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22



REVIEW OF OPERATIONS

ECRDA Board



DR NONDUMISO MAPHAZI (Chairperson)
 Appointed May 2022
Committees:
 Governance & Ethics (Chairperson).
 Research, Projects & Stakeholder Management
 Strategic Plan Implementation & Performance Monitoring



THANDI MBETE (Deputy Chairperson)
 Appointed May 2022
Committees:
 Strategic Plan Implementation &
 Performance Monitoring (Chairperson).
 Governance & Ethics.
 Finance & Investment.



NOLITHA PIETERSEN
 Appointed May 2022
Committees:
 Finance & Investment (Chairperson).
 Audit & Risk.
 Governance & Ethics.



ADV. JOHN KORKIE
 Appointed May 2022
Committees:
 Audit & Risk (Chairperson).
 Human Capital & Remuneration.
 Governance & Ethics.



GCINUMZI QOTYWA
 Appointed May 2022
Committees:
 Human Capital & Remuneration
 (Chairperson).
 Audit & Risk.
 Governance & Ethics.



MXOLISI KOYO
 Appointed May 2022
Committees:
 Research, Projects & Stakeholder
 Management (Chairperson).
 Finance & Investment.
 Governance & Ethics.



ANDILE NONTSO
 Appointed May 2022
Committees:
 Finance & Investment.
 Human Capital & Remuneration.
 Research, Projects & Stakeholder
 Management.



Ntuthu Mbiko-Motshogoa
 Appointed May 2022
Committees:
 Finance & Investment.
 Strategic Plan Implementation &
 Performance Monitoring.
 Research, Projects & Stakeholder
 Management.



NOKHANYO MACEBA
 Appointed May 2022
Committees:
 Human Capital & Remuneration.
 Audit & Risk.
 Research, Projects & Stakeholder
 Management.



NONDUMISO NGONYAMA
 Appointed May 2022
Committees:
 Human Capital & Remuneration.
 Strategic Plan Implementation &
 Performance Monitoring
 Research, Projects & Stakeholder
 Management.



SENZENI ZOKWANA
 Appointed May 2022
Committees:
 Strategic Plan Implementation &
 Performance Monitoring
 Research, Projects & Stakeholder
 Management.
 Human Capital & Remuneration.

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.



Transparency

We will be clear and open in our actions and promote inclusive and accountable participation by all stakeholders.



Excellence

We will build a competent, capable organisation which is best equipped to deliver quality services in all interventions and assignments within our mandate for rural development.



Honesty and Integrity

We will be professional, respectful, fair and consistent in our dealings and deliver decisions focused on ethical outcomes.



Innovation

We will be creative and push the boundaries of technology to be relevant and responsive to the development needs of rural communities.



Commitment to empowerment

We will prioritise the upliftment of the communities we serve, as well as capacitate staff and connected development agents to drive excellence.



Ubuntu

We will demonstrate our commitment to shared humanity and solidarity in the pursuit of common development goals.

Vision

**Uqoqosho lwamaphadle oluzinzileyo,
oluquka uwonke-wonke (An inclusive and
sustainable rural economy)**



ORGANISATIONAL STRUCTURE



Chief Executive Officer

n. dladla
Filled
(vacant wef 1/4/2022)

**Chief Financial Officer**

Financial Management
J. Baxter
Filled

**Corporate Services Executive**

Corporate Services
C. Gardner
Filled

**Executive Integrated
Programme Management**

Vacant

**Executive Rural Financial Services**

Vacant

**Executive Trade and
Investment Promotion**

Vacant

**Regional Director
Regional Development and Support
Centre: Southern Region**

L. Qongqo Filled

**Regional Director
Regional Development and Support
Centre: Eastern Region**

C. Velani Filled

**Regional Director
Regional Development and Support
Centre: Northern Region**

M. Zenzile Filled



ECRDA EXECUTIVES



Acting Chief Executive Officer
Dr. Celisa Mijeta



Chief Operations Officer
Navy Simukonda



Corporate Services Executive
Cello Gardner



Chief Financial Officer
Janine Baxter



FINANCIAL EFFICACY 2020/2021

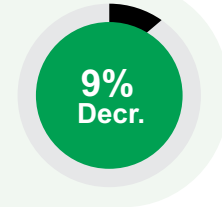
During the period under review, the Group embarked on a spirited pursuit of its strategy which includes a diversified funding strategy and the leveraging of stakeholder partnerships in the delivery of the agency mandate.



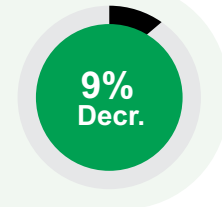
FINANCIAL REVIEW

- Unqualified audit opinion
- Financially sound

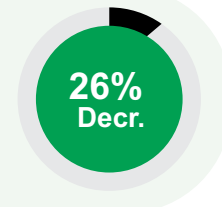
Budget allocation
R252 million



Government grant funding
decreased by 9%
R22 million



Exchange transactions
decreased by 26%
R4 million





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

- ECRDA operates five Rural Enterprise Development (RED) Hubs:
- ECRDA operates the new flora Tshabo RED Hub in Berlin outside East London
- Four RED Hubs that focus on grain production and value-addition – Emalahleni in Lady Frere, Mbizana, Ncora, Mqanduli.
- Grain producing hubs have 48 primary co-operatives and more than 1,500 members:
 - 11 Mqanduli
 - 12 Ncora
 - 20 Mbizana
 - 5 Emalahleni
 - 12 grain storage silos at the four RED Hubs with storage capacity of 11,259 tons



12

There are a total of 12 grain storage silos with a total storage capacity of 11,259 tons at the four RED Hubs.

3 silos

2,500 tons

Mqanduli

5 silos

4,750 tons

Ncora

2 silos each

2,000 tons

Mbizana and Emalaheni each

**11,250
total tons**



- Red Hubs milling plants process maize into maize meal, samp and animal feed.
- Milling plants have the following processing capacity:

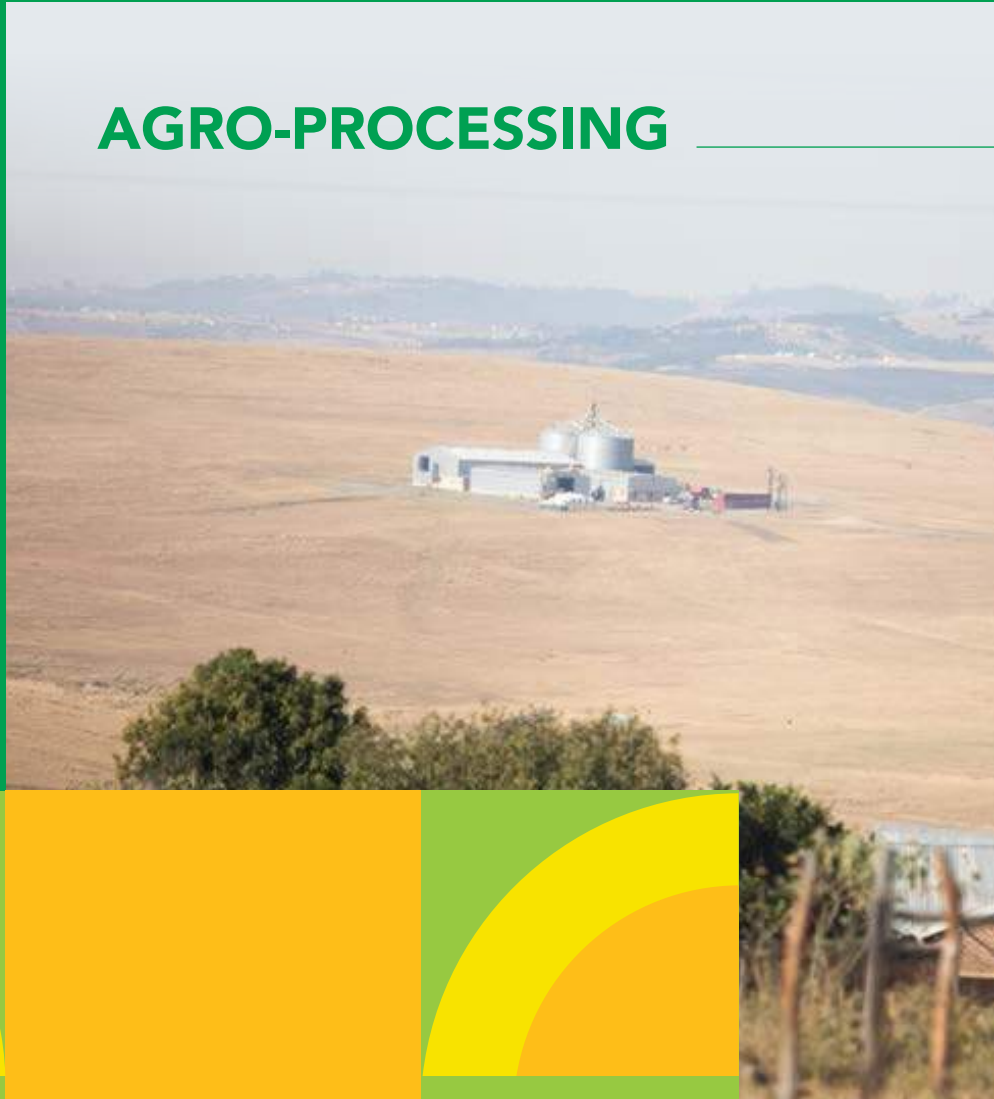
Mqanduli
Ncora
Mbizana

1 TON/HR

Emalahleni

2 TON/HR

AGRO-PROCESSING





2,500 tons

Mqaduli

4,750 tons

Ncora

2,000 tons

Mbizana and Emalahleni each

11,250
total tons



TSHABO RED HUB:

- 12 primary co-operatives
- Farms flowers and vegetables through hydroponics
- Solar panels, drip irrigation and reservoir water tanks installed at the hub
- Drip irrigation pipelines installed at the hub
- ECRDA has further installed 36 x 36 hydroponic tunnels for vegetable production.

AGRO-PROCESSING

DISTRICT MECHANISATION CENTRES

- In 2021/22, tractors, trailers and other farm machinery was procured and delivered to the Amathole, Sarah Baartman and OR Tambo regions.
- This is in addition to the already operational Elundini Farmers' Mechanisation Centre in Maclear
- Access to mechanisation services ensures that small-scale farmers are able to plant their crops within the optimum planting season and that they can increase their hectares.



OPERATIONAL PERFORMANCE

- R11 million allocated for implementation of agro-processing activities across four grain producing RED Hubs
- The funds were used to build potato-sorting infrastructure at Mbizana and to support other operational expenses.
- Training was provided for tractor drivers at the mechanisation centres. The training was conducted with funding from the Department of Agriculture, Land Reform and Rural Development (DALRRD).
- 280.3 tons of white maize were harvested in 2021/22
- 252.7 tons at Mbizana
- 27.6 tons at Mqanduli
- No harvesting in 2021/22 at Emalahleni and Ncora

252.7tons

Harvested at Mbizana

27.6tons

Harvested at Mqanduli



AGRO-PROCESSING

OPERATIONAL PERFORMANCE CONTD

- R3,5 million allocated to the Tshabo RED Hub
- Budget used for the procurement of implements, servicing and maintenance of tractors and for preparing the site for the vegetable tunnels
- No additional planting of flowers took place at Tshabo since the budget was allocated after the flora planting season
- Technical advice on flora production provided and resolution of social issues
- This was done through a partnership with the team from the Dohne Research Institute
- In addition, ECRDA utilised the funds to service the machinery, procure spare parts for tractors, protective clothing, diesel and two bowsers, ridger and chipper for operations
- The ECRDA also worked on assessing the existing borehole at the site, clearing and levelling the site for vegetable tunnels.

FORESTRY DEVELOPMENT

The Eastern Cape Rural Development Agency has developed a responsive and progressive forestry strategy that places rural and subsistence landowners at the centre of the Eastern Cape's afforestation initiatives.



FORESTRY DEVELOPMENT

OPERATIONAL PERFORMANCE

- 4,360ha under production at ECRDA supported forestry projects
 - Sinawo 1850ha
 - Izinini 550ha
 - Mkambathi 850ha
 - Sixhotyeni 410ha
 - Gqukunqa 700ha
- Five enterprises will produce 71, 243 tonnes a year on an average nine-year rotation age
- Trees planted are eucalyptus species E.dunnii, E. nitens, E. macathurii seedlings & Grandis/Europhyla hybrid cloned cuttings
- Small area planted with wattle & pine trees
- SAPPI & PG Bison main customers for these forestry projects

R10,6m

in timber value delivered by three community forestry enterprises per year



R79m

in revenue generated by the enterprises since 2015

2015

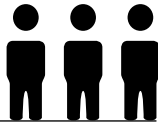
FORESTRY DEVELOPMENT

OPERATIONAL PERFORMANCE

- Forestry development programme received a R1,9 million budget in 2021/22
- An additional R2 million was secured much later in the year taking total budget to R3,9 million
- Additional budget was used in the recruitment of a further 200 temporary jobs for a period of three months
- Remainder of the budget was used to buy two tractors and two laptops
- R2,54 million used for employee costs at the enterprises, including the ECRDA forestry unit resources
- There was harvesting at Mkambathi, Izinini and a small portion at Sinawo.
- In 2021/22, the three community forestry enterprises delivered 12,584 tons of timber to the commercial markets valued at R10,5 million
- There was no new planting in 2021/22
- This was mainly attributed to the absence of an operational grant during the review period.
- It should be noted that coppice management is applied to all the clear felled areas in order to produce a second rotation of trees without having to replant such harvested areas.

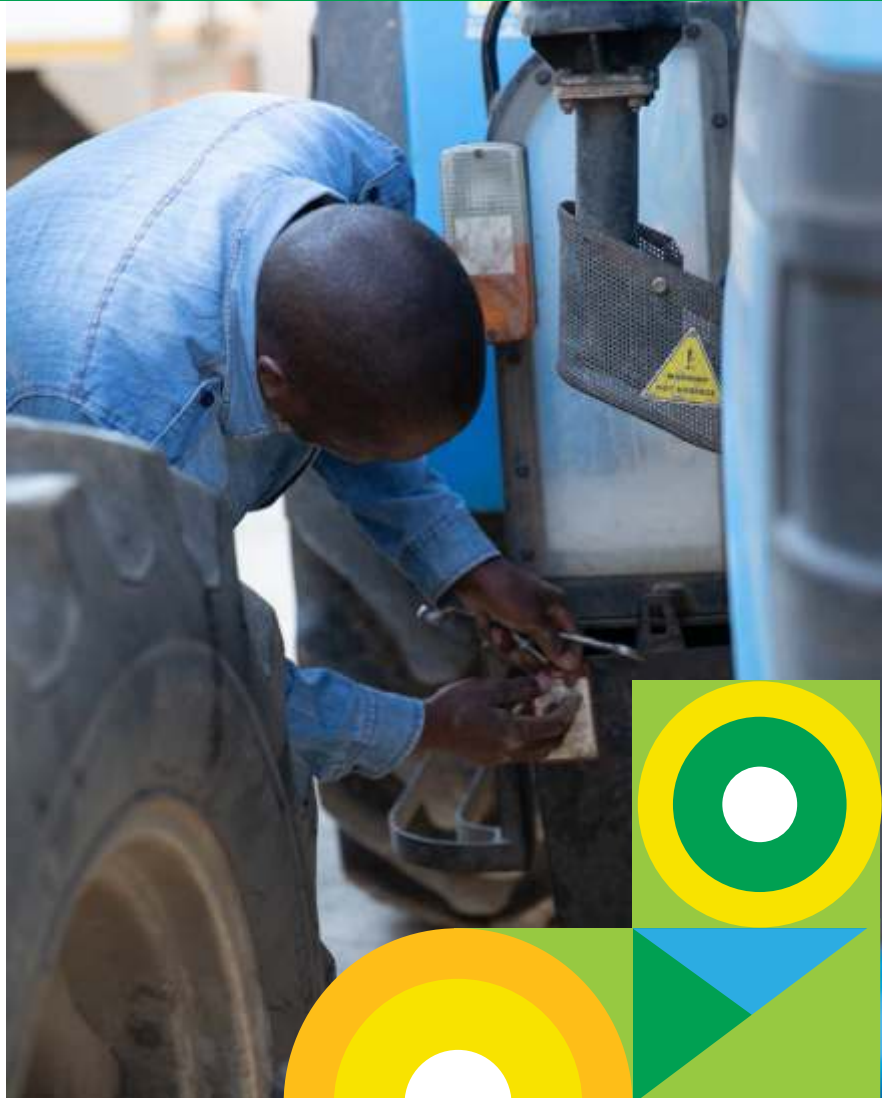
R2,54m

was used for employee costs at the enterprise



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.



RURAL FINANCE

- In 2021/22 financial year, ECRDA disbursed R2,8 million in loans.
- Of this amount, R2,3 million were 46 agency loans and R449,130 went to one Micro Agricultural Financial Institutions of South Africa (MAFISA) loan.
- R1,2 million went to 28 agricultural loans, R1,1 million to 17 non-agricultural loans and R449,130 to a single MAFISA agricultural loan.
- Loan approvals were affected by poor credit history, lack of business records, lack of collateral, business managerial competence, loan affordability and negative cashflow.
- A questionable ability to repay the loan leads to an unfavourable credit outcome.
- 20 loans went to the Southern Region consisting of the Sarah Baartman and Amathole districts.
- Southern Region accounted for R1,5 million of the loan disbursements.
- 21 loans went to the Eastern Region comprised of the OR Tambo and Alfred Nzo districts.
- Eastern Region accounted for R686,511.70 of the loan disbursements.
- Northern Region made up of the Chris Hani and Karoo districts accounted for R155,347.21 of loan disbursements.
- R6,3 million collected in agency loans in 2021/22 and R679,314.92 in MAFISA loans.

A total of R1,2m went to:

28	Agricultural loans valued at R1,2 million
17	Non-agricultural loans valued at R1,1 million
01	MAFISA agricultural loan valued at R449,130.10

Loans by geographic spread

R1,5m

Sarah Baartman and Amathole districts



20
loans

R686k

OR Tambo and Alfred Nzo districts



21
loans

R155k

Chris Hani and Karoo districts



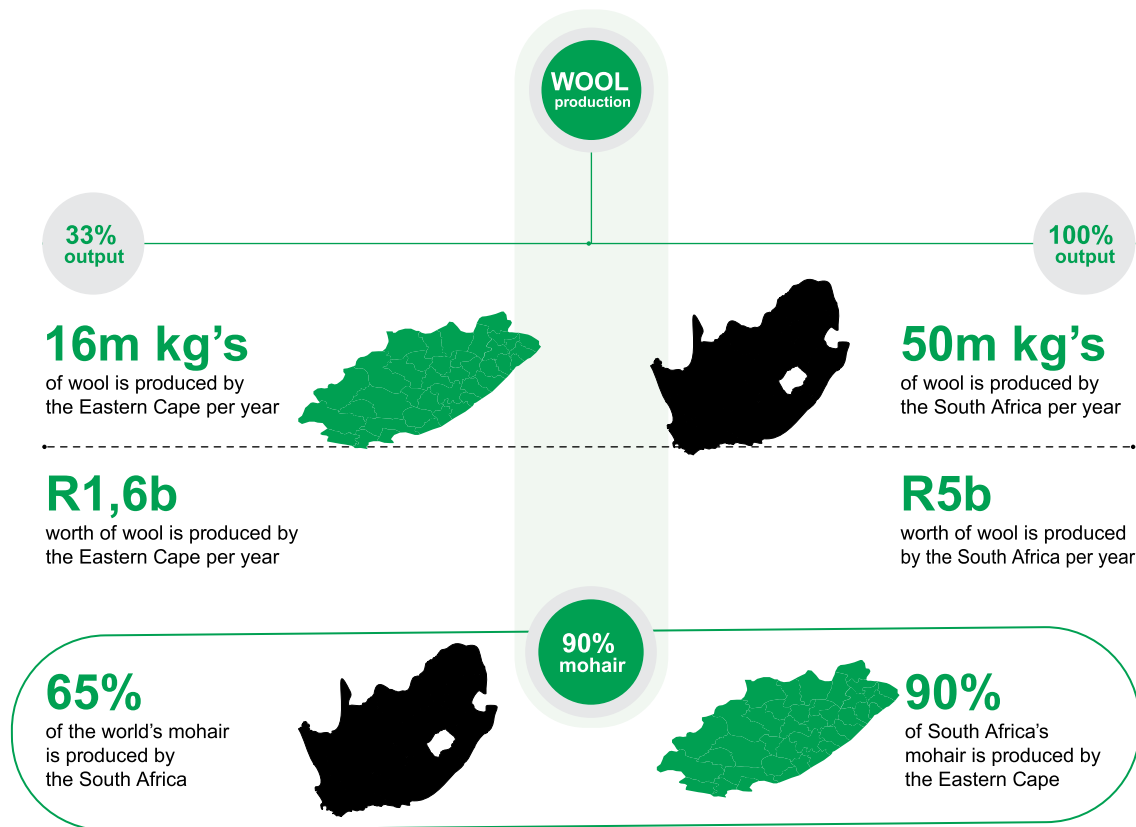
4
loans

WOOL & MOHAIR

The Eastern Cape Rural Development Agency is driving the development of a wool and mohair industry which is premised on the improvement of the socio-economic impact, levels of beneficiation and income generation for small-scale wool and mohair producers. The focus on this industry is informed by the abundant potential inherent in the Eastern Cape for wool and mohair producing farmers. The Eastern Cape's vegetation is suitable for grazing wool sheep and angora goats.

- MoU concluded between the ECRDA, Elundini Local Municipality and Fulirex in August 2021
- The MoU concluded that Elundini Local Municipality and ECRDA would provide professional assistance and technical support services for the wool and mohair industry to "green" and improve production to meet emerging international sustainability standards.
- The intended beneficiaries of the MoU are the members of the Mount Fletcher Farmers Association and the communal farmers in the Elundini municipal area.
- At the end of 2020/21, the ECRDA conducted a study for the planning and design of the Elundini Wool Hub (warehouse and processing/manufacturing facility)
- An amount of R687, 010.00 was spent on the study.
- Final report was presented in April 2021.
- Report provides valuable information for the future planning and costing of the complete wool and mohair value chain.





WOOL & MOHAIR

- Report provides valuable information for the future planning and costing of the complete wool and mohair value chain
- Since July 2021, more than 1,000 farmers including 10 shearing sheds had received “on-farm greening” training with the aim of becoming compliant with the International Wool and Mohair standards (RWS & RMS).
- Elundini farmers visited the Blue Crane Mohair and Wool Warehouse in April 2021 in Somerset East
- Twelve people, which included eight farmers and four officials, formed part of the delegation from the Elundini municipality as well as five officers from the ECRDA.

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MARINE TILAPIA INDUSTRY

The Eastern Cape Rural Development Agency has taken the preparatory steps and begun laying the building blocks for the development of a vibrant and thriving marine tilapia industry in the Eastern Cape. Within the broader aquaculture value chain, the development of the marine tilapia industry is a perfect fit with the ECRDA's focus on the formulation, promotion and implementation of comprehensive rural development strategies.



MARINE TILAPIA INDUSTRY

- Budget of R3,4 million allocated to the marine tilapia industry programme
- The budget was used to conduct orientation training to the local community and traditional leaders at the identified incubator site
- The training extended to the local municipality
- Besides the training, a scoping study, production model, site acquisition (planning and structural design), construction drawings and a business plan were finalised in 2021/22
- A draft Environmental Impact Assessment (EIA) was partially completed by the end of the 2021/22 financial year.



CANNABIS DEVELOPMENT

The Eastern Cape Rural Development Agency has been tasked by the Provincial Government to work closely with the Department of Rural Development and Agrarian Reform (DRDAR) and other partners to co-plan, facilitate and mobilise stakeholders as well as resources to establish a massive and thriving Cannabis Industry in the Eastern Cape. Given the competitive advantage of the Eastern Cape in cannabis, the ambition is to develop and grow a Cannabis Industry that will be underpinned by primary producers cultivating 100 000 hectares of the plant in the province over the next twelve to fifteen years of the development of this industry. The province has identified cannabis as a priority project and it has delegated responsibility to the ECRDA to co-lead the establishment and implementation of the project in the Eastern Cape.



CANNABIS DEVELOPMENT

OPERATIONAL PERFORMANCE

R4,5 million budget allocated to the cannabis programme in 2021/22

Services of a reputable law firm procured to undertake a feasibility study on applicable legislation used by different countries and to propose an alternative regulatory framework based on the Eastern Cape's comparative and competitive advantages.

Law firm Webber Wentzel was appointed in 2021/22 to develop an internationally-recognised framework for cannabis production

Webber Wentzel produced a comprehensive and incisive document which was subjected to detailed scrutiny going as far as the National Economic Development and Labour Council (NEDLAC).

Flowing from the South African Cannabis Master Plan developed by DALRRD, each province is required to develop its own Provincial Cannabis Industrial Development Strategy



OPERATIONAL PERFORMANCE

- In 2021/22, the ECRDA appointed Urban-Econ to map the economic feasibility of cannabis in the province.
- Urban-Econ shared a report with the ECRDA which carries a number of valuable insights on cannabis industrial strategies to be pursued by the province.
- In 2021/22, the organisation also worked on establishing a cannabis incubator.
- Decision was taken to establish a cannabis incubator at Magwa in the Pondoland area and at the Dohne research site.
- The refurbishment of the Magwa incubator had reached an advanced stage by the end of the 2021/22 financial year.
- The plan is to appoint operators that will apply for SAHPRA license to operationalise the facility.
- Community awareness and promotion activities were also undertaken to ensure that people understand the value of the industry.



CANNABIS DEVELOPMENT

OPERATIONAL PERFORMANCE

- The ECRDA also began a process to identify all the farmers that have potential to participate in the cannabis industry.
- A database of more than 699 farmers from across the Eastern Cape was subsequently created.

699

farmers across the Eastern Cape have become part of the cannabis and Hemp database



- A total of 150 farmers were also trained in cannabis production from primary production to the market value chain.
- A team from DRDAR has been made available for training purposes in the new financial year.
- There was also a government directive to transform the Lusikisiki college into a cannabis college.
- As a result, in 2021/22 a roundtable discussion was convened with the universities of Fort Hare, Nelson Mandela, Walter Sisulu, Rhodes and Fort Cox college.
- A discussion paper has been produced as a roadmap to the establishment of the envisaged college and other alternative proposed solutions.



OPERATIONAL PERFORMANCE

- Finally, the 2021/22 financial year concluded on a high note with the facilitation of hemp permit applications.
- The process began in February 2022 and the ECRDA identified those farmers which had a potential to participate.
- A total of 273 farmers were assisted with their hemp applications by the end of the financial year.









Eastern Cape Rural
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