



2016/17
*Annual
Review*



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ABOUT ECRDA

The Eastern Cape Rural Development Agency (ECRDA) is a Schedule 3C entity in terms of the Public Finance Management Act (PFMA). It was established as a result of a merger between two public entities, namely, the Eastern Cape Rural Finance Corporation (ECRFC) and AsgiSA-Eastern Cape (Pty) Ltd. ECRDA has a dedicated focus on formulating, promoting and ensuring the implementation of a comprehensive integrated rural development strategy for the Eastern Cape Province.



RURAL ENTERPRISE DEVELOPMENT (RED) HUB CONCEPT

Over the last five years ECRDA has led the development of high-impact priority programmes in the rural Eastern Cape in partnership with communities as well as with public and private sector partners.

One of these programmes is ECRDA's Rural Enterprise Development (RED) Hubs concept which prioritises the village as the centre of operation. ECRDA has already established five RED Hubs in the province in Mqanduli, Mbizana, Ncora, Tshabo as well as Emalahleni.



PROJECT MANAGEMENT

ECRDA intends to extend its development impact beyond the facilitation of High Impact Priority Programmes (HIPPS). ECRDA intends to augment its capacity and resource a project management arm which will implement rural development programmes on behalf of government and partner institutions.

INVESTMENT OPPORTUNITIES

ECRDA is involved in the identification, planning and packaging of high-impact investment opportunities which are aimed at improving the rural economy. These projects are ripe for private investment in sectors such as agriculture and agro-processing, livestock development, forestry development, renewable energy, tourism, water resource development as well as manufacturing among others. Government is ready to partner with private investors to exploit these economic opportunities which have a significant potential for income generation, return on investment as well as job creation.





ECRDA BOARD OF DIRECTORS

FROM LEFT TO RIGHT

XOLILE GEORGE

Reappointed
February 2016

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

DR VANGUARD MKOSANA

Chairperson:
Reappointed
February 2016

Committees:
Governance and
Ethics

THOZAMILE GWANYA (Ex Officio)

**Chief Executive
Officer:**
Appointed
June 2013

SABATHA MBALEKWA

Reappointed
February 2016

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

ZANELE SEMANE

Reappointed
February 2016

Committees:
Programmes and
Projects, Human
Capital and
Remuneration

ABRAHAM LE ROUX

Reappointed
February 2016

Committees:
Audit and Risk,
Human Capital and
Remuneration

CORNELIUS PIETERSEN

Reappointed
February 2016

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

FEZEKA FAITH MKILE

Reappointed
February 2016

Committees:
Governance & Ethics,
Finvest

MPUMELELO NCWADI

Appointed
February 2016

Committees:
Committees: FINVEST,
Programmes & Projects
Committee

VUYANI JARANA

Reappointed
February 2016

Committees:
Governance &
Ethics, FINVEST
(Chairperson)



ABSENT

MBULELO SOGONI

Appointed
February 2016

Committees:
Audit and Risk,
Human
Capital &
Remuneration

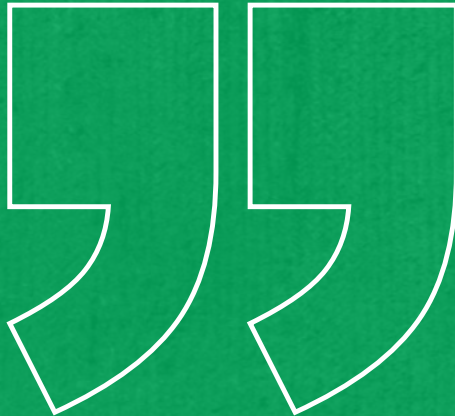
BONGIWE KALI

Reappointed
February 2016

Committees:
Audit and Risk,
Programmes and
Projects

VISION

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



STRATEGIC PILLARS

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

PILLAR 1:

Effective coordination and implementation of agrarian driven High Impact Priority Programmes (HIPPs)

PILLAR 2:

Promote entrepreneurship through rural finance and support programme

PILLAR 3:

Develop, institutionalise and sustain an effective, capable and fit-for-purpose organisation including best-in-class project management, targeted research and innovation driven agency

PILLAR 4:

Leverage strategic partnerships towards implementation and funding of rural development initiatives

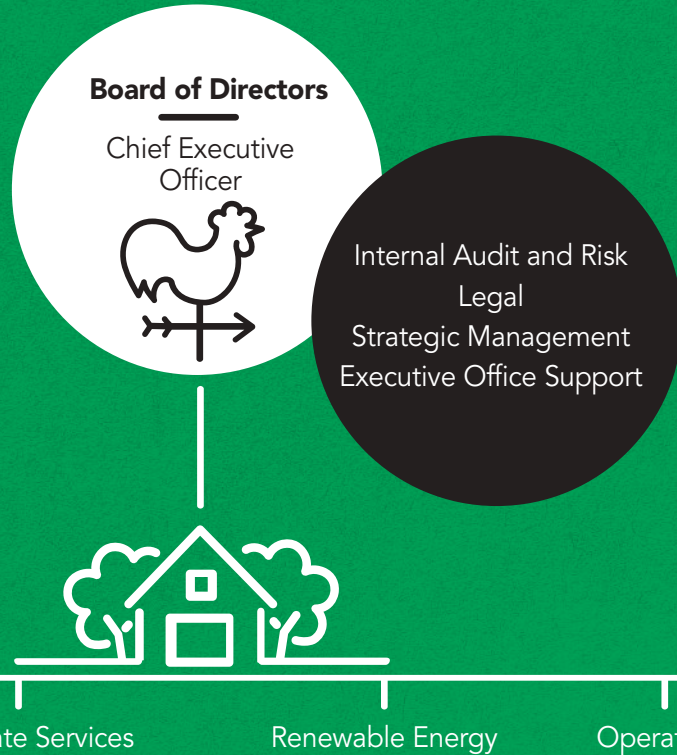
PILLAR 5:

Develop sustainable, localised institutionalised rural framework.



ORGANISATIONAL STRUCTURE

ECRDA has provided for a fit-for-purpose organisational structure in support of attaining the Vision, Mission and strategic objectives of the organisation. Currently 164 employees are employed by the ECRDA and 99% of funded positions in the organisational structure has been populated. The organisation will continue to strive to fill all vacant funded positions and to review the structure so as to ensure optimal utilisation of resources, attract the necessary human capital and develop its talent to ensure improved performance and job satisfaction.



ECRDA 2016/17 HIGHLIGHTS

ECRDA has achieved a clean audit report in 2016/17. ECRDA intends to further entrench its positioning as a trusted agent of public assets in the delivery of its empowering mandate.



FUNDING

R198.6 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



ECRDA EXECUTIVE TEAM

FROM LEFT TO RIGHT

**ROAK
CREW**

Executive Manager:
Renewable Energy

**CHUMA
VELANI**

Executive Office
Manager:
Office of the CEO

**THOZAMILE
GWANYA**

Chief Executive
Officer

**GCOBANI
NTSHANGA**

Executive Manager:
Strategic Management

**JANINE
BAXTER**

Chief Financial
Officer

**NAVY
SIMUKONDA**

Chief Operations
Officer



ABSENT

**GWEN
KOYANA**

Executive Manager:
Legal Services and
Company Secretariat

**NWABISA
MAVUSO**

Executive Manager:
Corporate Services

**NCEDO
WOBIYA**

Executive Manager:
Internal Audit



FINANCIAL EFFICACY

The year was characterised by a strong focus on improving organisational performance, financially and in terms of achieving performance targets. 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.





FUNDING ALLOCATION
improved from R173 million in 2015/16 to R198.6 million in 2016/17

INTEREST
on cash, dividends and rentals R4,4 million

LOAN BOOK
grew by R3,4 million year-on-year post impairments (Impairment rate 66%)

ALLOCATED
R57,2 million for multi-year agro-processing and forestry projects

FUNDING FOR
Magwa and Majola Tea Estates decreased to R4,8 million

TRANSFER PAYMENTS
of R16,7 million for Ncera Macadamia

SURPLUS
Kangela Citrus farm recorded R5,8 million surplus

EXPENDITURE
on own projects R30,7 million

ASSET BASE
decreased by 22% year-on-year

PERFORMANCE REPORT

ECRDA aims to drive, coordinate and facilitate 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 uses its agro-processing function to consolidate primary production at its Rural Enterprise Development (RED) Hubs which were hard-hit by the drought in the previous financial year. In addition, ECRDA set itself a goal of commissioning and operationalising milling plants at the four RED Hubs in order to boost their processing capability and value addition activities.



R25 million budget was set aside in 2016/17 for the realisation of the above objectives



MQANDULI RED HUB

257,7 tons of white maize delivered to the Mqanduli hub storage silos from 165 ha planted in the 2015/16 season. Planted on two of the 13 primary co-operatives



The harvest was processed into super maize meal for local spaza shops and to Umtiza Farmers Corp. A total of R755,834 was generated from the sales



In 2016/17, 899 hectares were planted with white maize by 10 primary co-operatives in Mqanduli.



One-ton-per-hour processing capacity mill operational



NCORA RED HUB

135 ton yield of white maize delivered to the Ncora storage silos from 306 ha planted in the 2015/16 season.

Planted on seven of 10 primary co-operatives

149ha germinated due to drought conditions



R436,999 revenue recorded from the sale of maize to the milling plant.



In 2016/17, 1,849 hectares of white and yellow maize were planted with yield estimates set at 1,9 tons per hectare



One-ton-per-hour processing capacity mill operational







MBIZANA RED HUB



**In the 2016/17 season
1,164 hectares of white maize
was planted**



.....
488ha of maize planted from six of 13
primary co-operatives



.....
One-ton-per-hour processing capacity
mill operational

EMALAHLENI RED HUB



**187ha of grain sorghum plant
by three primary co-operatives
in 2016/17 due to persisting
drought**



.....
No planting in 2015/16 due to severe
drought



.....
Processing mill was also commissioned
in 2016/7

LIVESTOCK DEVELOPMENT



ECRDA intends to put in place value-addition infrastructure which supports communal and emerging commercial farmers to improve their revenue generating capabilities.



R2,8 million set aside for livestock development

LIVESTOCK



R1,5 million building feeding kraals and supplying feedlot machinery such as a hammer mill, tractor and feed mixer

R350 000 for three loading ramps and for livestock marketing



1,766 livestock units marketed and sold

R1 million on dam desilting at three dams



R8,5 million generated for communal farmers from livestock marketing

FORESTRY DEVELOPMENT



ECRDA aims to ensure that communities extend their participation in the forestry sector beyond primary production. The plan is to include processing and value-addition activities. The participation in beneficiation activities will improve revenue generation prospects.



R44,5 million on planting activities

OPERATIONS



R26 million on employment of 1,129 people and on operational costs

.....
Consolidation of high-value partnerships



.....
1,287ha of trees planted



.....
R9,8 million on machinery

.....
Six projects implemented



PLANTING
R44,5 million spent on
planting activities

.....

MKHAMBATHI
R8,95 million expenditure

.....

SINAWO
R15,7 million

.....

IZININI
R3,9 million

.....

GQUKUNQA
R11,9 million

.....

SIXHOTYENI
R7,9 million

.....

LUSIKISIKI
R6 million



TARGET EXCEEDED
1,287.7 ha of trees planted
in the period under review

.....

SINAWO: 526 hectares planted
SIXHOTYENI: 206,9 hectares planted
GQUKUNQA: 143 hectares planted
IZININI: 59,3 hectares planted
MKHAMBATHI: 200,9 hectares planted
LUSIKISIKI: 151,6 hectares planted



SINAWO: 321 jobs
SIXHOTYENI: 166 jobs
GQUKUNQA: 268 jobs
IZININI: 69 jobs
MKHAMBATHI: 179 jobs
LUSIKISIKI: 126 jobs



RENEWABLE ENERGY



ECRDA's renewable energy programme placed special focus on building its research and innovation capabilities in order to effectively respond to business strategy and objectives.





BUDGET
R1,5 million budget

.....
R380 000 on bankable
business plans

.....
Research on type of
feedstock required for
biofuels industry

RURAL FINANCE

In 2016/17, ECRDA intensified its efforts in providing rural finance instruments which are a powerful stimulant of rural economic activity. ECRDA extends these credit lines to deserving entrepreneurs in the Eastern Cape rural setting with the view of ensuring ongoing and vibrant economic activity.



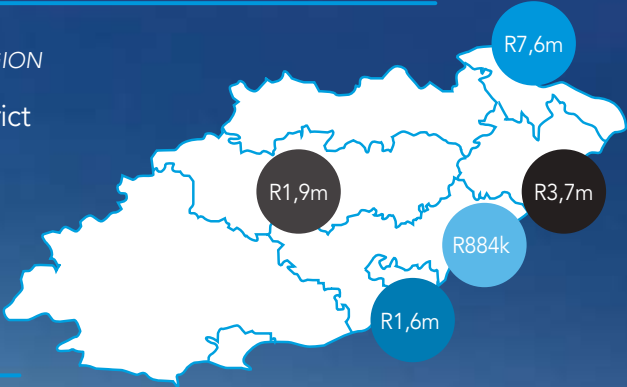
DISBURSEMENT
R18,7 million approved for disbursement to 159 clients

.....
R14,4 million on agricultural loans

.....
R13,6 million loan repayments

DISBURSMENT BY REGION

- Amathole District
- Alfred Nzo
- Chris Hani
- OR Tambo
- Head Office



SUBSIDIARIES AND ASSOCIATED ENTITIES

ECRDA supports a number of subsidiary and associated entities in furtherance of its rural economic development mandate. ECRDA is often required to extend its skills and expertise to assist these largely community-centred projects. The Kangela Citrus Farm is the ECRDA's only subsidiary. Support is provided to the Magwa and Majola Tea estates which are currently under Business Rescue as well as the Ncera Macadamia project.





KANGELA CITRUS FARM
ECRDA owns 51% of
Kangela

- Total farm size is 450ha
- 60ha are trees planted but not yet producing
- 175,534 export cartons of citrus were sold in 2016/17
- Revenue of R29 million from sales
- Sales to citrus juice producers were R3 million
- 159ha of citrus under production in 2016/17
- 100ha of orchards were harvested in 2016/17
- R5 million profit in 2016/17



NCERA MACADAMIA

**Private company with 51%
community ownership**

- Operates a world-class nursery of macadamia nuts
- 80 tons of macadamia nuts produced in 2016/17 on 98ha
- Revenue from sales was R4,5 million
- Additional 76 ha of young trees which are not yet producing nuts
- A further 126ha available for Macadamia development
- ECRDA transferred subsidies of R16,7 million for operations, infrastructure and macadamia orchard development.



MAGWA ENTERPRISE TEA

Wholly-owned subsidiary of the Eastern Cape Development Corporation (ECDC)

- ECRDA transferred R2,9 million to the Magwa business rescue account
- Funds used for repairs to the factory and the processing plant as well as the maintenance of tea plantations
- Pruning of 560ha of the 1,803ha tea plantation



MAJOLA TEA ESTATE

ECRDA transferred R1,8 million to Majola Tea Estate

- Pruning of 197ha of the 362,5ha of black tea plantations



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