Department of Rural Development and Land Reform are the main drivers of the Agri-Parks conceptualisation nationally, and are heavily involved in the project's implementation across the country.

5.1.2 Eastern Cape Department of Rural Development and Agrarian Reform (DRDAR)

The mandate of DRDAR is to "promote, support and coordinate rural development and agrarian reform to reduce poverty and underdevelopment through integrated and participatory interventions."

The three strategic goals of the Department are is to create a thriving farming sector and access to affordable food, to develop improved rural economic livelihoods and creation of employment opportunities and an environment conducive to the enhancement of service delivery.

The Eastern Cape Rural Development Agency (ECRDA) is a public entity that reports to the DRDAR and many of the projects that are funded and implemented are done so through the ECDRA.

Current projects and initiatives that are promoted through the DRDAR include:

Name of Project	Budget	Additional Assistance Provided
Agri-Parks project	R100 + million	DRDLR
Forestry Development in the Eastern Cape	R5 - R20 million	DAFF
Charcoal and sawmill initiatives	R5 - R20 million	DAFF
SMME and Cooperative Poultry initiatives	R5 - R20 million	DEDEAT/ SEDA
High value crop initiatives	R20 - R100 million	
Agricultural infrastructure initiatives	R5 - R20 million	ECDC/SEDA/DEDEAT
Deciduous fruit development	R1 - R5 million	
Aquaculture initiatives	R100+ million	DRDAR/DEDEAT/BCM
Agro-processing initiatives	R5 - R20 million	
Wetland and Dryland Restoration	R20 - R100 million	

Source: DRDAR (2015)

5.1.3 Ntinga O.R. Tambo Development Agency

The Ntinga O.R. Tambo Development Agency is responsible for responding to the unique changes facing the district. The agency seeks to achieve this by adopting a strategic approach toward Local Economic Development by:

- Effective harnessing of tangible and intangible resources in the district;
- Mobilisation and leveraging of financial and other resources;
- Spearheading of a sustainable human capital resource development;
- Pursuance of innovation and best practise including indigenous system; and
- Effective planning and consultation.

The Ntinga Development Agency has an established value system governing the agency's interactions. These are to:

- Nurture and Care;
- Leadership;
- Agility;
- Innovation and Creativity;
- Growth and Development;
- Accountability and Transparency; and
- Good Governance.

The Ntinga O.R. Tambo Development Agency serves as an implementation tool of the O.R. Tambo Council to prioritise local economic development, stimulating growth in one of the worst poverty and jobless stricken districts in the Eastern Province. The agency's primary focus is split between five major industries, namely agriculture, tourism, forestry, trade and investment promotion. These industries are further focused within several development programmes:

- Agricultural Development

- Community afforestation and rehabilitation
- Commercial and Industrial development
- Sustainable villages development
- Tourism Development and Promotion
- Human capital development
- Enterprise development and support services
- Strategic Investments and trade promotions
- Municipal consulting services

The Ntinga O.R. Tambo Development Agency is actively involved in the following projects:

- Maize Programme
- Community Education and Skilling
- Qaukeni Chicken Abattoir
- Lambasi CPC
- Vegetable Production
- Livestock Programme
- Sustainable Villages Programme
- Commercial Development Programme
- Tourism Programme
- Arts and Crafts Programme
- Kei Fresh Product Market
- Umzikantu Red Meat Abattoir
- Ikwezi Farm Enterprise
- Emfundisweni Brick and Fence
- Emfundisweni Bakery

5.1.4 Eastern Cape Rural Development Agency (ECRDA)

The ECRDAs mandate is to promote, support and coordinate rural development and agrarian reform to reduce poverty and underdevelopment through integrated and participatory interventions. The ECRDA seeks to enhance Department of Rural Development and Agricultural Reform programmes and support initiatives, with the aim of rejuvenating rural economies, by focusing on 5 main pillars, namely:

- Effective co-ordination and implementation of agrarian-driven high impact priority programmes
- Promoting entrepreneurship through rural finance and support programmes
- Develop, institutionalise and sustain an effective, capable and fit-for-purpose organisation including best-in-class project management, targeted research and innovation driven Agency
- Leverage strategic partnerships toward implementation and funding of rural development initiatives
- Develop sustainable, localised institutionalised rural framework.

The ECRDA has 9 major Programmes in various stages of implementation which are:

Programme 1: Rural Development Programme

The establishment of nine agro-processing and marketing infrastructure projects to enhance value-addition over a period of three years. Increasing the feedstock supply to an estimated 13 200 tons to support milling plants over a period of three years. Facilitating the establishment, support and oversight of community-owned and operated forestry projects covering 20 000 ha over the next 3 years.

Programme 2: Renewable energy programme

Undertake eight renewable energy research studies by 2017/2018. Facilitate the implementation of four renewable energy and ancillary projects by 2017/2018. Facilitate the production/provision of 164 500 tons of feedstock for the bio-energy industry by 2017/2018.

(Both of these programmes falls under the ECRDA's Pillar 1, with a total cost of R 35 572 000.)

Programme 3: Rural Finance Programme (including micro-finance)

Facilitate disbursements and recovery of loans to the value of R19.3 million by 2017/2018, with the loans used to stimulate entrepreneurship in rural areas by guiding and supporting communities through providing guidance during the entrepreneurship stages. The ECRDA is budgeting R34.5 million over the 2014-2018 period.

Programme 4: Rural Development Support Programme

Facilitate the establishment of 90 sustainable rural development enterprises by 2017/2018, by identifying rural development entities, mobilising these entities, providing capacity building through training of cooperative members and to encourage linkages to other partners that are able to provide assistance. The budget for the programme is R5.724 million.

Programme 7: Co-ordinate and facilitate external funding and investments to co-fund mega projects.

This is with reference to six rural enterprise development hubs, completed by 2017/2018.

Programme 9: Establishment of rural development clusters and nodes.

This is achieved via the establishment of nine rural development clusters across the six district municipalities in the Eastern Cape between 2015/2016 and 2017/2018, with a budget of R400 000.

5.1.5 Department of Economic Development, Environmental Affairs and Tourism (DEDEAT)

The blueprint for economic development comes from the Provincial Growth and Development Plan (PGDP). The main goal of DEDEAT is to lead economic development in the province through environmentally sound and sustainable practices.

DEDEAT is predominantly involved in creating policy that will facilitate the necessary economic development and funding the various public enterprises that are part of DEDEAT. Through various funding platforms DEDEAT encourages the development and creation of infrastructure and special economic zones, enterprise development, development of the trade sector, provision of regulation services, research and planning, partnerships and linkages, tourism development and environmental management.

DEDEAT concentrates and performs on three main programmes namely:

Programme 1 – Administration

Provides the department with strategic leadership and management

Programme 2 – Economic development and tourism

This programme is primarily responsible for promoting and administering job creation and economic development in the province.

Programme 3 – Environmental Affairs

Administration of environmental policy that cascades from national level and alignment of departmental policy. This programme regulates environmental management through environmental impact assessments compliance and enforcement, air quality, waste and biodiversity management.

DEDEAT performs functions through public entities which are listed below with their budget allocation for 2014:

- Eastern Cape Development Corporation (ECDC) – R 208 million
- East London Industrial Development Corporation (ELIDZ) – R 95 million
- Coega Development Corporation (CDC) – R 185 million
- Eastern Cape Parks and Tourism Agency (ECPTA) – R 193 million
- Eastern Cape Gambling and Betting Board (ECGBB) – R 44 million
- Eastern Cape Liquor Board (ECLB) – R 42 million

Each of these agencies are responsible for various activities and projects. Some are region and location specific such as the CDC and ELIDZ which operates in the IDZs in the Eastern Cape while others operate throughout the Eastern Cape such as ECDC, ECPTA, ECGBB, and ECLB. Outside of the IDZs most of the economic development projects are planned and funded by the ECDC and ECPTA. For this exercise the ECDC will be discussed in further detail.

5.1.6 Eastern Cape Development Corporation (ECDC)

The ECDC's mandate is to promote sustainable economic development in the Eastern Cape through focused provision of innovative development finance and the leveraging of resources, strategic alliances, investment and partnerships. The ECDC seeks to act as a bridge between the socio-economic goals of the Eastern Cape and the areas of the private sector that requires development. The primary mandate is to positively contribute to governmental development objectives for the province, and to overcome the constraints of poverty, unemployment, inequality, under-development and apartheid inheritance.

The ECDC has numerous priority areas for projects namely: Business Finance, Investment Promotion, Enterprise Development, Project Development, Property Management, Export Promotion, Spatial and Rural Projects. The table below is a list of projects under the ECDC. It should be noted that there are a broad range of projects that are funded by the ECDC including mining operations and tourism operations:

Project Name	Location	Budget
Business Support		
Tourism Enterprise Partnership	Mthatha, Port St Johns	R200 000
Special Funds		
Imvaba Co-operative Fund	Eastern Cape	R6.2 million
Investment Promotion		
Forestry Rehabilitation	Eastern Cape	R113 million
Trading Post and Maize Milling	Eastern Cape	R91 million

Source: ECDC (2015)

5.1.7 Eastern Cape Socio-Economic Consultative Council (ECSECC)

The mandate of the ECSECC is to be a multi-stakeholder centre of excellence in applied policy research, development planning and facilitation.

The principal goal of the ECSECC is to advise and assist government and other stakeholders to achieve an integrated development strategy for the Province and its constituent regions, to address the socio-economic development of the province, and particularly the needs of the communities and underdeveloped areas.

The Eastern Cape Socio-Economic Consultative Council provides supportive roles for planning and project development, ensuring that there is alignment with governmental policies, such as the provincial growth plan. ECSECC is also involved in service delivery, promoting alternative service delivery initiatives to poor and underserved communities.

The projects that the ECSECC are currently involved in include:

- Political Economy of HIV and AIDS Conference
- Development of the Rural Development Strategy
- Development of the Business Case from the establishment of a rural development agency
- Liberation Heritage Route
- Skills Indaba
- Database of Provincial Training providers

5.1.8 Small Enterprise Development Agency (SEDA)

SEDA is an agency of the Department of Small Business Development. SEDA was established in December 2004, through the National Small Business Amendment Act, Act 29 of 2004. SEDAs mandate is to develop, support and promote small enterprises throughout the country, ensuring their growth and sustainability in co-ordination and partnership with various role players, including global partners, who make international best practices available to local entrepreneurs.

SEDAs main goal is to develop small enterprise development ecosystem, and its network provides access to much needed support services to small enterprises and co-operatives. These services include information to start-up businesses, support through incubation, market access and expansion for established small enterprises and co-operatives

SEDA is involved in projects that deal with entrepreneur, skills and business development. Some of the successful projects (and SEDAs role) in the Eastern Cape include:

- Anax Fleet Management & Fuel Supply Solutions – Business plan and project proposals.
- Four Star Communications – Computer skills training
- Maletswai Waste and Recycling cooperative - Developing a business plan, skills training
- Sithembeni Woman Cooperative – Developing a business plan, learning exhibitions in Canada.

SEDA is also planning to spend between R 5 million and R 20 million with the establishment of poultry cooperatives, servicing the live bird and indigenous poultry demand throughout the Eastern Cape in association with other development agencies such as DRDAR and DEDEAT.

5.2 Private Sector

5.2.1 Commercial Banks

The four major commercial banks target market comprises of both the commercial as well as developing agriculture. Their focus is on retaining and selective acquisition of their market share in commercial agriculture. Products and services offered are, amongst others, cheque accounts, overdraft facilities, term loans, mortgage loans, asset finance, investments, estate and asset management, insurance and assurance, international banking services, contract growing, hedging and trading as well as electronic banking services and advisory services. Agricultural Long-term Loans are used to buy farm property, make capital improvements such as fencing, water provision and soil conservation or to consolidate short-term debt (where farmers have previously financed fixed assets out of working capital or short-term finance). Agricultural Project Loan is a

medium-term loan product. It is a multipurpose agricultural loan suited for the acquisition of livestock, orchards, farm buildings, etc., which generates an income only after a certain establishment period. Agricultural Cheque Account fulfils the transmission of funds requirements of a farming business, as well as providing a dedicated product for short-term (less than 12 months) production credit.

5.2.2 Agricultural Co-operative Finance

The finance divisions of the various agricultural co-operatives support agencies provide production loans or seasonal facilities for period of up to one year. These facilities are granted for the purchase of production resources and services rendered. Interest is calculated on the basis of simple interest per day on the outstanding balance owed. The interest rate applicable on the account is the interest rate determined per individual depending on the risk profile. Month accounts are used to make purchases at trading branches. These accounts are short-term credit and the full outstanding balance must be settled monthly, 30 days after statement. The primary goal of a long term loan is to finance the purchase of productive agricultural land. The purpose of asset finance is to assist clients financially in purchasing durable capital goods, like tractors, combines and implements

5.3 Agro-Processing Businesses

There are numerous agro-processing businesses that currently operate in and around the district. Many of these are situated in the areas where major production occurs such as Nelson Mandela Bay and East London or they are located close to major production centres in the district such as lamb in Karoo or citrus agro-processing in the citrus production region of Sundays River Valley. The following section will be expanded per commodity from Chapter 8 onwards. The major producers for each commodity are listed in Table 7.2:

Table 5.1 - Major Producers and Agro-Processors in the Eastern Cape

Red Meat	Vegetables & Fruit	Fruit	Forestry
Austin Evans Feedlot	McCain Foods SA	Sundays River Citrus Company	Hans Merensky
Adam Agri	Just Veggies	Cape Fruit Processors	P.G. Bison
Beefcor	Carbocraft	Sundays Organic Growers Association	
Beefmaster	Rhodes	Valor	
Chalmar Beef	Langeberg Food Processors	JC's Fruit Juices	
Dc Louw Feedlot	McCain South Africa	Ceres Fruit Juices	
Karan Beef	Koo	Fruittime	
Sparta Beef		Unifrutti	

There are numerous other small scale producers situated in the Eastern Cape and particularly in the O.R. Tambo District Municipality which are not listed.

5.4 Other Key Role Players

5.4.1 Land Bank

The Land Bank is a statutory body with a mandate to support the development of the agricultural sector. The Bank's key strategic intent is to achieve financial sustainability focused on social and development impact. The Bank provides a comprehensive range of retail and wholesale financial products and services designed to meet the needs of commercial and developing farmers and agriculture-related businesses. As a statutory development finance institution, the Bank must fulfil a government mandate requiring it to:

- support the development of all elements of the agricultural economy
- give special attention to the needs of previously-disadvantaged people in the sector
- benchmark its operating efficiencies and service delivery against financial-sector norms
- ensure its financial sustainability.

The Land Bank gives low, medium and high-risk clients access to a full range of long, medium and short-term loans to meet all financial needs, including land and equipment purchases, asset improvement and production credit. During 1999 the bank added Gold Premium and Platinum risk categories to its existing Gold low-risk category. Clients who qualify on the basis of exceptional security and high loan values pay reduced interest rates. Specific criteria for medium and high-risk clients with limited security increases access to credit while minimising the risk of default.

5.4.2 Extension and Support Services

DAFF has implemented an extension and advisory revitalisation programme worth R1.1 billion over the last five years. By the end of 2012/13, more than 1 200 extension and advisory officers had been recruited to improve the ratio of extension officers to farmers. To ensure that these officers are visible and accountable on the ground, the Digital Pen technology has been rolled out nationally. This technology is used by extension personnel to record their interaction with clients and allows the taking of pictures on site for evidence purposes. To ensure access to appropriate information, the Extension Suite Online system has been adopted nationally. This computerised system enables extension officers to access relevant information during their interaction with the farmers in the field.

Table 5.1 - Extension and support services offered by various organisations

Organisation	Type of Support
DAFF	Provides state veterinary services and various agricultural services through the extension and advisory offices.
ECDC	Financial and business support services.
ECRDA	Financial and business support through CASP and uVimba services. It is the implementing agent of the MAFISA loan finance scheme.
DRDAR	Provides support and training to farmers and financial services.
Ntinga Development Agency	Provides financial and operational services mainly to SMMES.

5.4.3 Associations and Organisations

The following section outlines the associations and organisations that may be important to consider and consult during the planning stage of the Agri-Park. Some of these organisations operate nationally while also having provincial and local offices. Other organisations are only represented at a local level. The organisations that are represented here are only a small set of those in the district and nationally and once FSPUs are set up then other associations in relevant areas need to be considered.

Table 5.2: Associations and Organisations

Associations/ Organisations	Description
Agri-SA	Agri-SA is a non-profit organisation aimed at developing a stable, profitable agricultural environment within South Africa. Through its affiliated membership, Agri-SA represents a diverse group of farmers. Agri SA's policy advocacy includes

Associations/ Organisations	Description
	work on trade negotiations, industrial policy, taxation, financing, land reform, labour laws, training, farmer development, environmental affairs, water rights and water pricing, other input-related issues, farm safety, law and order, infrastructure, technology development and transfer, statistical information and local government. The organisation also maintains an extensive communication network with its members and other affected communities, organisations and individuals
African Farmers Association (AFASA)	AFASA aims to commercialise the developing agricultural sector and ensure meaningful participation of black individuals within the mainstream commercial agribusiness sector, hence ensuring the long-term sustainability of the agricultural sector in South Africa
The Agricultural Economics Association of South Africa (AEASA)	AEASA is the professional organisation of Agricultural Economists in South Africa. AEASA's products and services should support all agricultural economists active in the industry
South African Agricultural Machinery Association (SAAMA)	SAAMA serves as a combined forum for the agricultural machinery industry in South Africa in which the interests of its members and agriculture as a whole are addressed, promoted and developed through responsible, co-ordinated discussion, action and provision of funded information about the industry as a whole
Citrus Growers Association (CGA)	The CGA was established in 1997 after the citrus industry was deregulated in order to protect the interests of citrus farmers. Since then it has also taken on additional responsibilities in providing the industry with access to global markets, optimising cost effective production of quality fruit, development and research into citrus, as well as effectively transforming the industry.
Red Meat Producers Organisation (RPO)	RPO is service organisation that acts as mouthpiece for South African commercial red meat producers. It is an independent producer's organisation that strives to dynamically promote the sustainability and the profitability of the red meat industry in South Africa.
Agricultural Employers Association (AEA)	An affiliate of Agri EC, the LWO offers specialised knowledge and assistance with matters such as employment contracts, disciplinary hearings, strikes, restructuring, retrenchments and union negotiations.
Citrus Growers Association Development Chamber (CGDC)	The CGDC is responsible for overseeing the emergence of new and emerging farmers in the citrus industry. It also plays an important part in the transformation in the citrus industry.
Agri-EC	Formerly known as the Eastern Province Agricultural Union, was established in 2001 and is the voice of the farmer in the province. Its vision is to develop and grow the agricultural industry as a sustainable economic sector by promoting agricultural business interests, influencing government policy

Associations/ Organisations	Description
	formulation and providing value-added services to its members
O.R. Tambo Farmers Association	The O.R. Tambo Farmers Association exists to provide education, training and development practices, while assisting other education initiatives within the district. The primary aim of the association is to promote agriculture and agricultural awareness within the district. It is based within Mthatha.
O.R. Tambo Youth Farmers Association	The association is for youth who are committed to sustainable agricultural development within the district. It seeks to encourage O.R. Tambo District Municipality youth to become job creators within the agricultural sector, as opposed to job seekers.

District Overview

Chapter 6

6 DISTRICT ECONOMIC & DEMOGRAPHIC OVERVIEW

The following chapter seeks to analyse O.R. Tambo District Municipality according to a range of socio-economic indicators in order to compare the various local municipality's performances as well as identify current and future development trends within the region. Understanding the regional context of provincial trends is essential to measuring performance and designing programmes that support region specific development in the rural economy.

The Eastern Cape is characterised by a spatial inequalities in terms of population and labour force dynamics as well as access to services, economic activity and infrastructure. The following chapter seeks to analyse the O.R. Tambo District according to a range of socio-economic indicators in order to compare the various districts' performances as well as identify future trends within the province. Understanding the regional context of provincial trends is essential to measuring performance and designing programmes that support region specific development.

The aforementioned analysis will be based on the outcomes of both the 2001 and 2011 Census and will be structured under the following headings:

- Demographics
- Education
- Poverty and income levels
- Sanitation services

6.1 Demographic analysis

The demographics of an area determine the size and structure of the population. This, in turn, has an impact on resource allocation, the consumption of goods and services and human capital development, which influences factors such as education, employment, income distribution and the physical well-being of a population. These development outcomes subsequently influence population processes such as migration, settlement, fertility, mortality and morbidity rates.

The Eastern Cape had a total population of 6.5 million people in 2011, with two municipalities – the O.R. Tambo District Municipality (1.3 million) and the Nelson Mandela Bay Metro (1.1 million) – having populations in excess of one million people. These two municipalities account for 20.8% and 17.6% respectively of the total provincial population.

The districts located in the eastern part of the province (O.R. Tambo, Alfred Nzo and Amathole) comprise former homeland areas, and account for almost half (46.6%) of the Eastern Cape population, or 3.0 million. High population densities in the eastern, predominantly rural, parts of the province represent a significant development challenge.

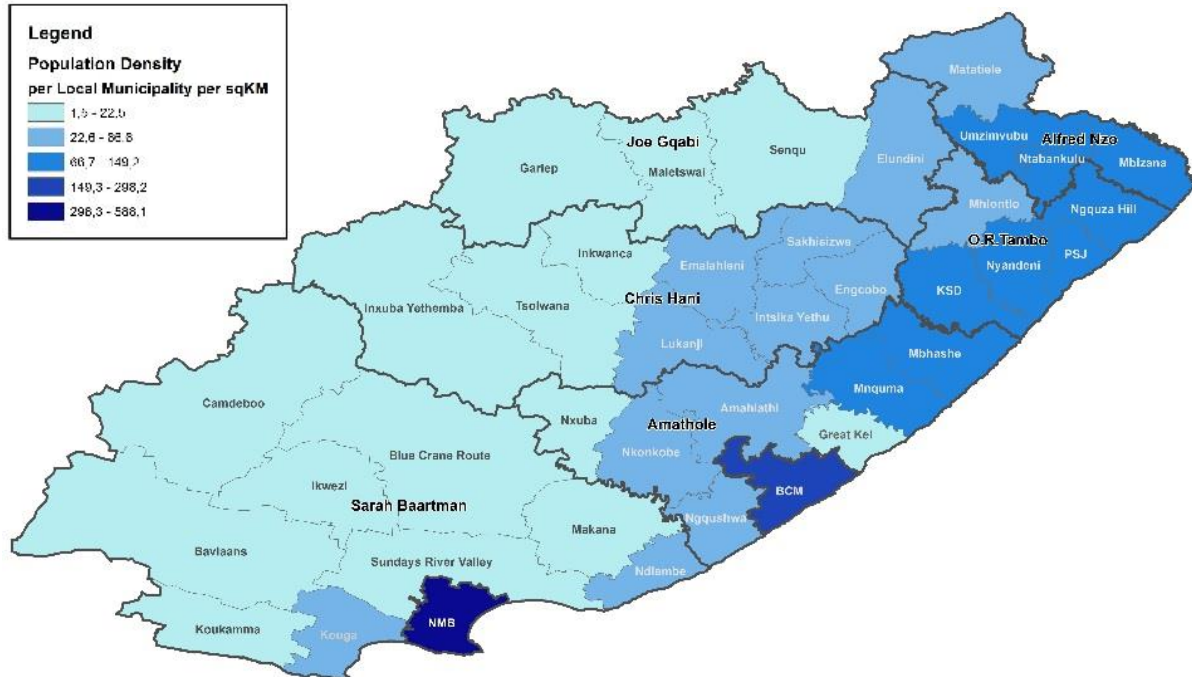
The O.R. Tambo District Municipality's local municipalities have populations of:

- Ngquza Hill Local Municipality: 278 481
- Port St Johns Local Municipality: 156 136
- Nyandeni Local Municipality: 290 390
- Mhlonlo Local Municipality: 188 226
- King Sabatha Dalindyebo Local Municipality: 451 710

6.1.1 Population Densities

The Eastern Cape’s average population density was 38.8 people per km² in 2011 which, although lower than the national figure (43.5 persons per km²), hides the significant spatial variance across the province’s districts. The population per district for the province is displayed within Map 6.1.

Map 6.1 - Eastern Cape Population Densities



Source: Calculations based from Census 2011 (2012); Urban-Econ GIS Department (2015)

The O.R. Tambo is one of the smaller districts in the province, ahead of only Alfred Nzo District Municipality and the two metropolitan municipalities in terms of area. As a result of the high population and the small regional area, the district is one of three districts within the province with population density over 100 people per square kilometre. The population density in the district is 112.8 persons per km². The three of the five local municipalities have population densities within the 110 to 120 people per km² range. Ngquza Hill Local Municipality has a density of 112.4 people per km² range, Port St Johns a density of 120.9 people per km² range, and Nyandeni Local Municipality a density of 117.4 people per km² range. The two municipalities with the largest discrepancy from the district average are Mhlontlo LM, with 66.6 people per km², and King Sabatha Dalindyebo Local Municipality with 149.1 people per km². King Sabatha Dalindyebo Local Municipality has the district population urban hub of Mthatha.

6.1.2 Age Structure

In 2011 there were 2.1 million children under the age of 14 years old (i.e. minors) in the Eastern Cape, accounting for almost a third (32.9%) of the total provincial population. This is notably higher than the national average, where only 29.1% of the population is under the age of 14 years old. The age cohort breakdown of the province in 2011 indicated that the district with the highest number of children under the age of 14 years old was O.R. Tambo, contributing 24.6% to the province’s population of minors, followed by Alfred Nzo (15.1%) and Amathole (13.7%) District Municipalities.

Table 6.1 introduces the O.R. Tambo District Municipality's local municipalities' age structure for discussion. King Sabatha Dalindyebo can be observed to have a calming effect on the age distribution within the district, by weighting down the 40+% trends of the Ngquza Hill, Port St Johns and Nyandeni Local Municipalities, and buoying up the low working age population figures. Mhlontlo Local Municipality is relatively stable, in comparison to the other local municipalities, in that the corresponding age group figures are closer to the district averages for these two groups. Similarly, King Sabatha Dalindyebo Local Municipality is significantly closer to the provincial average in its child and working age population groups than any of the other local municipalities. The local municipalities are all relatively close to the district average for population over 65 years, with the exception of Mhlontlo Local Municipality.

Table 6.1 - Proportional Age Distribution across the Eastern Cape

Municipality	0 – 14 years	15 – 64 years	65+ years
Eastern Cape	32.9%	60.3%	6.8%
O.R. Tambo	38.9%	55.5%	5.6%
Ngquza Hill	42.3%	52.2%	5.5%
Port St Johns	42.4%	51.9%	5.7%
Nyandeni	40.5%	54.0%	5.4%
Mhlontlo	38.2%	54.5%	7.3%
King Sabatha Dalindyebo	34.9%	60.0%	5.1%

Source: Urban-Econ Calculations from Census 2011 (2012)

It can be noted that urban districts and districts with more diverse economies had higher proportions of working age individuals. These included the Buffalo City Metro (67.6%) and the Sarah Baartman District Municipality (65.8%). Rural districts, in contrast, were characterised by lower proportions of working-aged individuals to total population such as: Joe Gqabi (58.4%), Amathole (57.7%), Chris Hani (57.6%), O.R. Tambo (55.5%) and Alfred Nzo (53.0%) District Municipalities.

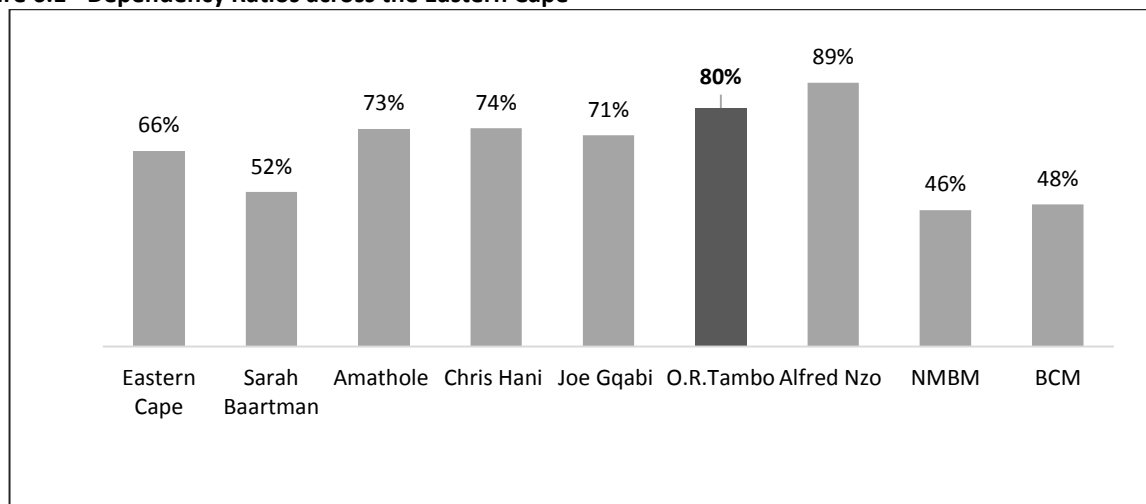
Youth populations varied across the district municipality, ranging from 37.8% in King Sabatha Dalindyebo Local Municipality, to 32.7% in Mhlontlo Local Municipality. Other youth population figures were Nyandeni Local Municipality with 34.6% of the population between the ages of 16 and 34, Ngquza Hill Local Municipality with 33.9% and Port St Johns Local Municipality with 33.3%.

6.1.3 Dependency Ratio

The dependency ratio measures the ratio of the non-working age population (i.e. people between the ages of 0 and 14 years old, and those older than 65) to the working age population (people between the ages of 15 and 65). The higher the ratio, the more pressure there is upon the working age population to provide for the non-working age individuals³. Where the ratio is high, there is a greater burden placed on the state to assist households with the provision of child and social services and welfare assistance. The dependency ratio, presented as a percentage, is indicated in Figure 6.1, presenting the provincial statistics.

³ The measure, however, does not take into account that age may not be an indicator of economic dependency as children and the elderly can qualify for social security grants. The indicator also assumes that those older than 65 years do not have other sources of income (e.g. pensions). Regardless, the indicator does provide a useful indication of age-based dependency, both for households and for the state.

Figure 6.1 - Dependency Ratios across the Eastern Cape



Source: Urban-Econ Calculations from Census 2011 (2012)

The highest dependency ratio within the O.R. Tambo District Municipality was in Port St Johns, with 92.7% of the non-working age population dependent on the working age. This is explained by the high levels of youth within the district, and the migratory phenomenon (see section 6.1.5) drawing adults of working age outside of the district. This high dependency can be seen throughout the district, with one exception, with Ngquza Hill, Nyandeni and Mhlontlo Local Municipalities having dependency ratios of 91.5%, 85.1% and 83.4%, respectively. The exception is the King Sabatha Dalindyebo Local Municipality, with 33.1% of the total district population, with a dependency ratio of only 66.6%. This clearly indicates that migratory patterns within the district attract working age individuals towards urban centres such as Mthatha (and others outside the district).

6.1.4 Population Growth Rates

The Eastern Cape's population grew by 0.4% between 2001 and 2011. This is compared to a national growth rate over the same period of 1.5%. Two districts, Amathole and Chris Hani District Municipalities, exhibited negative growth between 2001 and 2011, with the total population in these two districts declining by 0.7% and 0.2% respectively. In contrast, the municipalities with the highest growth rate were Sarah Baartman District Municipality (1.5%), followed by the Buffalo City Metro (1.4%). The low population growth in the Eastern Cape is attributed to the weak population growth in all districts other than Sarah Baartman, Nelson Mandela Bay and Buffalo City Metropolitan Municipalities.

O.R. Tambo District Municipality possessed one of the slowest population growth rates over the 2001 and 2011 period, growing only 0.5%, marginally above that of the Eastern Cape. The above statistics are presented in Table 6.2.

Table 6.2 – District Population Growth

Municipality	Population		Population Growth Rate (2001-2011)
	2001	2011	
Eastern Cape	6 278 679	6 562 053	0.4%
O.R. Tambo	1 295 062	1 364 942	0.5%
Ngquza Hill	255 086	278 479	0.9%
Port St Johns	146 422	156 139	0.7%
Nyandeni	273 858	290 388	0.6%
Mhlonlto	203 748	188 227	-0.8%
King Sabatha Dalindyebo	415 948	451 709	0.9%

Source: Urban-Econ Calculations from Census 2001 (2002) and Census 2011 (2012)

6.1.5 Migration Trends

The Eastern Cape's historic migration patterns, which are still evident today, are of external migration out of the province. Historically, it was the colonial and apartheid policies which drove outward migration, as the Eastern Cape was seen as a source of cheap migrant labour. Today migration is socio-economic in nature, as Eastern Cape residents migrate to cities in other provinces for employment and education opportunities. Internal migration within the province has become increasingly evident in recent years, with individuals migrating from rural areas to peri-urban and urban areas due to these areas' proximity to transport corridors, services and employment opportunities. A number of Eastern Cape migration trends were identified by including:

- Rural populations are highly mobile.
- Rural to rural migration is where most migration is occurring and occurs between rural areas or between small towns and rural areas.
- Rural densification the trend of 'rural peri-urbanisation' where 'densification of small rural towns and coastal towns is taking place on a very large scale.
- Circular migration was an identified trend whereby individuals and households moved from one settlement hierarchy to another onwards; from rural to peri-urban and then on to urban centres.
- Pursuing development and infrastructure was an identified migration trend whereby migrants go in search, not just of jobs, but also access to infrastructure and services in relatively advantaged urban areas.

There are a number of trends in the Eastern Cape's internal migration that are applicable to O.R. Tambo District Municipality:

- Movement between secondary towns: There has been movement around and between secondary towns of the Eastern Cape. This is associated with proximity to accessing welfare grants.
- Movement from rural to peri-urban: This is especially prominent in the eastern portion of the Eastern Cape where residents move from rural village settlements to towns and peri-urban settlements surrounding towns such as Mthatha (O.R. Tambo District Municipality) and Butterworth (Amathole District Municipality). This correlates with lower change in absolute population numbers.
- Movement to transport corridors: This refers to movement along the N2 and accounts for increases in the population of King Sabatha Dalindyebo, Nyandeni (both in the O.R. Tambo District Municipality) and Mbizana (Alfred Nzo District Municipality).
- Movement to cities: The rural parts of the Eastern Cape have been impacted by migration of people to cities. The degree to which the Eastern Cape cities have from these migration patterns has been reduced as migrants often prefer to move to Gauteng and the Western Cape.

Net rural-urban migration is the primary driver of urbanisation. As peri-urban areas become settled and urban areas expand, so too does the demand for services and infrastructure. Urbanisation means that there will be

further demands for land by commercial agriculture, industry, businesses and residents. It results in unsustainable settlement sprawl increasing the cost of infrastructure provision.

6.2 Education Profile

Education is an important indicator of development due to its correlation with human capabilities, productivity and, ultimately, income. The level of educational attainment is used as an indicator of the skill levels of the population, with the higher educational attainment levels being associated with greater opportunities for higher earnings, better social circumstances and the potential investment attraction. In this section, the current structure of the education system within the Eastern Cape is provided to contextualise the extent of education system within the province. Educational attainment levels within the adult population are provided as an indicator of skills levels within the population of the O.R. Tambo District Municipality.

6.2.1 Learners, Educators and School Structure

The current size of the education system within each district is provided based on the number of learners and schools. In total, there were 1.9 million learners in the Eastern Cape spread over 5 589 public and 166 independent schools. These schools had approximately 68 499 educators, resulting in an average of 28.6 learners per educator in 2011. The full provincial break down is included in Table 6.3.

Table 6.3 - Learners, Educators and Schools in the Eastern Cape, 2011.

Municipality	Number of Learners	Number of Educators	Number of Schools
Eastern Cape	1 963 578	68 499	5 755
O.R. Tambo	685 353	21 111	1 617
Sarah Baartman	90 534	3 176	264
Amathole ⁴	459 255	18 030	1 757
Chris Hani	251 673	9 521	934
Joe Gqabi	108 534	3 763	365
Alfred Nzo	146 191	5 043	480
Nelson Mandela Bay Metro	218 682	7 564	323

Source: Department of Basic Education (2013)

The Eastern Cape has suffered from ongoing challenges with regards to supplying sufficient educators, resources and support to schools. Table 6.3 indicates that the largest learner population is within the O.R. Tambo and Amathole District Municipalities, which jointly account for 58.2% of all learners in the province. The statistics for O.R. Tambo District Municipality can be primarily explained via the high number of children and youth within the district.

6.2.2 Education Attainment Levels

A measure of the educational attainment levels of the Eastern Cape's population over the age of twenty years offers insight into the skills levels within the province. Only 18.9% of the Eastern Cape's population over the age of 20 years old have a matric or higher qualification in 2011. The metropolitan areas of Nelson Mandela Bay and Buffalo City were characterised by the highest proportion of their population with this qualification, at 32.5% and 30.9% respectively. The lowest levels of attainment of matric or higher were in the Alfred Nzo (10.3%) and O.R. Tambo (12.7%) District Municipalities. Separately, the O.R. Tambo District has the second lowest matric attainment rate and the second lowest higher education attainment in the province, the third lowest district

⁴ Under Department of Education statistics Buffalo City is included within the Amathole dataset.

with some secondary education and completed primary education levels, and the second highest district population with only some primary education.

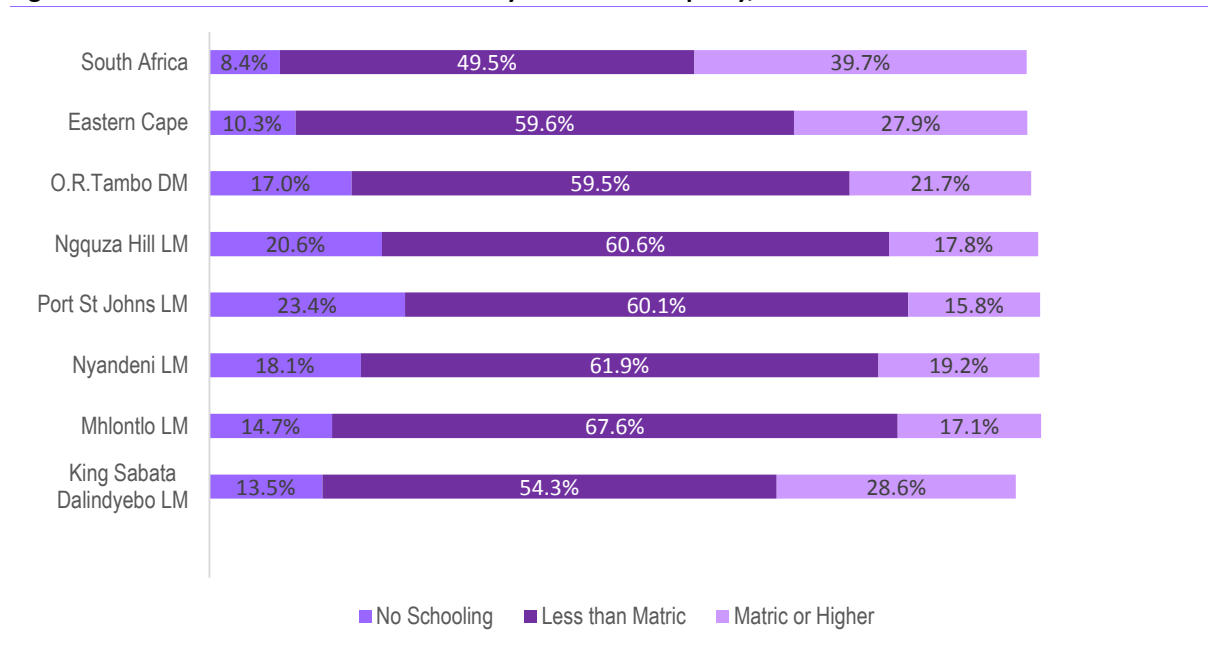
Table 6.4 - Levels of Education Attainment by District Municipality, 2011.

Municipality	No Schooling	Some Primary	Completed Primary	Some Secondary	Matric	Higher
Eastern Cape	10.3%	17.9%	6.1%	35.6%	19.4%	8.5%
O.R. Tambo	17.0%	20.2%	5.7%	33.6%	15.0%	6.7%
Ngquza Hill	20.6%	22.8%	5.8%	31.9%	12.5%	5.3%
Port St Johns	23.4%	25.4%	5.8%	28.9%	11.9%	3.9%
Nyandeni	18.1%	21.2%	6.0%	34.7%	15.1%	4.1%
Mhlontlo	14.7%	22.2%	6.9%	38.4%	12.3%	4.9%
King Sabatha Dalindyebo	13.5%	16.0%	5.0%	33.3%	18.2%	10.3%

Source: Urban-Econ calculations based on Census 2011 (2012)

The O.R. Tambo District Municipality has the highest percentage of individuals with no formal schooling (17%), followed closely by the Joe Gqabi District Municipality, in the province. In terms of education achievement, King Sabatha Dalindyebo Local Municipality leads the district with the highest percentage of population 20 years or older (644 000 people) with matric and higher education, with 28.6% of the population possessing these qualifications. Alternatively, Port St Johns Local Municipality trails the rest of the district, with only 15.8% of the municipality possessing matric or higher. Port St Johns Local Municipality has the highest percentage of population over 20 years with some primary education or less education, with 48.8%, almost half the local municipality. Mhlontlo Local Municipality has the highest proportion of population over 20 years with only primary education, or some secondary education, with 6.9% and 38.4% respectively. A detailed breakdown of the district population's education levels can be seen in the Table 6.4, while the Figure 6.2 outlines a more general breakdown.

Figure 6.2 - Levels of Education Attainment by District Municipality, 2011.



Source: Statistics South Africa Census 2011 (2012).

6.3 Household Income Profile

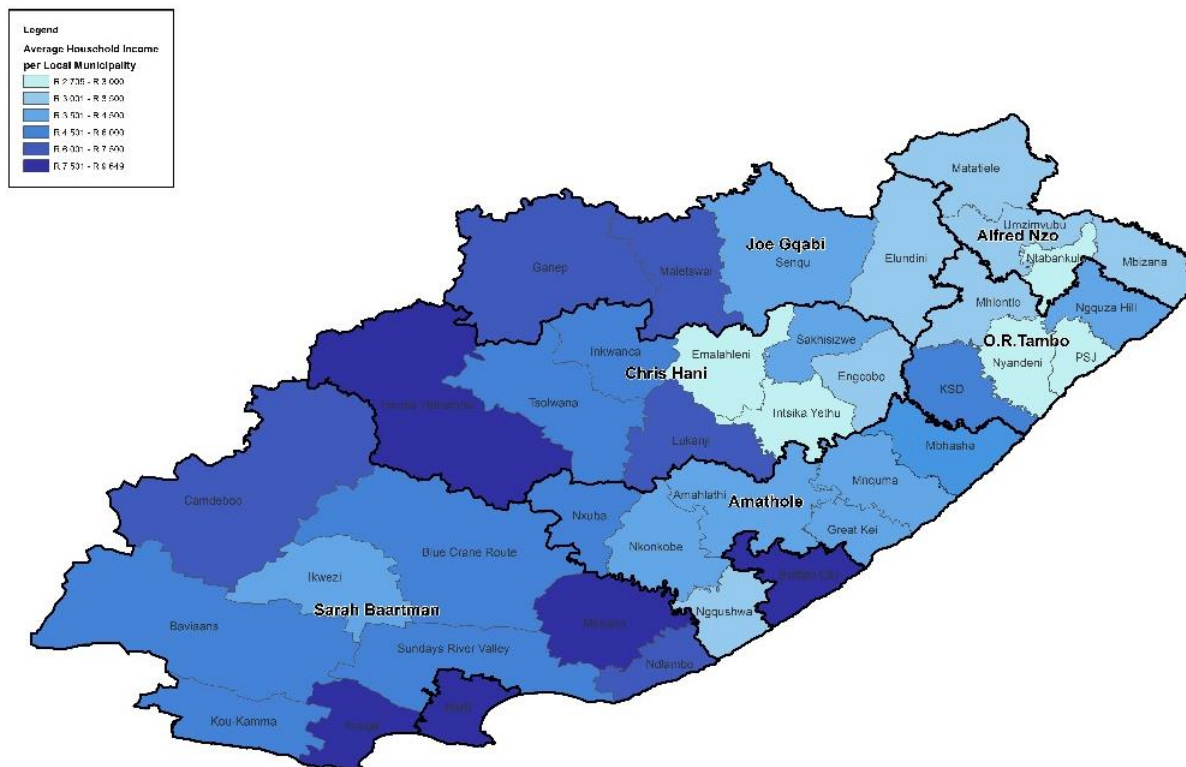
Poverty and household income levels serve as a measure of relative deprivation within an area, as well as serving as indicators of economic success. Monetary measures of poverty and income distribution are often the most widely quoted measures when assessing the level of poverty. The following section therefore discusses poverty in the context of income distribution, average annual household income and the poverty line.

6.3.1 Average Household Income

Household income serves to indicate the relative wealth of households in a particular region. In order to determine this value, the weighted average monthly income for each local municipality was calculated based on the income bands assigned in the 2011 Census.

The results of this calculation are presented in Map 6.3. The highest household income levels in the province are in the Nelson Mandela Bay and Buffalo City Metros, while the lowest are located in the Alfred Nzo, Amathole and O.R. Tambo District Municipalities. The districts with the lowest household incomes are characterised by lower education levels, low access to infrastructure and smaller working age populations. A complete provincial breakdown is provided in Map 6.3.

Map 6.3 - Average Monthly Household across the Eastern Cape in 2011



Source: Urban-Econ calculations based on Census 2011 (2012)

A more detailed breakdown for O.R. Tambo District Municipality is provided in Table 6.5, which indicates the large discrepancies between households in O.R. Tambo District Municipality. The poorer of the local municipalities, Port St Johns, Nyandeni and Mhlontlo Local Municipalities, households earn less than R3 000 per month on average.. King Sabatha Dalindyebo has the highest average household weighted income, as it has the highest urban population in the district.

Table 6.5 - Levels of Education Attainment by Local Municipality, 2011.

Municipality	Average Weighted Household Income
Eastern Cape	R5 803
O.R. Tambo	R3 881
Ngquza Hill	R3 625
Port St Johns	R2 773
Nyandeni	R2 564
Mhlontlo	R2 942
King Sabatha Dalindyebo	R5 146

Source: Urban-Econ calculations based on Census 2011 (2012)

From Table 6.5, it is evident that the average household income for the O.R. Tambo District Municipality (R 3 881) is below the provincial average (R 5 803). The district’s average household income also grew at a reduced rate, compared to the majority of the province, between 2001 and 2011, increasing by only 22.7%, compared to a provincial growth rate of 27.6% over the same period.

6.3.2 Poverty Line and Gini Coefficient

In 2010, approximately 49.8% of the Eastern Cape population, or 3.3 million individuals, were classified as living below the poverty line. The districts with the highest proportion of individuals below the poverty line were Alfred Nzo with 66.2% or 551 135 people, and O.R. Tambo with 60.2% or 876 130 people.

The Gini Coefficient is an indicator of income equality that looks at how concentrated the income of a region is, over the population. Higher ratios are indicative of high income inequality whilst lower ratios indicate a more equal distribution of a region's wealth. The highest Gini Coefficients, globally, are in the 60 to 70 range, whereas the lowest are the 20 to 30 range. South Africa has one of the highest Gini Coefficients in the world at 64.3. The Eastern Cape's Gini Coefficient at 63.6 is the highest in the country. The district with the lowest Gini Coefficient is Alfred Nzo with an estimated value of 55.7, followed by Amathole with 57.8, and O.R. Tambo with 59.3. The highest Gini Coefficient in the province is in the Nelson Mandela Bay Metro which has a coefficient of 63.2. Provincial poverty information is contained within Table 6.6.

Table 6.6 - Eastern Cape Households below Poverty Line and Gini Coefficient in 2010

Municipality	Households Below the Poverty Line	% Below the Poverty Line	GINI Coefficient
Eastern Cape	3 393 984	49.8%	63.6
O.R. Tambo	876 130	62.7%	59.3
Sarah Baartman	158 515	35.5%	61.6
Amathole	516 321	52.6%	57.8
Chris Hani	429 033	53.0%	60.6
Joe Gqabi	226 697	60.2%	59.5
Alfred Nzo	551 135	66.2%	55.7
Buffalo City Metro	366 308	31.1%	61.6
Nelson Mandela Bay Metro	269 845	33.8%	63.2

Source: ECSECC (2012)

6.4 Socio-Economic Summary

The review of the statistics presented in the 2011 Census indicated that the population of the O.R. Tambo District Municipality grew at one of the higher growth rates, compared to the rest of the Eastern Cape, at 0.5%, which is notable due to its population size. The increased population growth can be explained via the migration patterns, that internal migration is responsible for an increase in movement between the rural areas and urban nodes such as Port Elizabeth, East London and Mthatha.

In terms of the various socio-economic indicators, the O.R. Tambo District generally performs well against the Eastern Cape average, with the district possessing both the highest number of learners (almost half the population) and educators in the province. Educational attainment, as measured by the number of individuals with either matric or some other form of higher education was only 12.7% for the O.R. Tambo District in 2011, compared to a provincial figure of 18.9%. The district has massive education level concerns, with the over half the district living without completing primary education or higher, the only district other than Alfred Nzo to have this deficiency.

O.R. Tambo District Municipality has the single largest collection of households in the district that dwell below the poverty line. In percentage terms, this equates to the second highest proportion of low-income households in the province, behind Alfred Nzo District Municipality. This gathering of low income houses proves the importance of projects like the Agri-Park, to improve income opportunities within the district, and uplift rural communities.

6.5 Economic Performance

The Eastern Cape economy experienced low growth in 2014, in line with the underwhelming national economic performance. Weak sectoral performance in key industries, such as automotive manufacturing, is expected to continue in 2015. This is to be compounded by continued slow growth in the Euro Zone economy, which in turn will adversely affect provincial exports. Despite these vulnerabilities, it is expected that key investments planned for the Eastern Cape in the short and medium term, will offset some of these factors, helping to promote job creation and output growth.

This section considers provincial economic and sectoral performance between 2003 and 2013, as well as labour market conditions and future economic performance. These factors are assessed at a provincial, district and local level. In addition, the chapter provides a high level analysis of the identified priority sectors at a provincial and district level. This will help to contextualise the more detailed sectoral analysis presented in subsequent chapters.

6.5.1 Eastern Cape Overview

The Eastern Cape's real GDP-R⁵, which was approximately R 141.1 billion in 2013, showed an increase of 1.8% between 2012 and 2013. This figure was, however, lower than the national average (2.1%) as well as all but the Northern Cape whose GDP-R only grew by 1.3% over the period. The statistics also show that the GDP-R growth in the Eastern Cape (as well as the rest of South Africa) is lower than the pre-crisis growth rate of approximately 5.3%, recorded between 2006 and 2007. Although GDP-R grew in real terms, the Eastern Cape's overall share of national GDP-R remained largely constant at 7.8% in both 2012 and 2013. The largest economic centres in the province are located around the population hubs, specifically Nelson Mandela Bay Metro, Buffalo City Metro, and Mthatha, in the O.R. Tambo District Municipality

6.5.2 O.R. Tambo District Municipality and Local Municipality Overview

O.R Tambo District Municipality has the third largest GVA-R output in the province, behind the two metropolitan areas, with R18.3 billion output in 2013. This figure constitutes a 2.4% growth on 2012, and 13% of the provincial output. The Agricultural, Forestry and Fishing sub-sector is the largest component of the Primary sector, contributing R805 million in GVA-R in 2013 and growing by 5.5% between 2012 and 2013. The Manufacturing sub-sector accounts for 88% of the total output of the Secondary sector. Manufacturing contributed R3.8 billion towards GVA-R but displayed a growth rate between 2012 and 2013 of only 2.5%, notably below that of the Agricultural, Forestry and Fishing sub-sector. The Finance and Business services sub-sector was the largest Tertiary sector contributor, accounting for 32% of the sectors GVA-R as well as growing at a rate of 3.3%. The Trade sub-sector contributed R2.5 billion in 2013 and is the district's largest employer, employing 53 080 people in 2013. The General Government sub-sector, is the fifth largest employer employing 29 961 people, but the 3rd largest contributor to GVA-R with R3.5 billion in 2013.

Geographically, the majority of O.R. Tambo's economic activity is ascribed to the King Sabatha Dalindyebo Local Municipality which contributes 45% or R8.3 billion to total output. The second and third largest contributors to economic output are Ngquza Hill with R4.2 billion (23%) and Nyandeni with R2.4 billion (14%). Mhlontlo Local Municipality is a close 4th, with R2.4 billion, or 13.5%, and Port St Johns Local Municipality is last contributing only R752 million (4.2%). The above information, with the GVA-R growth rate is tabulated in Table 6.7.

⁵ Real GDP-R differs from GVA-R by including regional taxes and subsidies into the calculations.

Table 6.7 - O.R. Tambo District Municipality's Local Municipality GVA-R Growth Rate

Local Municipality	GVA-R Growth Rate (2012/2013)	GVA-R (Millions)	Contribution to ORTDM GVA-R	GVA-R Rank in District
Ngquza Hill	5.5%	R4 004	23.0%	2
Port St. Johns	3.2%	R752	4.2%	5
Nyandeni	2.2%	R2 525	14.0%	3
Mhlontlo	1.0%	R2 455	13.5%	4
King Sabatha Dalindyebo	1.3%	R8 195	45.2%	1

Source: Urban-Econ calculations based on Quantec (2015)

GVA-R per capita offers a measure of the performance of an economy relative to another economy. A rise in GVA-R per capita can indicate an improvement in productivity. O.R. Tambo's 2013 GVA-R per capita was R13 434, increasing by 1.8% from R13 193 in 2012. The GVA-R per capita of O.R. Tambo is particularly low, with the district having the 6th lowest value in the province. The district's GVA-R per capita is also below the provincial figure of R21 038 per capita.

6.6 Labour Market Profile

This section outlines the structure and performance of the Eastern Cape labour market between 2003 and 2013. The labour market, through job retention and employment creation, is the principle means by which changes in economic structure and performance filter through to changes in household and individual welfare.

6.6.1 Structure of the Eastern Cape's Labour Market

Approximately 1.03 million people in the Eastern Cape were classified as employed in 2011, out of a working age population of 3.95 million. Youth (between the ages of 15 and 34 years old) constituted 60.9% of the total working age population but only accounted for 43.2% of the total number of employed people in the Eastern Cape.

Approximately a fifth of all employment in the Eastern Cape is of an informal nature, which is above the national average of 15%. At 31.6%, the Eastern Cape's unemployment rate is significantly higher than both the national average of 27.1%. The only other provinces in South Africa with higher unemployment rates are the Northern Cape and the Free State. However, the Eastern Cape has a larger labour force than that of both the Northern Cape and the Free State combined. The high unemployment rates across the Eastern Cape are indicative of limited employment opportunities as well as a mismatch between the skills demand by the market and what is currently supplied. These high unemployment rates are likely to persist as long as the net number of unemployed new labour market entrants continues to add to the long-term unemployed within the labour force.

6.6.2 Structure of the O.R. Tambo District's Labour Market

Approximately 56% of the O.R. Tambo labour force is employed. Of this figure approximately 66% are employed in the formal sector. This is 1% higher than the provincial average of 65%. There is a notable informal sector, which employs 34% of all individuals employed in O.R. Tambo. This is on par with the provincial figure where 34% of employment is informal.

Unemployment rates vary across the district, which also indicates how centralised the employed labour force is within the district. King Sabatha Dalindyebo Mhlontlo Local Municipality, the home of Mthatha, has 61% of its labour force employed. Alternatively, Ngquza Hill Local Municipality, on the opposite end of the spectrum, has an unemployment rate of 36.8%. The remaining local municipalities have unemployment rates of 36% (Nyandeni

and Mhlontlo Local Municipalities) and 31% (Port St Johns Local Municipality). A full breakdown of the labour force, employed and not economically active and the expanded unemployment rate can be found in Table 6.8.

Table 6.8 - O.R. Tambo District Municipality Employment Analysis.

Area	Labour Force	Employed	Unemployment Rate	Not Economically Active
Eastern Cape	1 644 256	1 028 568	31.6%	2 307 440
O.R. Tambo	216 018	120 798	33.6%	540 100
Ngquza Hill	38 217	18 505	36.8%	107 073
Port St Johns	16 073	7 983	31.2%	64 855
Nyandeni	37 427	20 677	33.6%	119 332
Mhlontlo	28 771	14 700	36.6%	73 712
King Sabatha Dalindyebo	95 529	58 941	31.7%	175 128

Source: Urban-Econ calculations based on Census 2011 (2012)

The O.R. Tambo District Municipality is the third largest economy in the province, exhibiting a variety of patterns across the diverse economic environment. The King Sabatha Dalindyebo Local Municipality is significantly more economically developed than the neighbouring municipalities, while the remainder of the district has varied economic indicators, fluctuating from high unemployment and high GVA-R growth in Nyandeni Local Municipality, to low GVA-R and unemployment in Port St Johns Local Municipality. As a result, the district is well positioned to benefit from agro-intensification initiatives.