



# REVIEW OF OPERATIONS 2019/20



**ECRDA**

Eastern Cape Rural Development Agency

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**ECRDA BOARD OF**  
**DIRECTORS**

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# ECRDA BOARD



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1

**MS LNARE**

**Chairperson**

Appointed  
April 2019

**Committees:**  
Social And Ethics  
Committee

2

**MR M NCWADI**

**Deputy Chairperson**

Appointed  
April 2019

**Committees:**  
Social & Ethics  
Committee, Finance,  
Projects & Investment  
Committee

3

**AMB M MAQUETUKA**

**Chief Executive  
Officer:**

Appointed  
October 2018

**Committees:**  
Human Capital &  
Remuneration  
Committee

4

**MR S MAKUNGA**

Appointed  
April 2019

**Committees:**

**Chairperson:** Social &  
Ethics Committee,  
Finance, Projects &  
Investment Committee

5

**MR S FAKU**

Reappointed  
February 2016

**Committees:**

**Chairperson:** Human  
Capital & Remuneration  
Committee, Finance,  
Projects & Investment  
Committee

6

**ADV P MAYAPHI**

Appointed  
April 2019

**Committees:**

Audit & Risk  
Committee

7

**MS Z THOMAS**

Appointed  
April 2019

**Committees:**

**Chairperson:** Audit &  
Risk Committee, Social  
& Ethics Committee

8

**MS N MBETE**

Appointed  
April 2019

**Committees:**

**Chairperson:** Finance,  
Projects & Investment  
Committee, Audit &  
Risk Committee

9

**MS N PETELA-NGCANGA**

Reappointed  
February 2016

**Committees:**

Human Capital &  
Remuneration Committee

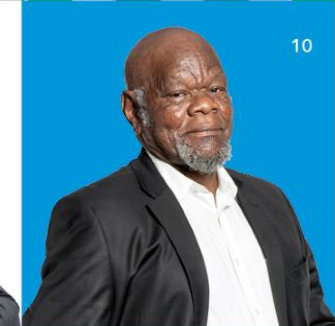
10

**MR M MSOKI**

Appointed  
April 2019

**Committees:**

Human Capital &  
Remuneration  
Committee



10







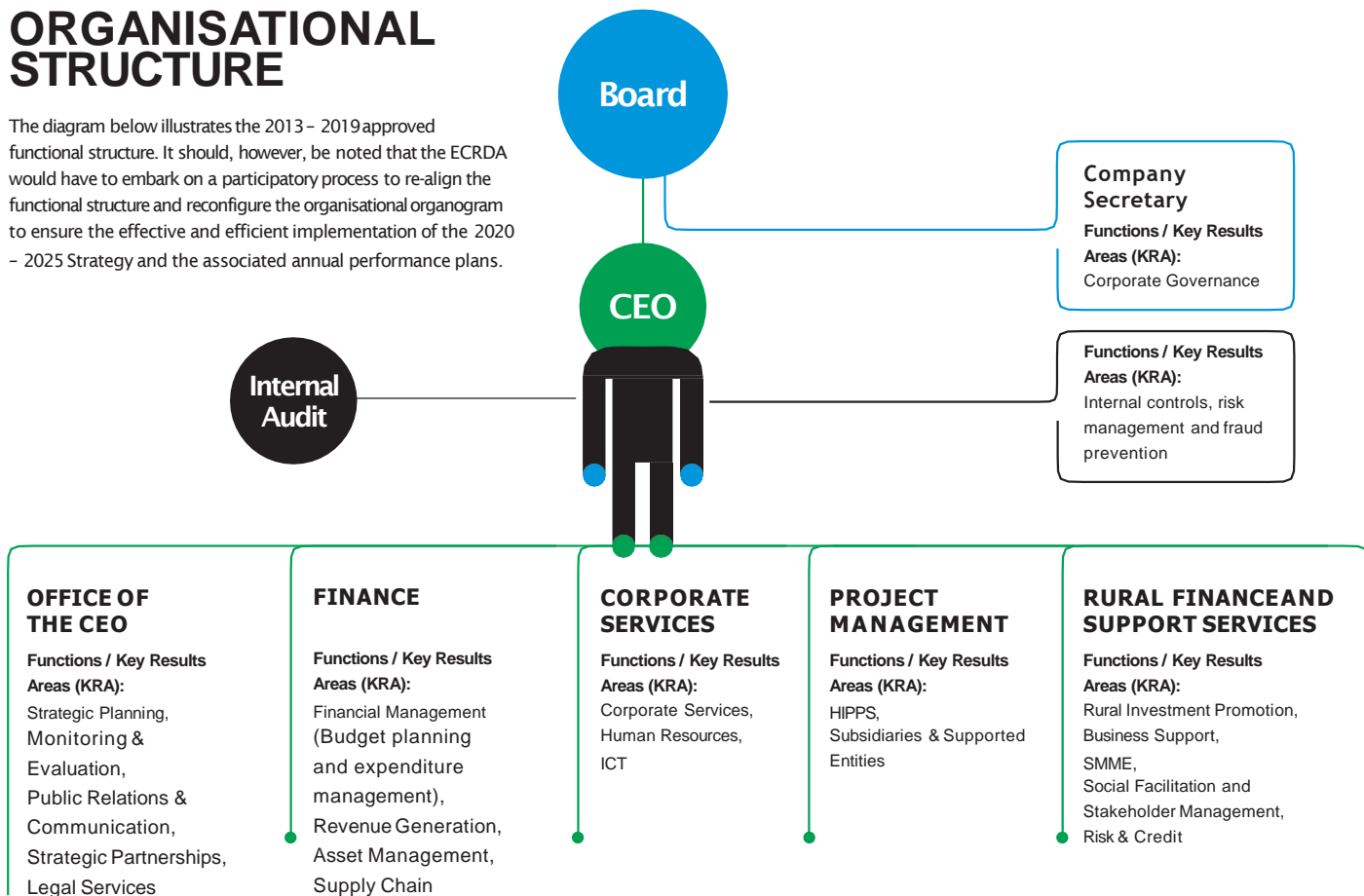
# ABOUT THE ECRDA

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.

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

# ORGANISATIONAL STRUCTURE

The diagram below illustrates the 2013 – 2019 approved functional structure. It should, however, be noted that the ECRDA would have to embark on a participatory process to re-align the functional structure and reconfigure the organisational organogram to ensure the effective and efficient implementation of the 2020 – 2025 Strategy and the associated annual performance plans.





# OPERATIONAL HIGHLIGHTS 2019/20

AUDIT OPINION  
**UNQUALIFIED**

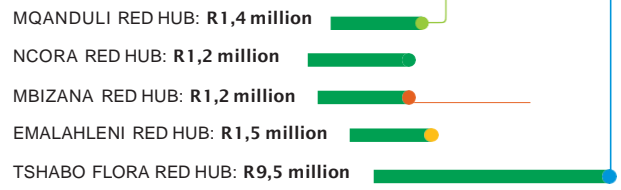
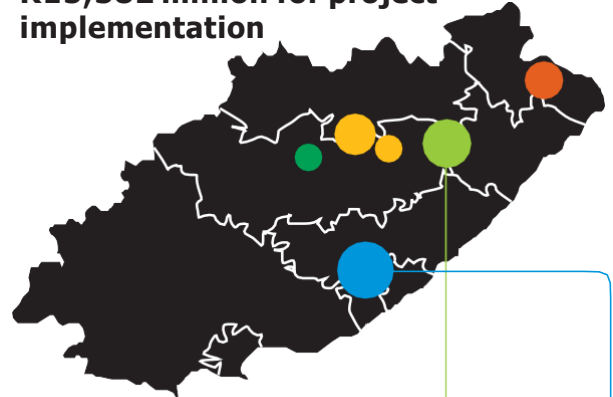
BUDGET ALLOCATION  
**R168 566 million**

PROJECT FUNDING  
**R129 651 million for projects**



## AGRO-PROCESSING

BUDGET ALLOCATION:  
**R15,382 million for project implementation**



**BUDGET USE:**  
Employee costs • Plant holding facility • Erection of a boundary fence  
Two tractors with implements • Two shipping containers  
Tools and equipment • Bush clearing and contour flattening  
Land preparation • Delivery of plant rootstock • Professional fees.





## LIVESTOCK DEVELOPMENT

BUDGET ALLOCATION:

**R1 million for irrigation system at Zigudu Feedlot**

STIMULUS FUND:

**Additional R4,29 million for Zigudu, Mqanduli and Ncora feedlots**

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### Project Sales and Revenue

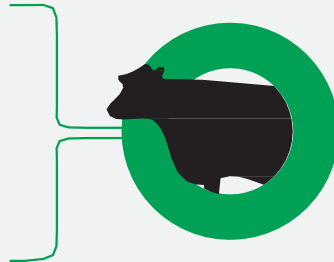
LIVESTOCK SALES

**210 cattle sold at the three feedlots**

LIVESTOCK

Average PRICE

**R11 500**



SALES REVENUE:

**R2, 415 million**

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CATTLE COSTS:

**60 cattle procured for Zigudu and Mqanduli feedlots for R588 000**

CATTLE TRAILERS:

**3 cattle trailers bought for the three feedlots for R223 000**

# ECRDA EXECUTIVES



1 NHLANGANISO DLADLA

Chief Executive Officer

2 NAVY SIMUKONDA

Chief Operations Officer

3 JANINE BAXTER

Chief Financial Officer

4 CELLO GARDNER

Executive Manager:  
Corporate Services Executive

5 ROAK CREW

Executive Manager:  
Renewable Energy, Resigned 2019



# FINANCIAL EFFICACY 2019/2020

During the period under review, the Group embarked on a spirited pursuit of its 2020-25 strategy which includes a diversified funding strategy and the leveraging of stakeholder partnerships in the delivery of the agency mandate.



# FINANCIAL REVIEW

Unqualified audit opinion

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Budget allocation

**R168 566 million**

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Magwa-Majola tea estates

**R93 million**

Further R93m available for the resuscitation of the Magwa-Majola tea estates

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Amajingqi Macadamia Project

**R16 million**

Transfer payments in the amount of R16 million were received in support of the Amajingqi

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**R16 million**

**Own generated revenue**

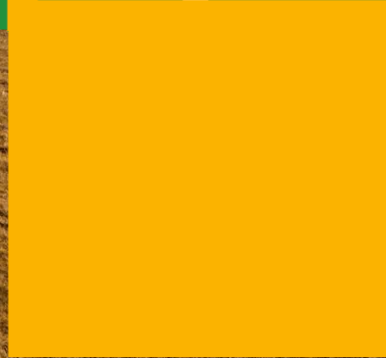


# PERFORMANCE REPORT

The agency continued to facilitate the implementation of its flagship Rural Enterprise Development (RED) Hubs programme which places rural communities and their organised entrepreneurial organisations at the centre of operations.



# AGRO- PROCESSING





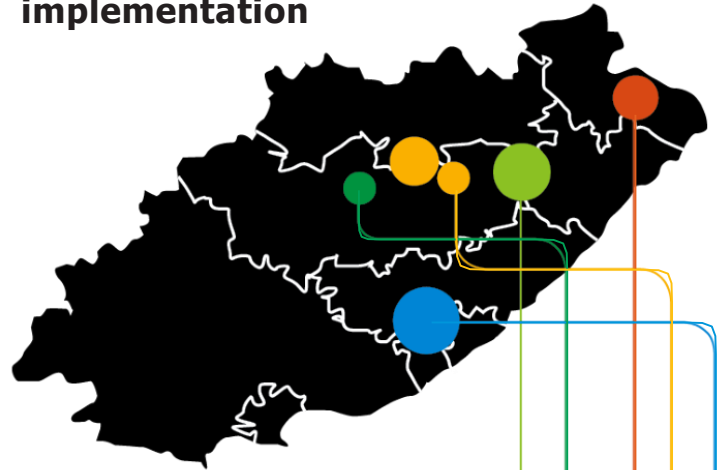
## AGRO-PROCESSING

- ECRDA operates five RED Hubs
- Four RED Hubs that focus on grain production and value-addition –Emalahleni in Lady Frere, Mbizana, Ncora, Mqanduli
- ECRDA operates the new flora Tshabo RED Hub in Berlin outside East London
- The RED Hub is introducing and developing a new flora industry in the Eastern Cape.

- 
- Food Safety Policy was developed and implemented at the milling RED Hubs.
  - Instore promotions conducted at SPAR branches with substantial success
  - Promotions took place at seven SPAR Eastern Cape stores
  - Promotions aimed at activating RED Hub mill products
  - Partnership with Grain South Africa assisted with capacity-building training on tractor and farm implement maintenance
  - ECRDA facilitated training and demonstrations on new mobile maize dryers received from the Department of Rural Development and Land Reform (DRDLR)

### BUDGET ALLOCATION:

## R15,382 million for project implementation



MQANDULI RED HUB: R1,4 million

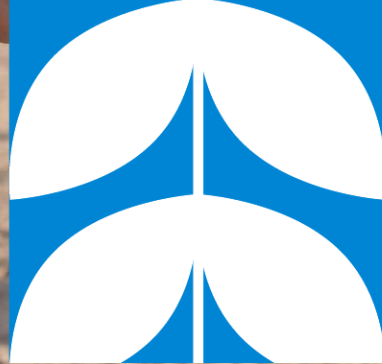
NCORA RED HUB: R1,2 million

MBIZANA RED HUB: R1,2 million

EMALAHLENI RED HUB: R1,5 million

TSHABO FLORA RED HUB: R9,5 million

# LIVESTOCK DEVELOPMENT



## 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.

Department of Rural Development and Agrarian Reform (DRDAR) took over running of the livestock development programme.

ECRDA facilitated a number of livestock development activities at select feedlots – Zigudu, Mqanduli and Ncorha.

**These activities included:**

### **R1 million for irrigation system at Zigudu Feedlot**

aimed at ensuring that the feedlot is in a position to produce its own feed mixing ingredients in order to curtail feeding costs

### **STIMULUS FUND**

#### **EQUIPMENT AND SEED**

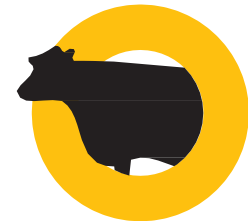
### **R5,2 million**

the procurement of equipment and seed capital for feeder cattle through the use of a R5,2m allocation from the Provincial Stimulus Fund;

awareness campaigns on cattle conditioning, marketing and the purchase of mobile auction pens to be used in various areas of the former Transkei.

These campaigns were attended by close to 500 farmers; educational radio sessions on livestock marketing and condition.

These sessions are to be followed by a vernacular newsletter planned for the new financial year, as well as; (v) purchases of cattle for fattening at the feedlots, and facilitating the sales thereof



# FORESTRY DEVELOPMENT



## FORESTRY DEVELOPMENT

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.

### BUDGET ALLOCATION:

**R1,650 million for maintenance and siviculture at Gqunqqa, Izinini, Mkambathi, Sinawo and Sixhotyeni**

### SIVICULTURAL ACTIVITIES:

**1,403ha of sivicultural activities**

### SAPPI DONATION:

**SAPPI donation of seedlings worth R349,661**

### PLANTING

**84ha at Mkambathi and Sinawo**



### TIMBER SALES

**Sinawo (R5,5 million)**

### TIMBER SALES

**Mkambathi (R2,4 million)**

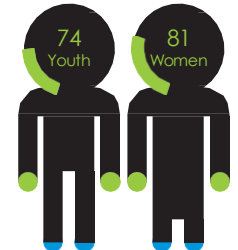
This is an indication of a promising commercial future for the community forestry operations

### JOBS:

**234 jobs created at Sinawo (140), Izinini (29), Mkambathi (37), Gqunqqa (16) and Sixhotyeni (12)**

### YOUTH & WOMEN JOBS:

**74 youth jobs & 81 women.**





# RURAL FINANCE





## 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.

### LOAN APPROVALS:

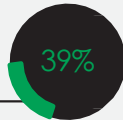
**R6,266 million to 117 clients**

LOAN DISBURSEMENTS:

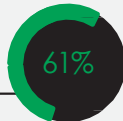
**R5,1 million to 94 clients**

### LOAN SPLIT

**Agricultural**  
**(R1,982 million or 39%)**

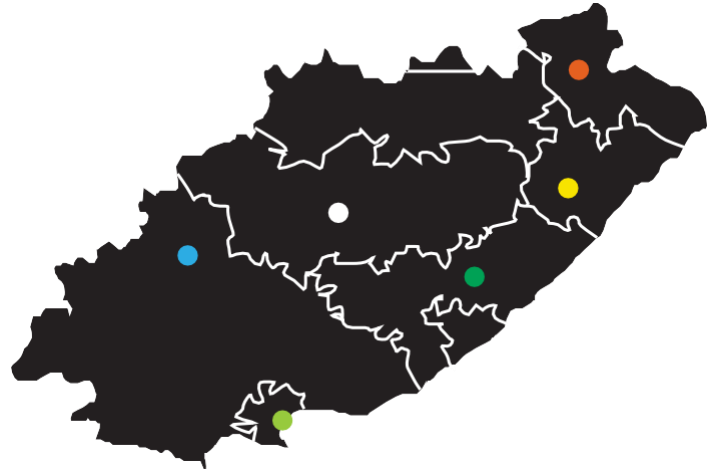


**Non-agricultural loans**  
**R3,116 million or 61%)**

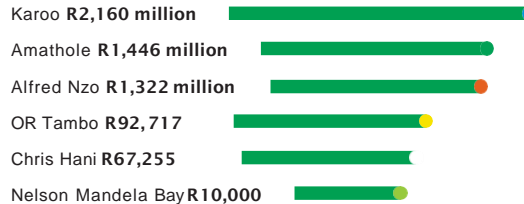


### LOAN COLLECTIONS:

**R2,253 million**



### GEOGRAPHIC SPREAD:



# BUSINESS SUPPORT

The ECRDA continued to provide business support, advisory services and capacity-building to external clients such as co-operatives and to businesses which make up the RED Hubs, feedlot owners, forestry development enterprises and to the communities which the ECRDA services in general.

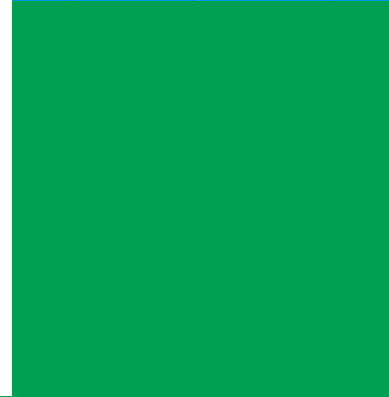
## BUDGET ALLOCATION:

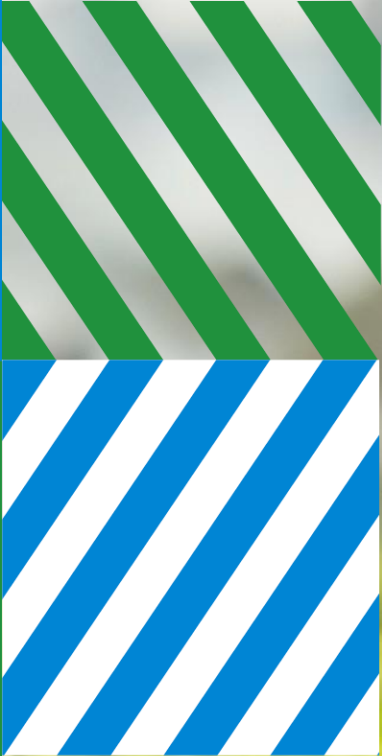
**R265 000**

allocated for training and empowerment programmes  
Funds used for training at sessions organised around the RED Hubs and at the village clusters and nodes

Training covered among others:

- co-operative governance
- financial management and leadership
- computer literacy
- assistance to obtain drivers licences
- educational tours for learning by exposure.





## **SUBSIDIARIES AND ASSOCIATED ENTITIES**

The ECRDA provided financial and technical support interventions to its subsidiaries and associated entities. These entities include the Magwa-Majola Tea Estate, Amajingqi Macadamia Farming as well as the Kangela Citrus Farm. The agency's interventions are meant to improve productivity and competitiveness of these businesses



# MAGWA- MAJOLA TEA ESTATE

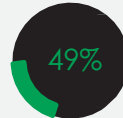
- Magwa Enterprise Tea (MET) took a positive growth trajectory
- Crop yield of tea rose from 460 tons in 2018/19 to 695 tons in 2019/20
- Projected crop yield of black tea expected to hit 1,400 tons in 2020/21 harvesting season
- MET adopted a new business model which centred around value creation and addition
- Development of intellectual property in the company
- MET procured tea bagging and packaging equipment for sufficient supply of tea bags to its markets
- ECRDA has developed a masterplan intended to be a focal point of all development initiatives around the Magwa and Majola Tea Estates for the next 15 years
- Development initiatives to diversify current focus on tea plantation to other high value crops
- Initiatives to exploit the tourism potential of the area through the development of an eco-friendly tourism valley



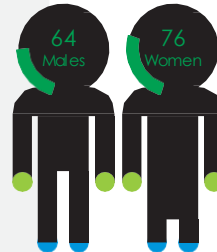
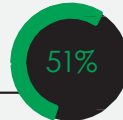
# AMAJINGQI MACADAMIA FARMING

- More than 267 ha of macadamia nuts planted
- Target is to plant 300 ha at full scale
- Harvesting on one variety of the 89ha comprised of three-year-old trees currently bearing the first crop
- Project has made a considerable achievement in creating jobs for the rural people especially the youth
- More jobs to be created once the project operates at full capacity in the coming few years.

**131 people  
employed in 2019/20**  
**64 Males**



**67 Females**



# KANGELA CITRUS FARM

ECRDA working on the  
resolution of the current impasse  
at the Kangela Citrus Farm  
Little progress made on resolving  
the Kangela case matter  
Project currently being operated  
by the Kangela Trust without the  
involvement of the ECRDA







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