

# Inkqubela

ANNUAL RESULTS EDITION 2018

**R22,7  
MILLION**

ECRDA disburses  
R22,7 million  
in loans to 1,351  
clients in  
2017/18

*The RED Hub concept  
is steadily changing  
the way we think about  
agriculture moving our  
focus toward  
commercial production*

**EXPLOITING  
MBIZANA'S  
RICH SOILS**



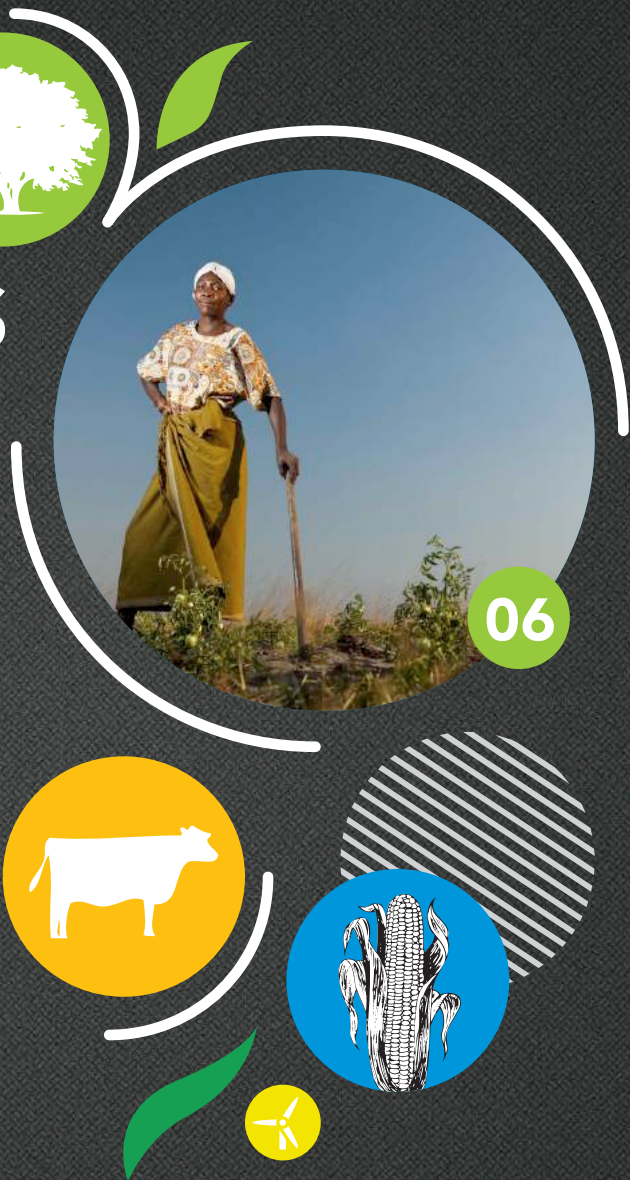
**ECRDA LOAN  
IMPROVES THE  
GHALANA'S  
FLOCK**





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# ECRDA EDITOR'S NOTE



Welcome to the 2017/18 annual results edition of Inkqubela. This edition provides an informative perspective of the ECRDA's efforts in the rural development arena of the Eastern Cape province. It celebrates the ECRDA's achievements and partnerships in bringing about meaningful material change to the lives of thousands of people who reside in the countryside.

The edition demonstrates the resilience of rural communities and entrepreneurs in their concerted quest to improve their livelihoods and socio-economic conditions. The ECRDA's impact is felt across various areas of the rural economy spanning, agro-processing, livestock and forestry development, rural finance as well as in the renewable energy sector. This edition is a demonstration of the ECRDA as a trusted development partner to government as well as to communities which benefit from the agency's interventions.

We hope that you will find this edition as an informative read which provides a bird's eye view into the ECRDA's

work. More importantly, we hope that the ECRDA's efforts will give birth to new exciting partnerships in the execution of the development agenda. Partnerships are a crucial element in the ECRDA's development journey and the agency remains highly indebted to its partners for support and encouragement.

I hope this work will inspire you to make ECRDA your development partner of choice in the improvement of rural livelihoods.

**Masakheni. Let us build together.  
NobaTembu Pako.**

# CHAIRMAN'S PERSPECTIVE



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**THE STAFF AT ECRDA CONTINUES TO DEMONSTRATE THE REQUIRED RESOLVE AND TENACITY TO BRING ABOUT MEANINGFUL SOCIO-ECONOMIC CHANGE.**

This annual results edition of Inkqubela is yet another valuable opportunity to celebrate the achievements of the 2017/18 financial year while acknowledging the significant challenges the agency continues to encounter in its mandate delivery function.

The ECRDA has an extremely important mandate of improving and reviving economic activity in the rural areas of the Eastern Cape. The agency has to mobilise public and private resources to encourage a greater participation in the formal economy by rural entrepreneurs and the optimal utilisation of rural land into productive assets.

On behalf of the Board I would like to extend our gratitude to the chief executive officer and the entire staff complement for their resilience in a challenging operating environment. The staff at ECRDA continues to demonstrate the required resolve and tenacity to bring about meaningful socio-economic change.

The Board is pleased with the progress made in the establishment of a fifth Rural Enterprise Development (RED) Hub at Tshabo outside Berlin at the Buffalo City Metropolitan Municipality which presents exciting new prospects beyond maize production. We are also pleased with the work being done by the rural finance team in using loan funding as a stimulant of economic growth and development. Exciting work is being done in the livestock development programme with the development of feedlots and the facilitation of livestock marketing activities. New projects are being undertaken in renewable energy and new systems are being put in place to support the work of the RED hubs. The forestry development programme is also using innovative income generation techniques to generate economic activity while trees are at the growth stage at the six forestry projects supported by the ECRDA.

This edition is also an important platform to acknowledge the immense contribution of the ECRDA's partners who continue to support its work. I would like to thank the ECRDA's shareholder department, the Department of Rural Development and Agrarian Reform (DRDAR) for its valuable support and encouragement. Other notable partnerships include the Eastern Cape Development Corporation, SAPPI, PG Bison, business chambers, local and district municipalities, research and development institutions, co-operative enterprises and the communities within which the ECRDA operates.

I trust that this annual results edition of Inkqubela becomes a living and practical demonstration of the ECRDA's work in bringing about energised socio-economic redress in the rural parts of our province.

**Masakheni. Let us build together**  
**Dr Vanguard Mkosana**  
**Chairperson of the Board of Directors**



# CHIEF EXECUTIVE OFFICER'S MESSAGE



**THIS EDITION OF INKQUBELA IS A PRACTICAL DEMONSTRATION THAT THE WORK OF THE ECRDA IS A LIVED EXPERIENCE WHICH POSITIVELY IMPACTS THOUSANDS OF THOSE WHO RESIDE IN THE COUNTRYSIDE.**

positively impacts thousands of those who reside in the countryside. This edition is not a numbers game with a superficial focus on the numbers for reporting purposes. It puts a human face to the numbers indicating that the ECRDA's work is real and of significant material value.

I am pleased to present this annual results issue of the ECRDA's stakeholder publication, Inkqubela. The publication catalogues a number of achievements attained by the agency in the 2017/18 financial which have had a significant and meaningful impact on the communities we serve.

As a growing and learning development agent, the ECRDA is on a continuous quest of improving its communication platforms in order to effectively relay the progress we are making in responding to the government's demand for a pronounced development impact.

The ECRDA is tasked with changing the face of the Eastern Cape's rural landscape by improving agricultural production, value addition of produce, and the stimulation of economic activity in rural areas through empowering loan finance instruments as well as job creation.

This edition of Inkqubela is a practical demonstration that the work of the ECRDA is a lived experience which

The stories captured in this edition are by no means an exhaustive outline of the work the agency has done in 2017/18. They are just a glimpse into the work of an organisation at work. The intention is for these stories to serve as an appetiser in fostering further engagement with ECRDA's service and product offering.

As is the case with other institutions of the state, the ECRDA discharged its mandate during 2017/18 under a challenging economic environment which calls for special purpose vehicles to do more with the depleting financial resources at their disposal. This means ECRDA has to be on the lookout for innovative and inventive means to achieve the required socio-economic development impact.

This edition of Inkqubela also serves as a recognition tool of the ECRDA's various public and private partners who in many ways inspire the agency's development trajectory by contributing skills and resources in order to improve and extend our impact.

**Dr Lubabalo Mrwebi**  
ECRDA Acting Chief Executive Officer



# ECRDA IN NUMBERS





## FINANCIAL PERFORMANCE OVERVIEW

### Unqualified audit opinion in 2017/18

R236 million included transfer payments of R32,5 million  
Income grew by R66,8 million from R213,8 million in 2016/17 to R259,4 million in 2017/18

## RURAL FINANCE

R22.7 million disbursed to 1,251 clients

R18,3 million 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

### Loan collections - R9,5 million

19 Micro Agricultural Financial Institution of South Africa (MAFISA) loans worth R14,3 million approved



## AGRO-PROCESSING

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# ADDITIONAL R14,8 MILLION EARMARKED FOR THE ESTABLISHMENT OF A FIFTH RED HUB IN TSHABO NEAR BERLIN





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

## 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

Fourteen primary co-operatives  
delivered 1,579.70 tons of white  
maize to the silos from 1,164 ha  
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

**2,579**

livestock units  
sales facilitated

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

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## FORESTRY DEVELOPMENT



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

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

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.





**R3**  
million total  
cost of installed PV  
systems at all four  
RED Hubs

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

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



# **ECRDA DISBURSES R22,7 MILLION IN LOANS TO 1,351 CLIENTS IN 2017/18**

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The Eastern Cape Rural Development Agency (ECRDA) says it has disbursed R22,7 million in loans to 1,351 clients in the 2017/18 financial year.



**“OF THE R22.7 MILLION, R13.4 MILLION WENT TO LOAN RECIPIENTS IN THE SARAH BAARTMAN DISTRICT, R4.6 MILLION IN AMATHOLE, R1.4 MILLION AT CHRIS HANI, R1.2 MILLION IN OR TAMBO, R830 000 IN ALFRED NZO AND R649 000 AT THE KAROO REGION.**

The bulk of these loans, accounting for R18.3 million, were agricultural loans, with the balance going to non-agricultural loans. This was significantly higher than the loan disbursement target for the year of R8.3 million due to a much higher-than-anticipated demand for loan funding.

In addition, 19 Micro Agricultural Financial Institutions of South Africa (MAFISA) loans worth a total of R14.3 million were approved. The bulk of these loans, 15, went to recipients at the Alfred Nzo district, with two in Chris Hani and one each in the OR Tambo and Sarah Baartman regions,” says ECRDA acting chief executive officer Dr Lubabalo Mrwebi.

With regard to collections, ECRDA says it intensified its loan repayment efforts and procedures in 2017/18, including expanding its aftercare support. The recovery of loans remains a significant challenge with ECRDA collecting R9.5 million resulting in a loan recovery rate of 72 per cent. The ECRDA says it will embark on various additional loan recovery strategies, including follow-the-rand principles and expanded borrower education programmes to improve the rate of repayment over the next financial period.

Mrwebi says the ECRDA is also pleased with the unqualified audit opinion it received in 2017/18. The agency received a R236 million funding allocation in the 2017/18 financial year, an increase of R37,8 million from 2016/17. This figure included transfer payments of R32,5 million. Income grew by R66,8 million from R213,8 million in 2016/17 to R259,4 million in 2017/18.





The organisation 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).

the 2016/17 season. All the maize quantity was sold to Ncora Dairy at an agreed maize price of R1,750 per ton. A total of 1,150 hectares of white maize were planted in the 2017/18 financial year.

**TRANSFER PAYMENTS IN THE AMOUNT OF R10 MILLION WERE RECEIVED IN SUPPORT OF THE NCERA MACADAMIA PROJECT. TRANSFER PAYMENTS OF R1.5 MILLION FOR THE SUMMERPRIDE PINEAPPLE PROGRAMME WERE RECEIVED AS WELL AS TRANSFER PAYMENTS OF R45.1 MILLION FOR THE MAGWA AND MAJOLA TEA ESTATES' BUSINESS RESCUE PROCESS.**



Mrwebi says ECRDA also budgeted R14,5 million to support the operations of Mqanduli, Ncora, Mbizana and Emalahleni Rural Enterprise Development (RED) Hubs.

The Ncora one-ton-per-hour processing capacity mill produced a volume of 215.14 tons that have been sold mainly to the informal market.

An additional R14,8 million was earmarked for the establishment of a fifth RED Hub in Tshabo near Berlin.

A total of 1,580 tonnes of white maize were harvested from the 1,164 hectares planted in 2016/17 at the Mbizana RED Hub. In 2017/18, 1,340 hectares of white maize were planted. The Mbizana RED Hub mill was also commissioned. The mill has a one-ton-per-hour processing capacity which can be increased to four-tons-per-hour. The mill produced a volume of 282.53 tons in 2017/18. The produce was sold to both informal market and formal retail sector (e.g. Spar Supermarket).

During the year, the Mqanduli primary co-operatives delivered to the Mqanduli RED Hub storage silos 173.89 tons of white maize from the 899 hectares planted in the 2016/17 season.

In 2017/18, 327 hectares were planted with white maize by seven primary co-operatives in Mqanduli. The Mqanduli mill which has a 0.9ton processing capacity per hour was fully-operational in the period under review. The mill has produced 136.70 tons of produce over the period.

At the Emalahleni RED Hub the planted area was 187 hectares in the 2016/17 financial at three primary co-operatives. The crop was affected by early frost resulting in no harvest taking place. In 2017/18, 392 hectares of grain sorghum were planted at six primary co-operatives. The mill was also commissioned last year.

In Ncora, 949.47 tonnes were produced from the 1,849 hectares of white and yellow maize planted in

In the livestock development programme, the ECRDA facilitated the sale of 2,579 livestock units. In addition, the agency spent R6,1 million for the roll-out of three feedlots in the Transkei. This funded the development of feeding kraals, equipment, feed, water supplies and the 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. A total of 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

Mbizana, Mqanduli and Emalahleni RED Hubs. ECRDA provided and connected 35-Kw photovoltaic (PV) solar systems at each of the RED Hubs. PV systems were installed at all four RED Hubs at a total cost of R3 million.

In the livestock development programme, 326.32 hectares were planted in 2017/18. The ECRDA managed to secure 2 901 hectares, 1,250 hectares at Mkambathi and 1,652 hectares at Sinawo for future plantations, against initial target of 1,000 hectares. The Department of Water Affairs and Sanitation approved 1,901 water licences which should strengthen both these projects.

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

The ECRDA also 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. The ECRDA also implemented solutions for the Ncora,



# EXPLOITING MBIZANA'S RICH SOILS

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ECRDA WILL CONTINUE TO WORK CLOSELY WITH BOTH PRIMARY AND SECONDARY CO-OPERATIVES TO ADDRESS QUALITY ISSUES, AND TO ASSIST FARMERS IN ACQUIRING THE NECESSARY TRAINING, SUPPORT AND SKILLS DEVELOPMENT TO SUPPORT SUSTAINABLE COMMERCIALISATION



For Mxolisi Mda, the 1,580 tonnes of white maize harvested from 1,164 hectares planted in the 2016/17 season, is a significant step toward ensuring that the Mbizana area with its rich soils is able to fully exploit its latent agricultural and job creation potential.

Mda is the chairperson of the Sivukasoneke Secondary Co-operative at the Mbizana Rural Enterprise Development (RED) Hub. The co-operative is made up of 14 primary co-operatives whose individual landowners contribute their land parcels for agricultural production.

Mda says although nowhere near the numbers they should be producing and harvesting, the 2017/18 harvest constitutes a 240% increase from the 488 hectares planted in 2015/16.

“This can be attributed mainly to renewed commitment from the primary co-operative farmers. We are convinced that agricultural production should boost employment and economic activity in the Mbizana area. The RED Hub concept is steadily changing the way we think about agriculture moving our focus toward commercial production.



**THERE IS SO MUCH WHICH WE HAVE GAINED IN SO FAR AS SKILLS TRANSFER AND THE ECRDA HAS DEMONSTRATED ITS COMMITMENT TO THE HUB OVER THE YEARS THROUGH VALUABLE FINANCIAL AND INFRASTRUCTURE INTERVENTIONS WHICH HAVE KEPT US GOING. HOWEVER, THE PLAN IS FOR US TO BE SELF-SUSTAINABLE AND TO FULLY-OWN THE PRODUCTION PROCESS,” SAYS MDA.**

ECRDA agronomist Luvu Qongqo says while the sharp increase in quantity of maize produced is a positive development for the hub, the quality of most maize delivered to the storage silos is not yet what it should be.

“ECRDA will continue to work closely with both primary and secondary co-operatives to address quality issues, and to assist farmers in acquiring the necessary training, support and skills development to support sustainable commercialisation,” Qongqo says. The rest of the Sivukasoneke’s executive is deputy chairperson Monde Malima, secretary Nontembiso Langa, deputy secretary Nozibele Mlatha, treasurer Nokuzolwa Nogoda and two additional members George Gudlimpi and Ntombizodwa Mfiningwa.

Mda says a total of 54 youths are employed permanently and on a seasonal basis at the hub.



**"WE HAVE NO MINES HERE. AGRICULTURE IS OUR MINE," SAYS CHAIRPERSON OF THE IBUYAMBO AGRICULTURAL MULTI-PURPOSE SECONDARY CO-OPERATIVE AT THE EMALAHLENI RED HUB ZAKHELE NYANGIWE.**

The RED Hub employs 32 workers at the milling plant which has ensured that families who had for years been destitute today have an income stream. Although this is a small number, it has had an impact in reducing unemployment in the area.

Although the grain sorghum producing hub did not have a harvest from the 187 hectares it planted from three primary co-operatives in 2016/17 because of crop damage due to early frost, it did manage to plant 392 hectares of grain sorghum in 2017/18.

"The Ibuyambo Agricultural Multi-purpose Secondary Cooperative has six co-operatives with 462 active members. We have six tractors with their full set of implements, comber and harvesters. We also have a milling plant which adds value to our produce. The infrastructure and mechanisation unit support with the ECRDA's help is making a difference in our farming practices and they are ensuring that we realise greater economic value from our land.

"We used to produce for subsistence consumption. However, we are gradually building up the skills set required to produce on a commercial scale to ensure that we are able to realise financial value from our assets. We realise it is going to be a hard slog and it will also be a lonely journey in our quest to reach our production and processing potential. We are however fit for the cause," says Nyangiwe.



# MINING AGRICULTURE AT THE EMALAHLENI RED HUB



ECRDA agronomist Luvu Qongo says one of the most impactful developments at the Emalahleni RED Hub in 2017/18 was significant improvements in the super maize meal-to-hominy chop ratio of the mill, following major refurbishment.

“The mill, which predates the establishment of the Emalahleni RED Hub, was commissioned in 2016/17 but it has never operated at optimum efficiency due to its age and the difficulty in sourcing custom components and maintenance contractors skilled in servicing the mill.

ECRDA managed to secure the services of an expert milling technician who improved the mill’s super maize

meal-to-hominy chop ratio from about 55-45 to a more sustainable 70-30. As a result, the mill will commence with sales in the next financial year,” Qongqo explains.

Nyangiwe says they are sell their sorghum harvest to local stores and all also in other areas as far as Komga.

The rest of the secondary co-operative executive is made up of Nyangiwe;s deputy Zoyayaphi Matwa, secretary Monwabiuso Boo, Mthuthuzeli Vanqa as deputy secretary and treasurer Sandiswa Mzizi. There are three members from each of the primary cooperatives sitting on the board.

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**WE USED TO PRODUCE FOR  
SUBSISTENCE CONSUMPTION.  
HOWEVER, WE ARE GRADUALLY  
BUILDING UP THE SKILLS SET  
REQUIRED TO PRODUCE ON A  
COMMERCIAL SCALE TO ENSURE  
THAT WE ARE ABLE TO REALISE  
FINANCIAL VALUE FROM OUR  
ASSETS.**

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# ECRDA LOAN IMPROVES THE GHALANA'S FLOCK

**THEY BOUGHT US 42 PREGNANT SHEEP AND WE ENDED UP HAVING 52 LAMBS. THE ECDRA HAS HELP US A LOT AND WE ARE LOOKING AT MAKING FURTHER LOANS WITH THEM AND BUY MORE LIVESTOCK AND EMPLOY MORE PEOPLE ON THE FARM AND IF POSSIBLE BUY ANOTHER FARM**

WHILE Seer John Ghalana worked on a farm looking after a large flock of sheep and heads of cattle, his own children spent many hours along the road tending to their father's small number of livestock grazing just outside the farm along the tarr road.

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The 10 sheep and six head of cattle and five goats were too many to graze in his boss' farm. Some of the children had to drop out of school to look after their father's livestock.

But today Ghalana and seven other family members including his sons and daughter are now proud owners of the Vaarand Farm in Venterstad in the close vicinity to the farm where he worked for three decades.

Family spokesperson Vuyisile Ghalana says that all the seven members of the family who now own the farm had worked in the farm where his father worked.

"I was only 12 years old when I started to work in the farm with my father, but I was then still at school. My father's livestock exceeded the number required to graze in the farm owner's farm and the livestock had to graze along the tar road. This was a risky situation, but it paid off at the end of the day as my father's livestock increased and he had to sell some when we needed money for school," says Vuyisile.

Vuyisile says it was in about 1994 when the Gariep Local Municipality and the provincial government started to buy farms and lease them to black people who showed an interest in farming.

Vuyisile says his father's employer advised his father to apply for the government subsidy.

"My father and his employer agreed that he would buy my father more livestock to start the farm from his pension as he worked on the farm for more than 30 years. He bought my father 60 sheep and eight cows. The farmer assisted my father to make the application and showed him which doors to knock on.

The Land Bank bought the farm which cost more than R700 000 and it paid half of the amount. The rest had to be paid by the family and we started farming in 2003," says Vuyisile.

Vuyisile says that in 2017 they received a R120 000 loan from the Eastern Cape Rural Development Agency (ECRDA).

"They bought us 42 pregnant sheep and we ended up having 52 lambs. The ECDRA has help us a lot and we are looking at making further loans with them and buy more livestock and employ more people on the farm and if possible buy another farm," says 47-year-old Vuyisile.

He says that in July 2018 they made R167 000 from the 12 bales of wool they sold.

Today they own 320 sheep, 225 lambs as well as 35 cows and two bulls and goats including 75 ewes and three rams.

He says that the land is big enough for 850 sheep and they are looking to increase their flock to reach this capacity. The family also has three tractors, two vans and they employ three permanent employees and 12 more on a seasonal basis.

**320**  
sheep, 225  
lambs as well as  
35 cows, 2 bulls  
and 75 ewes





# RED HUB INSPIRES AGRICULTURAL PRODUCTION IN MQANDULI

AT THE MOMENT SOME GOLD  
MINES ARE IN DISTRESS  
AND OTHERS ARE CLOSING  
WITH MANY MINEWORKERS  
BEING RETRENCHED.  
LAND IS AGAIN GAINING ITS  
IMPORTANCE AND AGRICULTURAL  
IS BEING ENTRENCHED AS  
THE MINES OF THE  
EASTERN CAPE



Bonginkosi Mzilikazi, the chairperson of the Maqomeni Primary Co-operative at the Mqanduli RED Hub had for many years watched hopelessly as arable land was left idle with community members opting to buy maize, vegetables, samp and other staple foods at shops than producing on their own.

“Many maize fields were not being ploughed. Instead, some were turned into soccer fields and others were used for residential purposes while on the other hand people complained of poverty, unemployment, diseases, but there were hundreds of hectares lying fallow. This left my heart bleeding,” says Mzilikazi.

One of the few villagers who brought hope to the village was chairperson of the Mqanduli Maize Secondary Co-operative Sithembele Zibi who had for decades been ploughing his fields and producing tonnes of maize, pumpkins among other crops.

Zibi says when the Mqanduli RED Hub was launched it renewed hope for those who had dedicated their lives to the productive use of their land assets. Six primary co-operatives were set up in several farming villages around the rural town to supply a nearby government mill with white maize.

Communities were asked to contribute their land, and government would pay 100% of the production costs in the first year, and buy all hub-produced maize for the first year and that assistance will increase by 20%. Six tractors and a huge harvester were provided by government and seeds came from the ECRDA.

“Secondary co-ops were responsible for taking maize from the primary co-operatives and sending it to the mills for processing into samp, stock feed and bran, which would then be sold.

We are pleased that seven primary co-operatives delivered 173.9 tonnes of white maize to the hub’s storage silos from the 899ha planted in 2016/17. In 2017/18, 327ha were planted with white maize by seven primary co-operatives. During the same period, the 0.9 tons-per-hour processing capacity Mqanduli Mill was fully-operational,” says Zibi.

The Red Hub has employed 37 local people and others are seasonal employees.

Zibi and Mzilikazi say that the initiative by the ECRDA has improved the lives of many people in Mqanduli and the number of people working the land has steadily improved.

“At the moment some gold mines are in distress and others are closing with many mineworkers being retrenched. Land is again gaining its importance and agricultural is being entrenched as the mines of the Eastern Cape,” Mzilikazi says.

**AT THE MOMENT SOME GOLD MINES ARE IN DISTRESS AND OTHERS ARE CLOSING WITH MANY MINeworkERS BEING RETRENCHED. LAND IS AGAIN GAINING ITS IMPORTANCE AND AGRICULTURAL IS BEING ENTRENCHED AS THE MINES OF THE EASTERN CAPE**

**37**  
employed by  
the RED Hub  
and others are  
seasonal



# ECRDA FEEDLOT INVESTMENT IMPROVES LIVESTOCK MARKETABILITY

“One of the most effective ways to improve the overall health and marketability of rural livestock is through the establishment of quality-enhancing feedlots,” says ECRDA livestock specialist Mathemba Maphuma.

As a result, in 2017/18 the ECRDA successfully implemented feedlots at three primary co-operatives. The cooperatives are Lingomso Lamangundwane in Zigudu Village in Cofimvaba, Masichume in Ncora and Mqanduli Feedlot in Mqanduli. Members of the Lingomso Lamangundwane cooperative contributed R51,000 while the Masichume and Mqanduli cooperative members each contributed R100 000.

Before being fed at the feedlots most of the cattle would sell for about R4, 000 each, but after 75-day feeding period they sell for up to R12, 000 depending on the breed and weight. The ECRDA funded the development of the feedlots starting from feeding kraals, feedlot equipment, feed, water supplies and the first capital toward labour remuneration to the value of R6, 1 million.

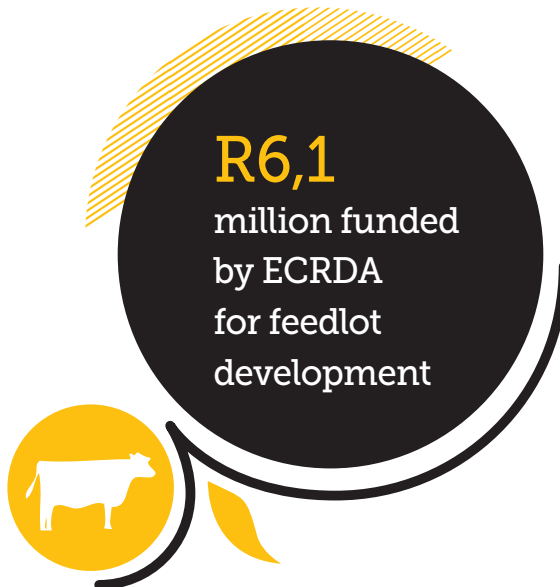
“At Zigudu, the ECRDA supplied machinery for the feedlot including a tractor, hammer mill, water pumps and water reticulation material as well as a vitamin and mineral supplementing beef finisher which was feeding 30 animals as at the end of the financial year.



Ownership of the feedlot is vested with the Lingomso LamaNdungwane Co-operative which comprises 20 community members who each invested R3 000 of their own. The concept of a co-operative “buy in” was initiated by the community itself to ensure only committed members with a vested interest in the long-term success of the project were involved,” says Maphuma.

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

At Ncora, the 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 it 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. The ECRDA is facilitating negotiations with the traditional authority in the area for the identification of a site to host the feedlot. Construction of the kraals on the new site will commence shortly, with the Mqanduli feedlot expected to be operational during the first quarter of the new financial year.

Maphuma says one of the challenges ECRDA continues to grapple with in regard to the feedlots is the profitability of these facilities. The Ncora feedlot, for example, has not yet reached break-even point, largely due to the inability of the feedlot owners to recover the full cost

of feeding cattle from those community members who utilise the feedlot.

He says the high costs associated with running the feedlots are also cause for concern. With no affordable, readily available feedstock, feedlot owners are forced to rely on commercial feed which has to be procured at significant cost. This reduces the amount of feed that can be purchased, leading in turn to the under-utilisation of the feedlot.

Maphuma says the ECRDA will be rolling out a number of initiatives over the next financial period to address these challenges. At Ncora, the agency will be planting grass and maize to supplement feed for the feedlot. Similarly, an irrigation project is in the pipeline for Lingomso LamaNdungwane which will support feedlot owners in growing lucerne and maize to reduce their feed costs.

In order to facilitate livestock marketing in previously disadvantaged rural areas, the ECRDA built loading ramps at Xolani near Alice and at Crossroads and Gcinisa near Peddie. The ECRDA also constructed auction pens at Tylden and kwaNobumba, also near Peddie. A total of 50 people were employed for at least 10 days across all five sites during construction.

ECRDA also conducted four training sessions, 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 visited a bull testing station as part of their training.

Due to the excellent relationship ECRDA has developed with Frontier Bonsmara, farmers were also offered stud bulls at a substantially discounted price.

“With regard to livestock sales, ECRDA has set itself the goal of facilitating the sale of 14 500 units of livestock to the market by the end of 2018/19 as a means of growing the rural livestock industry.

However, we are pleased we managed to facilitate the sale of 2,579 livestock units in 2017/18,” says Maphuma.



# ECRDA LOANS A BOOST FOR PITANI'S KLIPFONTEIN SONDER FARM

**PITANI RUNS THE 51.9 HECTARE SONDER FARM IN THE KLIPFONTEIN FARMING DISTRICT ON THE BANKS OF THE GREAT FISH RIVER.**



ZANELE Alfred Pitani who spent many years working as a farmworker in the Karoo heartland of Cradock driving tractors and trucks at a lucerne producing farm is still coming to terms that his role has changed from worker to farmer.

The workaholic who is always among his workers, says this has not yet sunk in. The 35-year-old father of three young children aged between two and six, is now an employer with three permanent staff members and 10 seasonal workers.

Pitani runs the 51.9 hectare Sonder Farm in the Klipfontein farming district on the banks of the Great Fish River.

"I think it will take a long time for me to get over this change of circumstances. I am always aware that the success or failure of this farm relies on my commitment and dedication together with the contribution of the staff members. In fact, a good farmer is hands-on and does not rely on his workers to make things happen," Pitani explains.

Daily, as early as 7am, Pitani and his workers are on the fields and only come back home at 5pm.



Four years ago Pitani was granted a 30-year lease of the farm after he made an application and submitted a business proposal to the Department of Land Reform.

Pitani says the ECRDA came to his rescue and approved loans totalling R93,000 over a two-year period to support the operations of the farm.

"In 2016, we received a R45 000 loan for ploughing and for maize production. This came at the right time and I ploughed 30 hectares of maize. I sold the maize to the nearby dairy farms and I made more than R260 000," says Pitani.

In 2017 the ECRDA also disbursed a further R48 000 for ploughing and for the production of lucerne.

"In my first harvest, I harvested a total of 300 bales with each weighing 250kg and I will make another harvest in September 2018," Pitani adds.

He now wants to focus on producing lucerne in the main. He is also investigating livestock farming and vegetable production.

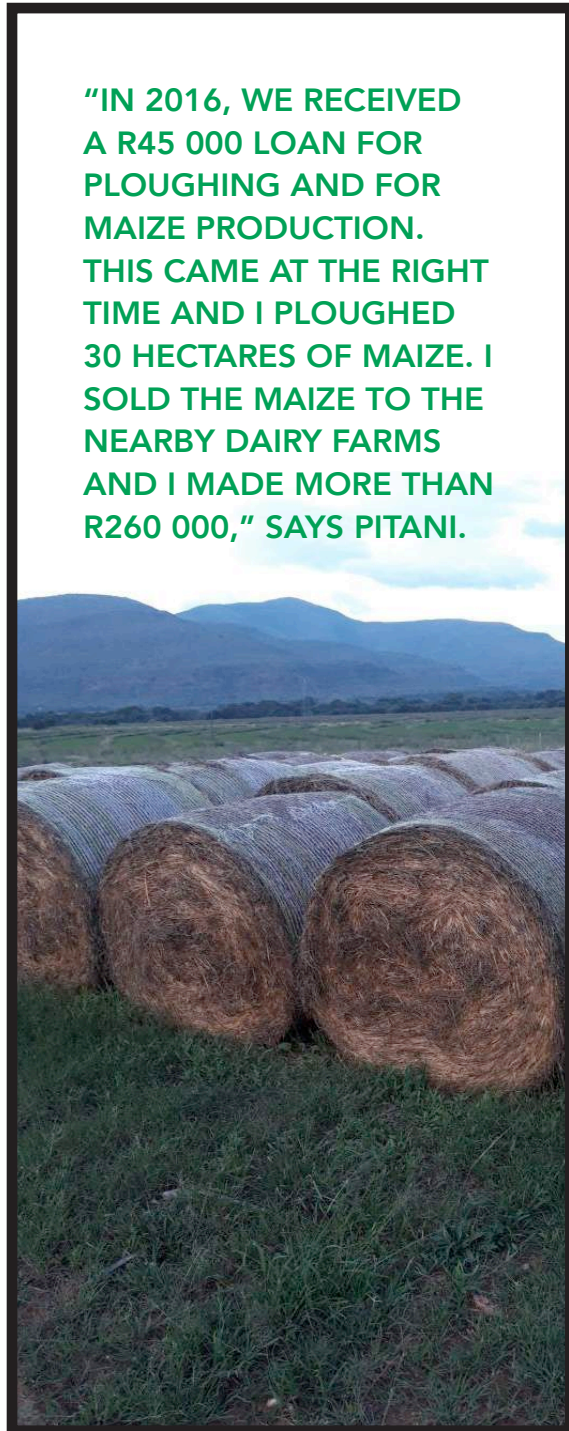
Pitani said that he was working close with other farmers in the area, including the one he worked for before were willing to assist where he needs help. He started small ploughing vegetable in a garden in the township with a group of friends selling to residents and shops in the township.

Farming is now a family thing with Pitani's 30-year-old wife studying full-time at a college of agriculture.

He says in September 2018 he would be paying the last instalment of his ECRDA loan.

"I am gradually growing as a farmer. That is why I am making small loans I can manage. Without the assistance of the ECRDA I could not be where I am," says Pitana.

**"IN 2016, WE RECEIVED A R45 000 LOAN FOR PLOUGHING AND FOR MAIZE PRODUCTION. THIS CAME AT THE RIGHT TIME AND I PLOUGHED 30 HECTARES OF MAIZE. I SOLD THE MAIZE TO THE NEARBY DAIRY FARMS AND I MADE MORE THAN R260 000," SAYS PITANI.**





# IN BRIEF

## R2,4 MILLION SPENT FOR RENEWABLE ENERGY SYSTEM AT THE RED HUBS

The Eastern Cape Rural Development Agency (ECRDA) says it has spent R2,4 million in the first phase of a renewable energy system at its Rural Enterprise Development (RED) hubs in order to reduce production costs at the four sites in 2017/18.

A further R10 million is required to roll-out phase two of the renewable energy system at all the RED hubs. The agency has already installed a 35kwh grid tied PV solar powered system at each of the RED hubs as part of the first phase. The hubs are located at Emalahleni Local Municipality, Ncora in the Intsika Yethu Local Municipality, Mqanduli in the King Sabatha Dalindyebo Local Municipality and in Mbizana at the Mbizana Local Municipality.

## LIGHTS ON FOR UPPER BLINKWATER VILLAGE

A village of 67 households at Upper Blinkwater outside Fort Beaufort not due to receive Eskom power in the next 10 years is the beneficiary of a first of its kind mini grid renewable energy system pilot project which should be functional by the end of the year.

The Eastern Cape Rural Development Agency (ECRDA) has funded the first phase of the collaborative multi-stakeholder pilot at a cost of R1,4 million. A ground mounted PV system of 75 kwh power as well as a security fence have already been installed.

The second phase involves supplying the containers and battery storage facility and diesel generation. The third phase will be the installation of overhead power lines to each of the households with a smart metre.

The smart metre regulates the power and warns you timeously when too much power is being used or when there isn't enough power. This system will be managed by the Raymond Mhlaba Local Municipality and data will be collected by a research team from the University of Fort Hare to determine if the mini grid is a viable option for roll out to other areas.

## TSHABO RED HUB TAKING SHAPE

You can expect snail farming, flower (King Protea) production and vegetable hydroponics farming as the main businesses at the recently established Tshabo RED Hub near Berlin in the Buffalo City Metropolitan Municipality.

This is if the results of a feasibility study determining suitability of proposed businesses which included an extensive soil survey in 12 villages (1,936 hectares) are anything to go by. This would represent a major departure from the maize and grain sorghum production currently produced at the other operational ECRDA RED hubs.

While an initial implementation plan indicated a focus on maize production and maize milling at the Tshabo RED hub, the feasibility study by the Department of Rural Development and Agrarian Reform's (DRDAR) Dohne Research Station indicated that maize is not suitable for Tshabo. The report recommended alternative high value enterprises.



## DIVERSIFIED OFFERING

Two forestry projects at Izinini outside Mbizana and Sinawo outside Port Edward recently diversified their revenue streams by including vegetable production alongside their forestry projects which can take up to seven years to mature – and they are already reaping the rewards.

Although informal at this stage, the Boxer and Spar stores at Mbizana and Port Edward have agreed to buy cabbage and spinach from the two Communal Property Associations (CPAs) for two to three times a week.

Between February and May, the two CPAs have sold about R50,000 worth of spinach, butternut and cabbage.

The CPAs are currently using 12 hectares of their forestry development land for vegetable production to bridge the income generation gap while the forestry side can take up to seven years for the timber to be ready for the market. The vegetables are being sold to formal markets, local hawkers in town and to community members. These projects aim to be commercially sustainable.

The Izinini CPA has also registered two open market stalls in town with the local municipality. Both projects have now established a rotation of cabbage, planting a smaller portion every month of about 4,000 per month at Izinini and about 10,000 per month at Sinawo. This will be increased with market demand.





# Looking to invest in inspired production, processing and marketing activities in the rural Eastern Cape?

Are you looking for customised rural finance which is tailored for your unique needs?

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Then look no further than the Eastern Cape Rural Development Agency (ECRDA). A capable and trusted steward of public funds which received a clean audit opinion in 2017/18, ECRDA leads its rural development mandate through the promotion and implementation of high impact priority programmes with the village being the centre of operation. These programmes are agriculture and agroprocessing, livestock development, forestry development, renewable energy and rural finance.

If you would to take advantage of these and other opportunities contact:

Tel. 043 703 6300

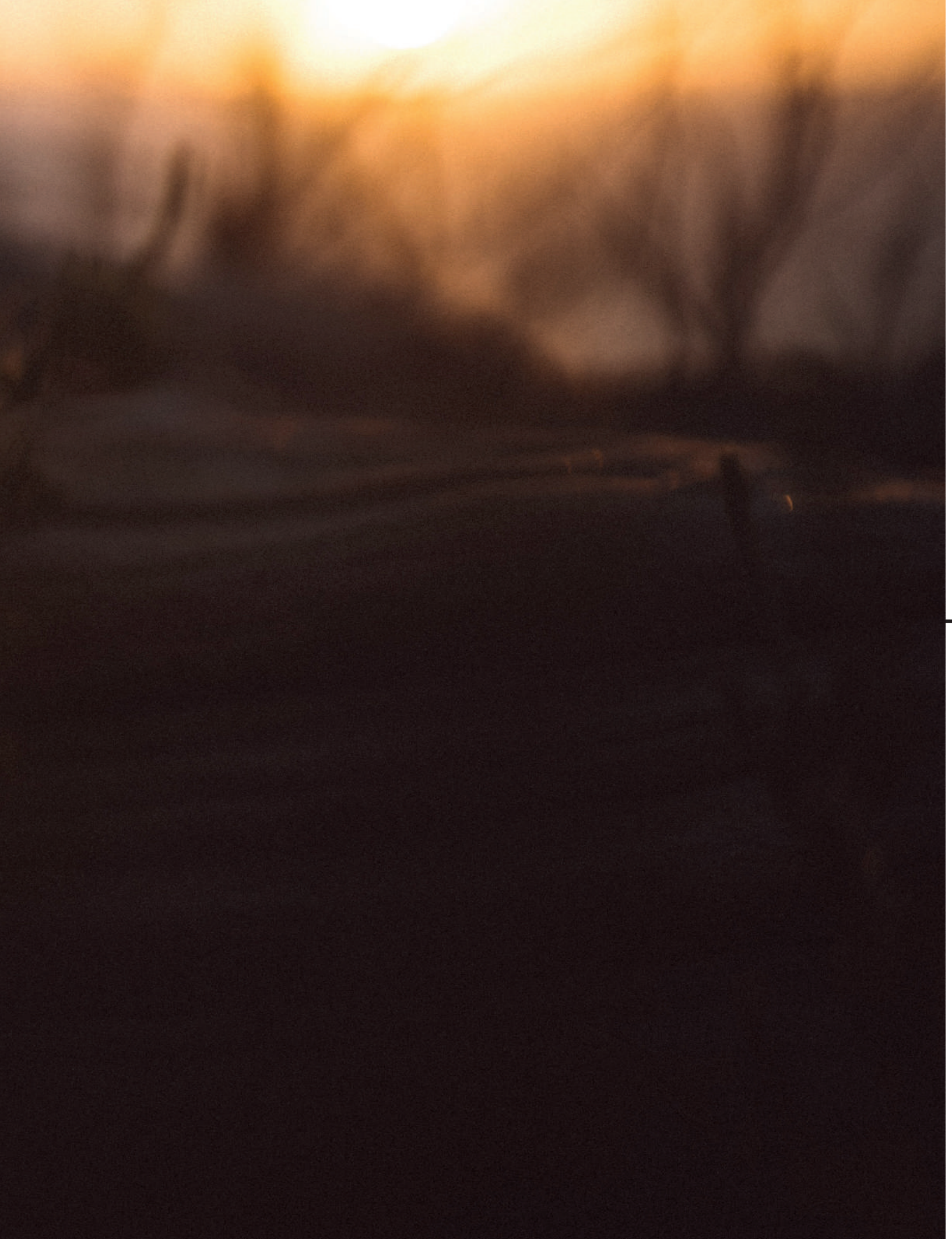
Email. [info@ecrda.co.za](mailto:info@ecrda.co.za)

[www.ecrda.co.za](http://www.ecrda.co.za)

**Masakheni – Let us build together**









# ARE YOU AN ENTREPRENEUR BASED IN A RURAL AREA? GET AN ECRDA BUSINESS LOAN!

**A**

## **SBEDP**

### **(Starter Business Entrepreneurial Development Program)**

A group consisting of between 5 and 10 individuals - Group members will be trained and expected to jointly and severally stand surety for the group's debt. No collateral required. Savings mobilisation important.

Phase 1 - Maximum loan of R5 000 per member: Up to 6 months  
Phase 2 - Maximum loan of R10 000 per member: Up to 12 months  
Phase 3 - Maximum loan of R20 000 per member: Up to 24 months



**E**

## **Agricultural - Secondary / Processing loans**

- Commercial activities by individuals and legal entities – maximum loan of R500 000 – minimum 50% secured

60  
Months

**F**

## **On farm infrastructure development loans**

Irrigation, dams, sheds, stock handling facilities, fencing etc. – minimum 50% secured

Linked to  
business  
cash-flow  
productions

**B**

## **STEDP**

### **(Sole Trader Entrepreneurial Development Program)**

- Individual traders – maximum loan amount of R50 000 – Minimum 50% secured
- Agricultural Hawkers – maximum loan amount of R10 000 – Minimum 50% secured
- Non-Agricultural Hawkers – maximum loan amount of R10 000 – Minimum 100% secured

Up to 24  
months



**G**

## **Farm vehicles and equipment**

Tractors, ploughs, trailers, combine harvesters etc - minimum 50% secured

72  
Months

**G**

## **Non-agricultural enterprise Loans**

Business / commercial activities by individuals or legal entities – maximum loan of R500 000 – minimum 75% secured.

60  
Months

**C**

## **ATEDP**

### **Advanced Trader Entrepreneurial Development Program**

- Individuals and legal entities – maximum loan amount of R50 000-00 – minimum 50% secured

Up to 24  
months



**I**

## **Mortgage Loans for Farm Purchases or Commercial / Business Purposes – Minimum 100% secured.**

240  
Months

**D**

## **Agricultural – Primary production loans**

- Subsistence farmers. Seasonal input loans to groups are restricted to R30 000 in value and a maximum of 10 individuals per group. No collateral required. Members jointly and severally accept liability for the loan advanced to a cohesive group.
- Emerging farmers. Seasonal input loans to individuals are restricted to R100 000 in value. Secured, in the absence of a SLA between DRDAR, Agency and the borrower, by 50% tangible security.
- Bona fide farmers.
- Seasonal input loans to bona fide farmers, are restricted to R500 000 in value. Unsecured subject to clause 19 (a) – (f).
- Seasonal input loans to bona fide farmers in excess of R500 000 in value. Collateral of 25% will be required in addition to conditions stated in clause 19 (a) – (f).

Loan term  
linked to  
production  
cycle



**J**

## **Loans advanced to employees of the Agency**

Loans to staff members will be granted subject to implementation of criteria set by the Chief Executive Officer which are in line with strategic objectives of the ECRDA namely:

- The application shall be processed via the existing structures and submitted to the Chief Executive Officer for consideration by the Board.
- There should be no conflict of interest created by the prospective award of the loan.
- The loans should be for agricultural projects.
- Loans advanced to staff members during a financial year should not exceed 5% of the total annual rural finance loans budget.
- Applications are considered on a first come first serve basis.

Up to 24  
Months