



REVIEW OF OPERATIONS 2017/18





1.	Board of Directors	04
2	About ECRDA	06
3	ECRDA 2017/18 Highlights	07
4	Organisational overview	10
5	Financial Efficacy	12
6	Financial Review	12
7	Performance Report	14
8	Agro-Processing	15
9	Livestock Development	18
10	Forestry Development	22
11	Renewable Energy	24
12	Rural Finance	26
13	Subsidiaries and Associated Entities	28

EASTERN CAPE RURAL DEVELOPMENT AGENCY BOARD OF DIRECTORS



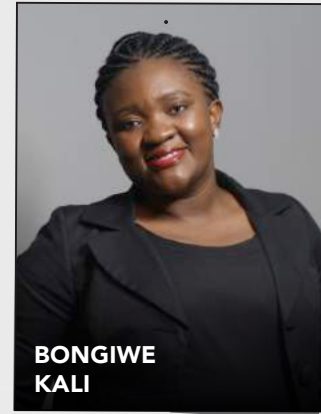
**DR VANGUARD
MKOSANA**

Chairperson Reappointed February 2016
Committee: Governance and Ethics



**FEZEKA
FAITH MKILE**

Deputy Chairperson
Reappointed February 2016
Committees: Governance & Ethics, Finvest



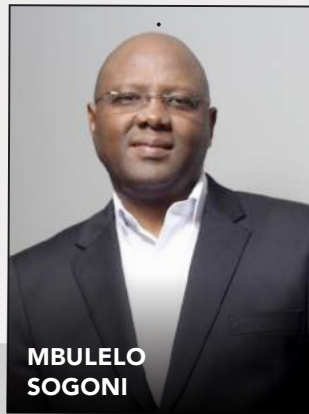
**BONGIWE
KALI**

Reappointed February 2016
Committee: Audit and Risk,
Programmes and Projects



**VUYANI
JARANA**

Reappointed February 2016
Committees: Governance & Ethics,
FINVEST (Chairperson)



**MBULELO
SOGONI**

Appointed February 2016
Committees: Audit and Risk, Human
Capital & Remuneration



**XOLILE
GEORGE**

Reappointed February 2016
Committees: Governance & Ethics, Human
Capital & Remuneration (Chairperson)



**ZANELE
SEMANE**

Reappointed February 2016
Committees: Programmes and Projects,
 Human Capital and Remuneration



**CORNELIUS
PIETERSEN**

Reappointed February 2016
Committees: Governance & Ethics, FINVEST,
 Programmes & Projects (Chairperson)



**SABATHA
MBALEKWA**

Reappointed February 2016
Committees: Governance & Ethics,
 Audit & Risk (Chairperson), FINVEST



**MPUMELELO
NCWADI**

Appointed February 2016
Committee: FINVEST,
 Programmes & Projects Committee



**ABRAHAM
LE ROUX**

Reappointed February 2016
Committees: Audit and Risk, Human Capital
 and Remuneration



**THOZAMILE
GWANYA**

Chief Executive Officer (Ex-Officio)
 Appointed June 2013

ABOUT THE ECRDA

The Eastern Cape Rural Development Agency is a Schedule 3C entity in terms of the Public Finance Management Act (PFMA). ECRDA has a dedicated focus on facilitating, promoting and ensuring the implementation of comprehensive and integrated rural development strategy for the Eastern Cape Province.

VISION

A vibrant and sustainable rural economy that improves the livelihoods of rural communities within the Eastern Cape.



The agency's energy is directed towards the following strategic pillars:

PILLAR 1:

Fit for purpose organization to enable strategy implementation

PILLAR 2:

Effective coordination and implementation of Agrarian Driven High Impact Priority Projects

PILLAR 3:

Leverage Strategic Partnerships towards implementation and funding of Rural development initiatives

PILLAR 4:

Create rural development clusters by promoting entrepreneurship through access to finance, market linkages and capacity building

PILLAR 5:

Solicit and promote private and public sector investment in key rural development initiatives



ECRDA 2017/18 HIGHLIGHTS

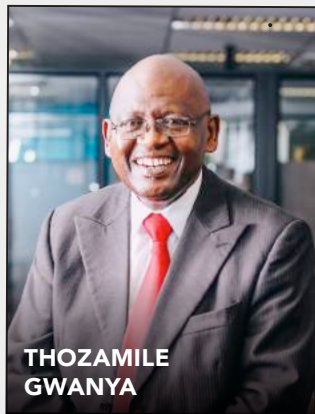
ECRDA achieved an unqualified audit report for 2017/18. ECRDA intends to further entrench its positioning as a trusted agent of public assets in the delivery of its empowering mandate.

ORGANISATIONAL OVERVIEW

ZAR R236.3 million funding allocation

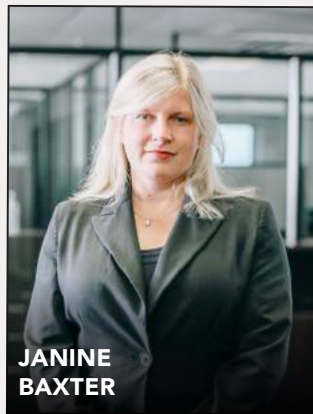
- Adoption of an integrated approach to mandate delivery.
.....
- Continuous drive to building a world-class organisation.
.....
- Increased focus on financial efficacy.
.....
- Focus on remodelling rural finance to stimulate growth and development.
.....
- Improving quality of primary produce for processing and beneficiation.
.....
- Entrenchment of high-value strategic partnerships.





**THOZAMILE
GWANYA**

CHIEF EXECUTIVE OFFICER



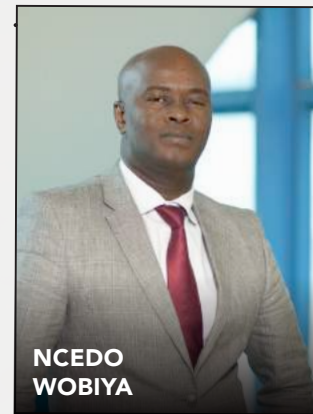
**JANINE
BAXTER**

**CHIEF FINANCIAL
OFFICER**



**NAVY
SIMUKONDA**

**CHIEF OPERATIONS
OFFICER**



**NCEDO
WOBIYA**

**INDEPENDENT EXECUTIVE:
INTERNAL AUDIT**



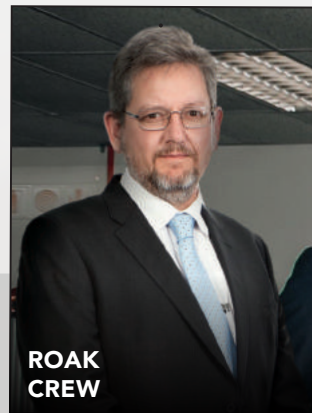
**GCOBANI
NTSHANGA**

**EXECUTIVE MANAGER:
STRATEGIC MANAGEMENT**



**CHUMA
VELANI**

**EXECUTIVE OFFICE
MANAGER: OFFICE OF THE CEO**



**ROAK
CREW**

**EXECUTIVE MANAGER:
RENEWABLE ENERGY**

EXECUTIVE TEAM 2017/18

FINANCIAL EFFICACY

The ECRDA acknowledges that the continuous optimisation of own-generated revenue streams and the development of partnerships are important to further entrench the relevance of the organisation through service delivery. As in the prior financial year, the ECRDA obtained an unqualified "clean" audit opinion which is a further indication of the organisation's commitment to a strong internal control environment and exemplary administration.

FINANCIAL REVIEW

ZAR Funding allocation increased by R37.8 million to R236.3 million

This included transfer payments of R32.5 million

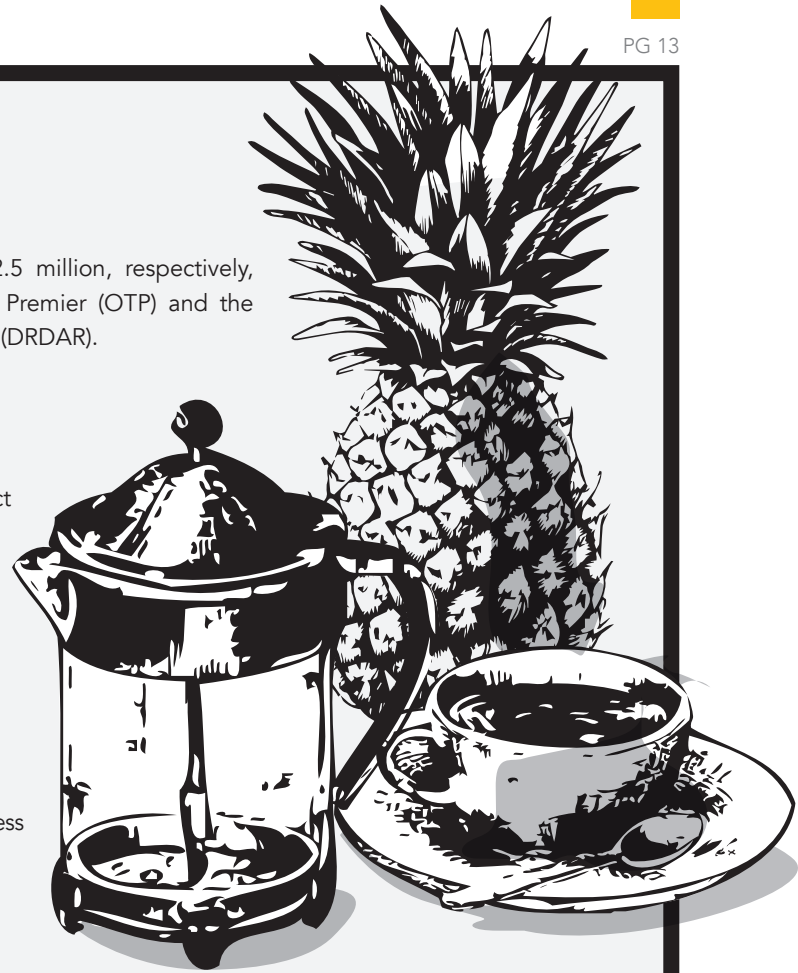
ZAR  Income grew by R66,8 million from R213.8 million in 2016/17 to R259,4 million in 2017/18

ECRDA also received funding of R2.8 million and R2.5 million, respectively, to implement projects on behalf of the Office of the Premier (OTP) and the Department of Rural Development and Agrarian Reform (DRDAR).

Transfer payments in the amount of R10 million (2016/17: R16.7 million)
were received in support of the Ncera Macadamia project

Transfer payments of R1.5 million (2016/17: R0)
for the Summerpride Pineapple Programme

Transfer payments of R45.1 million (2016/17: R4.8 million)
for the Magwa and Majola tea estates' Business Rescue Process



PER- FORMANCE REPORT

ECRDA aims to drive, coordinate and facilitate the implementation of integrated high impact programmes of rural development and agrarian reform in the Eastern Cape by forming partnerships with rural communities, the private sector and other public sector organisations and departments with the main objective of building a vibrant and sustainable rural economy.



AGRO-PROCESSING

ECRDA's flagship agro-processing initiative, its Rural Enterprise Development Hubs programme, continues to transform the communities in which they operate by turning under-productive tracts of arable land into income-generating hubs of agricultural production, processing and economic activity.



Budget of R14,5 million for four RED Hubs at Mqanduli, Ncora, Mbizana and Emalahleni

Additional R14,8 million earmarked for the establishment of a fifth RED Hub in Tshabo near Berlin

MQANDULI RED HUB



Seven primary co-operatives delivered 173.9 tonnes of white maize to the hub's storage silos from 899ha planted in 2016/17

In 2017/18 327ha planted with white maize by 7 primary co-operatives

0.9 ton processing capacity per hour Mqanduli Mill fully-operational in 2017/18

Mill produced 136.70 tons of produce over the period

MBIZANA RED HUB



14 primary co-operatives delivered 1,579.70 tons of white maize to the silos from 1,164 hectares planted in 2016/17

.....

In 2017/18 1,340 hectares of white maize were planted by 15 primary co-operatives.

One-ton-per-hour mill produced 282.53 tons in 2017/18 and the produce was sold to the informal and formal retail sector

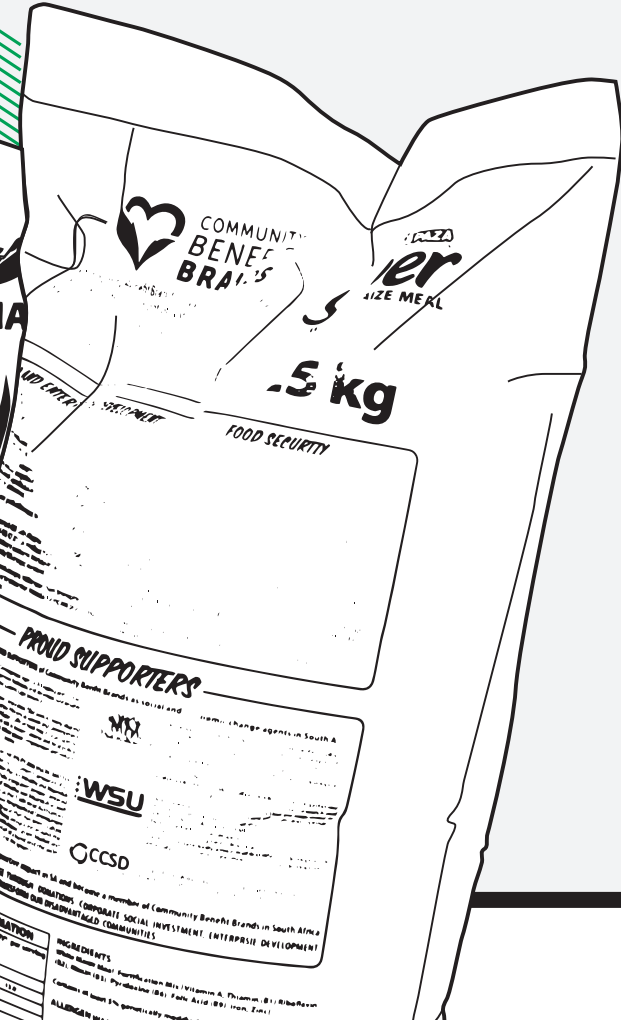
EMALAHLENI RED HUB



No harvest from the 187 hectares planted in 2016/17 by three primary co-operatives because crop was affected by early frost

In 2017/18 392 hectares of grain sorghum were planted by six primary co-operatives





NCORA RED HUB



In 2017/18 949.47 tons were delivered to the silos from 1,849 hectares of white and yellow maize planted by 7 of 10 primary co-operatives in 2016/17

.....

1,150 hectares of white maize planted in 2017/18

All the maize sold to Ncora Dairy at agreed price of R1,750 per ton.

Ncora Mill produced 215.14 tons sold mainly to the informal market

LIVESTOCK DEVELOPMENT

Central to ECRDA's livestock development strategy is a clear commitment to encouraging and empowering the province's subsistence and small-scale farmers to become active participants in – and beneficiaries of – emerging livestock markets.

FEEDLOT DEVELOPMENT

2 R6,1 million for roll-out of three feedlots in the Transkei

This funded the development of feeding kraals, equipment, feed, water supplies and first capital toward labour remuneration.

Three co-operatives with a total of 60 members contributed R250,000 of their own funds to buy a stake in the feedlots.

The co-operatives are Lingomso Lamangundwane in Zigudu in Cofimvaba, Masichume in Ncora and the Mqanduli Feedlot in Mqanduli

Co-operative members decided on their own that their individual contribution would be R3,000 to R5,000 each to buy equity in the feedlots


R3,2 million was spent at Mqanduli, R2 million at Zigudu and R900 000 at Ncora

After being fed at the feedlot, emerging farmer cattle improved in value from an average of R4,000 to R12,000 each depending on the breed and weight





2 ECRDA successfully implemented two feedlots at Lingomso LamaNdungwane and Ncora.

 At Lingomso LamaNdungwane, ECRDA built two feeding kraals with feeding troughs capable of holding 40 animals.

Machinery supplied for the feedlot, including a tractor, hammer mill, water pumps and water reticulation material

Vitamin and mineral supplementing beef finisher was also supplied which was feeding 30 animals as at the end of the financial year.

The Lingomso LamaNdungwane feedlot has created nine permanent jobs, including feeders, security personnel and a dedicated feedlot manager.

ZAR

At Ncora, ECRDA supplied feed, a hammer mill tractor, feed mixer, hay making equipment and a fine seed planter.



The feedlot employed nine community members, five of whom were youth, and was able to feed 73 animals as at the end of the financial year.

ECRDA also procured infrastructure material, machinery, equipment and feed as part of the development of the Mqanduli feedlot.



LIVESTOCK MARKETING

A partial illustration of a tire with a tread pattern, located on the left side of the page.

ECRDA FACILITATED THE SALE OF 2 579 LIVE- STOCK UNITS IN 2017/18

To facilitate livestock marketing among emerging livestock farmers ECRDA built three loading ramps at Xolani, Crossroads and Gcinisa and two auction pens at Tylden and kwaNobuma.

.....
A total of 50 people were employed for at least 10 days across all five sites during construction.
.....

Four training sessions were facilitated with the assistance of Frontier Bonsmara and Tuli Stud breeders from the Makana region to build capacity and foster a greater understanding among small-scale livestock farmers about the business aspects of farming.

The farmers, who hailed from Zigudu, Ncora, Mqanduli and Peddie, where also exposed to a feedlot, a commercially run auction and they also visited a bull testing station as part of their training



FORESTRY DEVELOP- MENT

The Eastern Cape Rural Development Agency has worked closely with the Department of Agriculture, Forestry and Fisheries (DAFF) over the past few years to craft a responsive and progressive forestry strategy that places rural and subsistence landowners at the centre of the Eastern Cape's afforestation initiatives.



326.32 hectares planted in 2017/18

Unanticipated donation of seedlings from Sappi SA which allowed for the planting of a greater number of seedlings than anticipated.



Managed to secure 2 901 hectares – 1 250 hectares at Mkambathi and 1 652 hectares at Sinawo -

for future plantations, against initial target of 1000 hectares. Department of Water Affairs and Sanitation approved 1 901 water licences which should strengthen both these projects.

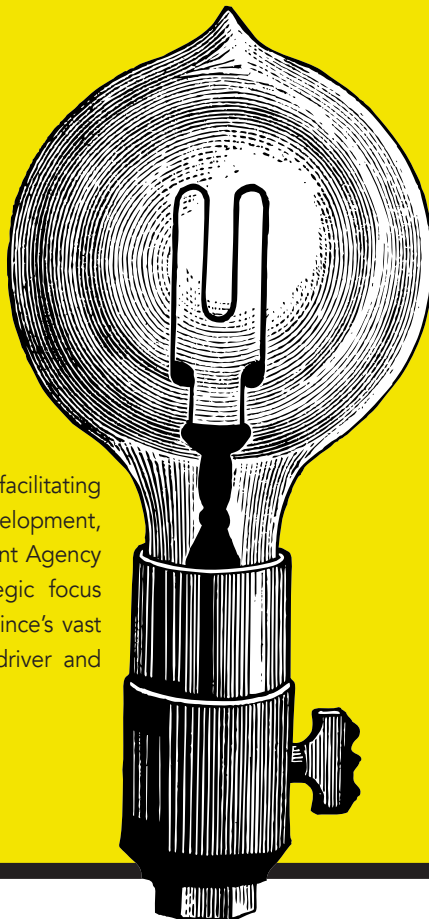
Initiation of two (five and 10 hectare) vegetable projects at Sinawo and Izinini forestry projects to complement the forestry programmes at these locations.

Projects wholly community funded and initiated to generate income during the relatively long forestry maturation phase.



RENEW- ABLE ENERGY

As part of its commitment to facilitating comprehensive and holistic rural development, the Eastern Cape Rural Development Agency has adopted as one of its strategic focus areas the goal of realising the province's vast renewable energy potential as a driver and enabler of rural economic growth.



ECRDA partnered with the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), Eastern Cape Department of Rural Development and Agrarian Reform (DRDAR), Raymond Mhlaba Local Municipality and the Government of Lower Saxony in Germany to establish a mini grid at Upper Blinkwater. The initiative involved establishing a 100-kW mini-grid in the Fort Beaufort area to electrify the Upper Blinkwater village.

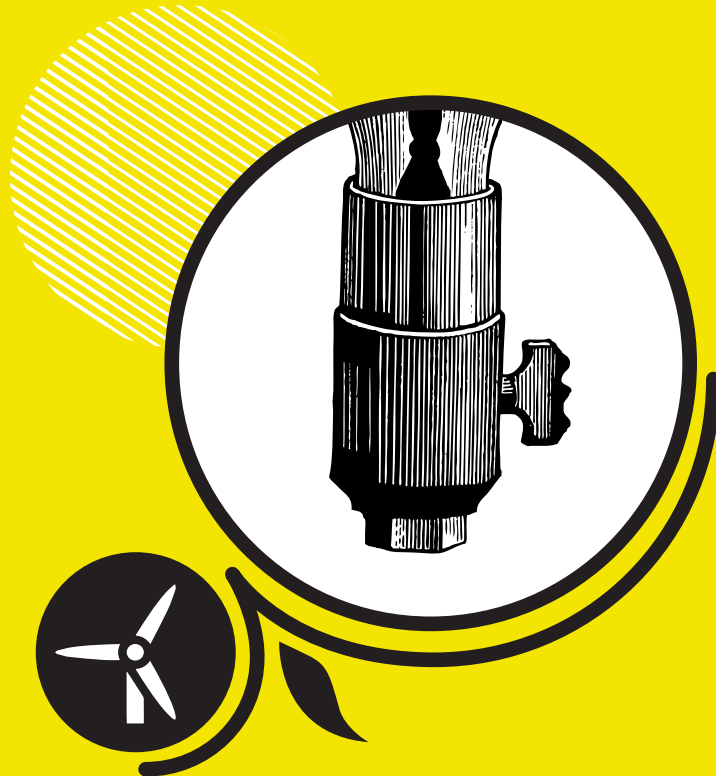
The 67 households in this community have never had electricity access. The project consists of a low-voltage PV system, storage batteries and a diesel backup generator with a low-voltage overhead connection to each house.

ECRDA funded construction of the first phase of implementation, at a cost of R1 300 000

ECRDA also facilitated renewable energy solutions for the Ncora, Mbizana, Mqanduli and Emalahleni RED Hubs.

ECRDA provided and connected 35-Kw photovoltaic (PV) solar systems at each of the RED Hubs.

PV systems installed at all four RED Hubs, at a total cost of R3 million.



RURAL FINANCE

ECRDA has endeavoured to mitigate risk, where possible, by diversifying its loan portfolio, paying close attention to the quality of loans disbursed, the number of beneficiary enterprises and the application of sound collections strategies.



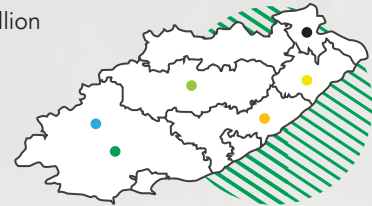
ECRDA DISBURSED R22,7 MILLION IN LOANS TO 1 351 CLIENTS DURING 2017/18



The bulk of these loans, R18.3 million, were agricultural loans, with the balance going to non-agricultural loans.

Of the R22.7 million disbursed

- Sarah Baartman R13.4 million
- Amathole R4.6 million
- Chris Hani R1.4 million
- OR Tambo R1.2 million
- Alfred Nzo R830 000
- Karoo region R649 000



19 Micro Agricultural Financial Institution of South Africa (MAFISA) loans worth a total of R14.3 million were approved. The bulk of these loans – 15 – went to recipients in Alfred Nzo District, with two in Chris Hani and one each in the OR Tambo and Sarah Baartman regions.

Loan collections were R9,5 million

SUBSIDIARIES AND ASSOCIATED ENTITIES

As part of its development mandate, the Eastern Cape Rural Development Agency (ECRDA) supports a number of subsidiary and associated entities throughout the province providing technical support, skills development and business guidance to steer them towards operational efficiency and sustainability.

KANGELA CITRUS FARM

Kangela Citrus Farm is a 450-hectare agricultural empowerment initiative near Addo in the Sarah Baartman District

.....

It produces citrus fruit for the domestic and export markets.

ECRDA is a 51 per cent majority shareholder in the farm, with the remaining 49 per cent held by the Kangela Empowerment Trust on behalf of farmworkers.

ECRDA channelled these support mechanisms into a coherent strategy to strengthen the entity's corporate governance, maximise its operational efficiencies and improve productivity.

NCERA MACADAMIA

Private company with a 51% majority shareholding by the Ncera community.

Employs 150 permanent workers, with potential to increase job creation to at least

300 once the 300-hectare farm is producing and harvesting at capacity.



MAGWA AND MAJOLA TEA ESTATES

The Magwa and Majola tea estates situated on community-owned land in the OR Tambo District operated as commercial tea enterprises under informal lease agreements with the land owners.

Magwa, comprising 1 703 hectares of commercial tea plantations and 100 hectares of smallholder tea plantations, is operated by the state-owned Magwa Enterprise Tea (Pty Ltd).

The smaller Majola Tea Estate, which consists of 385 hectares of seedling tea bushes, was operated by a privately-owned entity, Majola Tea (Pty) Ltd which has since been liquidated with the estate in the process of being integrated into Magwa as a going concern.

MAGWA AND MAJOLA TEA ESTATES (CONT)

Magwa under formal business rescue in a bid to save jobs and revitalise the tea industry in this region.

Business rescue practitioner has started the process of contracting a tea estate specialist from Kenya as General Manager, with the responsibility to upscale and improve Majola operational efficiencies and overall performance.

This appointment will be supported by hiring other suitably qualified and experienced personnel, with the positions of Management Accountant and HR Manager

Extensive repairs have been carried out to factory buildings, the processing plant, equipment and vehicles.

More than 200 hectares of plants have also been pruned to rehabilitate the plantation and over 560 hectares on Magwa and 100 hectares on Majola have been harvested More than 330 tonnes of tea being produced at both estates.

This has led to combined sales of R10 million for the 2017/18 harvesting season.

During the year in review, ECRDA also partnered with UTZ / Rainforest Alliance, the world's leading tea certification organisation, on the revitalisation, marketing and certification of the tea industry in the Eastern Cape.





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