



Chris Hani District Municipality Growth and Development Summit



SOCIO-ECONOMIC PROFILE | 2007







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introduction

INTRODUCTION

Building on the results of the National Growth and Development Summit (NGDS) in June 2003, government proposed that all District and Metropolitan Municipalities hold Growth and Development Summits (GDS) in their area of jurisdiction.

The summits should provide opportunities for building partnerships with social partners by bringing together representatives from the broadest sections of society: labour, business, community sector and government (local, province and national).

Government has identified district and metropolitan areas as the pivotal sites on which to build an understanding of the nature and distribution of regional economic potential across the country.

Collaborative action between government and social partners across all the three spheres is vital in forging a common vision for promoting rising levels of growth, investment, job creation, and people-centred development.

AIMS OF THE SUMMIT

The aim of the GDS is to reach broad agreement on:

- A development path and programme for the district.
- What each social partner (government, business, labour and community sector) should contribute to the implementation of the programme?
- Strengthening of strategic thrust of the district IDP to ensure planning and implementation alignment between the spheres of government, as well as public entities.

In this regard the GDS should seek to address the following specific questions and issues:

1. The district's economic potential and which sectors of the economy should be promoted (this would need, where applicable, to be informed by the IDP, LED, RIDS, PGDP, and ASGI-SA)
2. Commitments by government, business, labour and community sector to ensure investment growth and sustainability in each of the sectors
3. Actions required by government and each partner to deal with constraints to such investments, including dealing with bureaucratic delays, EIA processes and land use management
4. Social and economic infrastructure programmes required to facilitate and enable the business environment, and provide basic services to communities
5. Contribution by each partner to the construction of such infrastructure, including the possibility of public-private partnerships (PPP's), and partnerships between cooperatives and other business formations.



AIMS OF THIS DOCUMENT

6. Second Economy interventions (EPWP including roads, HBC & ECD, co-operatives, micro-credit, procurement, land reform, entrepreneurship development, etc) and the role of each sector in such interventions
 7. Promoting local procurement that seeks to stimulate local economic and social development and which is consistent with National & Provincial practices – what interventions are required?
 8. Improving the capacity of local government and maximising the contribution of all social partners. This would include participation by organised labour, the private sector as well as civil society in ongoing efforts to strengthen the role of local government.
 9. Establishing partnerships and/or regional growth coalitions which will act as a mechanism for cooperative action at all levels and a robust framework for monitoring and evaluating progress
1. To present a coherent picture of the social, demographic, and economic profile and service levels of the area
 2. To present a picture of the challenges facing local government especially in relation to capacity and competitiveness-related issues
 3. To identify the economic opportunities for, and constraints on local economic growth and development and the mechanisms for dealing with them.



DISTRICT SNAPSHOT



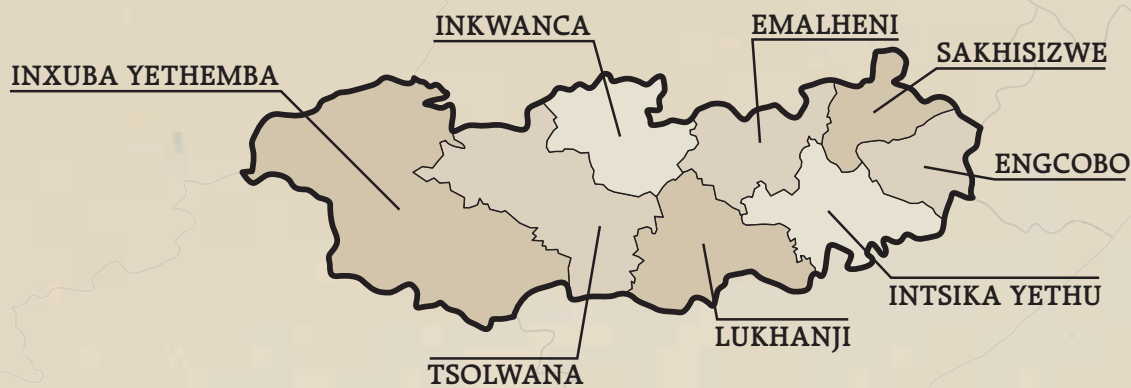
There are close to 900 000 people presently living in the Chris Hani District (CHDM). Most of the population is rural and living in the former homeland areas of Transkei and Ciskei. Poverty (measured here through percentage of households under the minimum living level) is widespread and estimated to be at more than 70%, and the unemployment rate is over 58%. The CHDM covers an area of over 37 000km² with a population density of approximately 20 people per km².

Lukhanji, home to the District administrative centre of Queenstown, accounts for around one third of the District's GDP (37.2%) and formal employment (31.9%). The monthly income of all people in the district employed reveals that the bulk of employment is based on unskilled labour. More than 27% of the employed people earn not more than R400 a month. Only 6 % of employed persons earn more than R6000.

The district contributes 6.5% to gross geographic value added in the Eastern Cape. Government and community services aside, the largest sectoral contributions to the district economy come from agriculture, forestry and hunting that accounts for up to 30% of district output, followed by services (12%) tourism (5%), and manufacturing (4%). The total district GDP for 2005 is estimated at R5.3bn.

CHDM contains four river systems: the Great Fish, Kei and Mbashe draining to the south and the Orange river tributaries draining to the north. Rainfall varies from 200-300mm in the west to 700-800mm in the east.





Livestock production is the predominant farming activity and Queenstown is the hub for cattle trade in the District. There are many small, medium and large irrigation schemes that provide opportunities for high value horticultural production.

The District agricultural economy is characterised by a 'dualism' dividing the "first economy" commercial agriculture, and "second economy" subsistence farming in the former homelands. The effects of this dualism presents a formidable range of challenges, these include developing state support to agriculture, particularly extension support. There is clearly significant potential in agriculture and livestock evident though CHDM hosting the largest livestock herds in SA.

The CHDM is currently engaged in a comprehensive livestock programme which needs to be strengthened.

The CHDM is a net importer of processed food, despite significant levels of agricultural output within the CHDM. Much of this is exported to the major centres of Bloemfontein, Port Elizabeth, Durban and East London with local farmers generally being short changed at the bottom end of the value-chain.

The N6 traverses Lukhanji and Inkwanca to link with the major economy of East London. The N10 traverses Inxuba Yethemba to link with the primary economy of Port Elizabeth, while also flowing from the Province to the Free State

and Northern Cape, and via the N1, to the Bloemfontein economy.

Chris Hani's main economic centres are Queenstown which lies on the N6 between Bloemfontein and East London, and also Cradock (Inxuba Yethemba), on the N10 to the Nelson Mandela Metro.

There are acute infrastructure backlogs, particularly in the former homeland areas. These include, for example, water and sanitation, mud schools and very poor access roads. The extent of tarred roads in Chris Hani is below Provincial average throughout.

The Provincial Growth and Development Plan (PGDP) was launched in 2004 to address Provincial development challenges and opportunities. The PGDP finds expression the District & Local Municipalities IDP's. More recently, ASGISA has been launched to accelerate economic growth throughout South Africa. The present document aims to outline the elements of a development strategy for CHDM. This includes:

- Speed up delivery of basic services
- Improve public services (education, health, local business development)
- Create jobs and livelihood opportunities
- Build and maintain infrastructure
- Fight poverty
- Augment Municipal capacities and co-operation

Speed up delivery

SPEED UP DELIVERY OF BASIC SERVICES

WATER

This section briefly outlines service delivery with respect to water, sanitation, electricity and low-cost housing, drawing mainly on a household survey conducted in 2006 (RSS), and provincial department reports and assessments.

Local communities in the former homeland areas of Intsika Yethu, Engcobo, Sakhisizwe and Emalahleni continue to face the greatest backlogs as far as access to water is concerned. The improvements in water provision between Census 2001 and the RSS in 2006 have not yet significantly impacted on the backlogs within these areas.

WATER ACCESS BY HOUSEHOLD FOR LOCAL MUNICIPALITIES IN CHRIS HANI FOR 2001-2006

Local Municipality	Water On Site		Borehole/Tank		Community Stand		Natural Water/Dam		Water Vendor/Other	
	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006
	%	%	%	%	%	%	%	%	%	%
Inxuba Yethemba	87.4	96.5	0.9	1.4	10.2	2.2	0.9	0.0	0.7	0.0
Tsolwana	38.8	57.7	6.4	10.8	45.7	29.5	6.5	1.0	2.6	1.0
Inkwanca	86.0	82.3	0.8	5.7	12.2	12.0	0.2	0.0	0.8	0.0
Lukhanji	59.8	81.1	1.2	2.9	33.0	12.2	4.4	1.5	1.7	2.3
Intsika Yethu	5.3	3.7	6.3	11.1	29.0	37.6	57.7	46.5	1.8	1.1
Emalahleni	16.8	22.9	6.1	4.0	35.7	44.5	39.0	25.9	2.4	2.8
Engcobo	3.3	4.3	8.2	1.3	19.2	23.3	67.0	64.3	2.3	6.7
Sakhisizwe	36.2	42.3	3.2	1.1	34.2	34.8	24.3	21.8	2.1	0.0

Source: RSS, 2006





of basic services

SANITATION

Although there have been some significant improvements in the provision of sanitation in most municipal areas, there are still huge backlogs that need to be addressed.

- More than one third of households in Engcobo, Emalahleni and Intsika Yethu report no household sanitation.
- Estimates of the cost of eliminating water and sanitation backlogs in the district are approximately R740 million and R250 million respectively, with half of this amount required in Engcobo municipality alone.

- There is a clear need to revise Water and Sanitation Sector Plans in CHDM, and in particular to calculate the MIG allocations that are required to ensure that National water and sanitation targets are met.

TYPE OF SANITATION BY HOUSEHOLD FOR LOCAL MUNICIPALITIES IN CHRIS HANI FOR 2001-2006

Local Municipality	Flush Toilet		Pit Latrine		Bucket Latrine		None		Other
	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001
	%	%	%	%	%	%	%	%	%
Inxuba Yethemba	71.1	90.1	4.3	1.6	16.3	8.3	8.3	0.0	0.1
Tsolwana	10.7	24.1	38.0	56.1	20.4	16.9	30.9	3.0	0.0
Inkwanca	46.1	86.6	4.9	0.0	33.1	10.3	15.9	5.1	0.0
Lukhanji	52.3	59.0	27.4	27.9	3.1	0.8	17.1	12.2	0.1
Intsika Yethu	4.0	0.9	36.0	53.3	0.5	0.2	59.4	45.7	0.0
Emalahleni	6.9	0.4	30.0	56.5	7.2	7.9	55.9	35.3	0.0
Engcobo	5.8	3.4	24.3	50.2	0.5	0.7	69.4	45.8	0.0
Sakhisizwe	28.6	31.8	41.2	58.9	2.0	0.0	28.2	9.3	0.0

Source: RSS, 2006





Some key issues that have been identified by local government and various stakeholders:

- Water and sanitation provision do not form part of an integrated infrastructure development programme with the result the water schemes are built without access roads and electricity
- Housing development programmes are not linked to water supply and provision needs
- The CHDM needs to revisit the affordability of services as scenarios indicate a drop in household income

WATER AND SANITATION BACKLOGS IN THE CHRIS HANI DM

Local Municipality	Water Backlog		Sanitation Backlog		Total Backlog
	Rands	%	Rands	%	Rands
Inxuba Yethemba	71 997 938	37.0	34 735 548	45.0	106 713 486
Tsolwana	490 466	5.0	13 236 747	38.0	13 727 213
Inkwanca	123 576 145	51.0	61 478 752	66.0	185 054 897
Lukhanji	3 800 000	10.0	6 485 496	29.0	10 285 496
Intsika Yethu	79 968 261	29.0	32 180 123	33.0	112 148 384
Emalahleni	431 115 800	79.0	66 953 554	76.0	498 069 353
Engcobo	11 385 427	25.0	8 893 014	32.0	42 567 952
Sakhisizwe	17 595 682	36.0	24 972 271	63.0	42 567 952
Total	739 909 718	42.0	248 935 504	51.0	988 845 222

Source: CHDM IDP, 2006-2011



Clearing the Backlog

The current MIG allocation is R129.6 million which is below funding requirement to meet the targets set up by Government to eradicate backlog.

There is definitely a need to lobby for more MIG funding to achieve provincial (2014) targets, as well as national targets.

The eradication of water and sanitation backlogs can be used to boost employment and training under EPWP, and is a significant platform for strengthening the construction industry in the District.

MTEF FUNDING (MIG)

	2006/2007 FY	2007/2008 FY	2008/2009 FY
Current MTEF Funding	129 964 000	159 373 000	168 064 000
Funding Requirements	357 363 771	357 363 771	97 303 078
Shortfall	229 399 771	197 990 771	

Source: DORA & WSDP, 2006



ELECTRICITY

Over 40% of residents in some municipalities are without electricity (e.g. Intsika Yethu and Engcobo), compared to between 5% and 11% with out electricity in Inxuba Yethemba, Tsolwana and Lukhanji.

The CHDM is hindered by a severe non-coverage of grid electricity. This problem is prevalent in the former Ciskei and Transkei homeland areas. This impacts heavily in providing free basic electricity to large areas of our rural population. Although Eskom has been engaged on this issue,

they have indicated that their priority is to improve bulk before domestic supply. Eskom is currently in the process of construction of electricity lines that will be to the benefit of municipalities in the West of the District. Some substations are being constructed at Intsika Yethu and Engcobo. There is an urgent need for CHDM Municipality to liaise with Eskom to address electricity backlogs (e.g. R44m committed by Eskom in Intsika Yethu is a start but needs to be expanded throughout the district).

ELECTRICITY ACCESS BY HOUSEHOLD FOR LOCAL MUNICIPALITIES IN CHRIS HANI FOR 2001-2006

Local Municipality	Electricity		Solar		No Electricity	
	Census 2001	RSS 2006	Census 2001	RSS 2006	Census 2001	RSS 2006
	%	%	%	%	%	%
Inxuba Yethemba	85.7	94.0	0.1	0.6	14.3	5.4
Tsolwana	88.7	89.5	0.1	0.0	11.1	10.5
Inkwanca	76.6	81.0	0.0	0.0	23.4	19.0
Lukhanji	76.7	88.7	0.1	0.0	23.2	11.3
Intsika Yethu	30.5	56.0	0.1	0.0	69.4	44.0
Emalahleni	47.2	69.0	0.1	0.7	52.7	30.3
Engcobo	19.4	53.0	0.2	0.0	80.4	47.0
Sakhisizwe	60.2	74.1	0.1	0.0	39.7	25.9

Source: RSS, 2006



HOUSING

The provision of formal housing for low and middle income residents is a core function of local municipalities. Within the urban areas, housing development is generally occurring, however, within the rural or communal areas, the provision of housing is only beginning to be addressed.

The primary constraint with regards to the provision of housing in rural areas relates to issues around land ownership and registration of title. The current housing regulations also fail to make provision for adequate land for making food gardens that these poor households need for survival. With the promulgation of the Communal Land Rights Act the process of addressing problems surrounding land rights commenced. The table to the right provides an insight into the current status of housing delivery in the District. Inkwanca and Sakhiswe are clearly priority areas for housing delivery.

Low-cost housing backlogs are less prevalent than those for water and sanitation in Chris Hani, and the opportunities provide good stimulus for local economic activity. There is an obvious link between housing plans and existing backlogs with the EPWP and its related forward-backward linkages to the construction industry and job creation.

LEVEL OF INFORMAL HOUSING IN THE CHRIS HANI DM

Local Municipality	%
Inxuba Yethemba	0.4
Tsolwana	1.0
Inkwanca	6.8
Lukhanji	3.2
Intsika Yethu	0.0
Emalahleni	0.0
Engcobo	1.3
Sakhisizwe	6.6

Source: RSS, 2006



IMPROVE PUBLIC SERVICES

HOUSEHOLD ACCESS TO BASIC SERVICES AND PERCEPTIONS OF SAFETY

Local Municipality	Access to Clinics	Access to Primary Schools	Access to Roads in Good Condition	Access to Ambulance Services	Informal Housing	Neighbourhood is safe in Community
	%	%	%	%	%	%
Inxuba Yethemba	95.0	88.5	28.8	68.1	0.4	82.5
Tsolwana	96.1	100	14.1	57.0	1.0	68.1
Inkwanca	100	93.2	30.4	82.4	6.8	81.2
Lukhanji	88.2	94.5	46.4	80.3	3.2	73.7
Intsika Yethu	72.3	98.7	0.2	11.9	0.0	77.6
Emalahleni	44.9	98.7	9.0	17.9	0.0	94.2
Engcobo	81.6	97.7	48.5	44.6	1.3	50.7
Sakhisizwe	71.6	95.0	55.3	61.6	6.6	39.5

Source: RSS, 2006

HEALTH

Overall with the exception of Emalahleni (45% reported access to clinics), local communities in Chris Hani reported fairly high levels of access to clinics and primary education. This suggests that regional health and primary education infrastructure is fairly widespread and accessible to local communities and that issues of the quality of services delivery in these areas are of more immediate priority than significant investments in new infrastructure.

In addition, and further reinforcing the point raised above, the CHDM is set to receive increasing overall amounts of provincial infrastructure spending targeted at upgrading and rehabilitation (see section on Build and Maintain Infrastructure).

The CHDM falls within the national norms of one clinic per 10 000 people. The spread of health facilities throughout the area facilitates better health services to the rural population. The critical issues around health are improvements in service delivery.

The distribution of human resources at health facilities across the District is however, biased in favour of the larger centres. The national average figure for nurses per 100 000 people, is 12 nurses. CHDM seems to be under resourced showing figures like 2.7 nurses per 100 000 people for Intsika Yethu and 2.5 for Emalahleni.



Mobile services seem to be used extensively in some areas. Some mobile services assist farms while others assist large sectors of the population at village points. Having classified the CHDM as a rural district, the accessibility and quality of mobile services needs particular attention in the future.

According to national norms, the ideal Level 1 hospital /population ratio is 1:750. This indicates that CHDM hospitals are reasonably well resourced in terms of Level 1 hospitals, with the exception of two sub-districts, namely Inxuba Yethemba (1:4003), Intsika Yethu (1:1482).

Analysing available beds per 1000 population, the CHDM – with 2.2 beds per 1000 population is within the national average of 2.5. However, in some areas the available beds per 1000 population are well below the national average (e.g. Intsika Yethu (1:1482), Inxuba Yethemba (1:692) and Lukhanji (1:791)).

Based on available data, the Bed Occupancy Rate is about 68% – well below the national norm of 80%. This lower occupancy rate might be linked to inaccessibility to the hospital or lack of trust in the services provided.

The national average for Emergency Medical Services (EMS) is 5-8 vehicles per 100 000 people. In contrast, CHDM has 5 vehicles for the entire population of 822 891. It is alarming that a district that is 90% rural lacks a fundamental resource such as EMS. Intsika Yethu, Sakhisizwe and Engcobo experience serious problems in transporting urgent patients. In these rural areas, it often takes more than 3 hours to secure transport.

There appears to be good immunisation coverage (between 58% and 96%) within the District, however, the trend of drop out rates in ongoing treatment is of concern. For example, the dropout rate between DPT3 and Measles in Sakhisizwe in 2001 represented 15.1% of children immunised. Malnourishment is also a serious concern within the District. However, no reliable data has been gathered to reflect the reality of this problem.

HIV & AIDS

HIV and AIDS has a major impact on growth and development in the CHDM. According to the antenatal survey¹ (ANC) CHDM had a prevalence rate of 30.2% in 2004, up from 25.3% in 2002. This is slightly above the average for the Eastern Cape. Very little data exists on HIV and AIDS specific to local and district municipal areas.

However, for the province as a whole, women have higher HIV prevalence than men, the African population is at higher risk, the epidemic is growing fastest among youth (15-25 years) and poverty driven transactional sex is a major driver of the epidemic.

According to the HSRC 2003 household survey, HIV prevalence is generally higher in urban informal and urban formal settlements, and lower in farm and tribal settlements. There is not a significant difference in HIV prevalence among those working and those unemployed. Unlike the results for South Africa as a whole, the Eastern Cape survey show an increasing HIV prevalence with increasing education up to matric. The epidemic in the province is expected to reach a peak by 2010, before the number of new infections even out.

¹ The annual ante natal and syphilis survey (ANC) measures HIV prevalence among pregnant women attending public clinics. Data is only available per district, and it is difficult to extrapolate this data for the entire population. Government uses ANC data for planning purposes.

72.3% of scholars in the province reported that they had received HIV education, however 54% had 2 or more partners and only 28.8% reported using condoms during sexual intercourse².

HIV PREVALENCE IN THE CHRIS HANI DM

	2002	2003	2004
Chris Hani DM	25.30	27.30	30.20
Eastern Cape	23.60	27.10	28.03

Source: Dept of Health antenatal survey, 2004

The Department of Health has embarked on a range of prevention, care and treatment. In the CHDM 5 service points are accredited for dispensing anti-retroviral treatment, treating a total of 1555 patients. However, there is still a need to accredit additional points and increase the number of people on treatment.

TOTAL NO. OF ART PATIENTS AT CHRIS HANI SITES

Area (Site)	#
Frontier	923
Craddock	55
Cala	114
Glen Grey	151
All Saints	312
Total	1 555

Source: DHIS, 2006

² Medical Research Council, Department of Health. Umthente uhlabo usamila- The first South African National Youth Risk Behavior Survey 2002. South African Medical Research Council, 2003



Attraction and retention of qualified personnel is one of the major challenges for adequate prevention, treatment and care within the public health system. In addition, the HIV epidemic has undermined the benefits of primary health care and complicated TB control and prevention in the province.

The province is developing a multisectoral plan for scaling up and intensifying the response to HIV and AIDS. The plan will outline a set of concrete targets for all spheres of government and other stakeholders. The districts and local

municipalities should participate in the development of this plan and integrate the goals, objectives and targets of this plan into the IDP from 2007, with dedicated budgets.

The challenge for CHDM includes developing strategies for orphans and vulnerable children. In addition, cooperation with civil society organisations needs to be improved in terms of information and awareness, prevention and care, such as home and community based care. The AIDS council should play an active coordinating and monitoring role in the local and district municipality.



EDUCATION

The distribution of primary and secondary schools in CHDM shows the western half to have mostly primary schools, with very few secondary schools except in Middelburg and Cradock. As a sparsely populated part of the district, smaller children are better catered for locally. Presumably many high school students have to become boarders in hostels in the larger centres like Queenstown to complete their education.

The eastern half of the district has a higher concentration of schools than the west. This pattern corresponds with population densities for the area.

The low levels of quality education correspond with high illiteracy rates and the narrow skills base in the CHDM. 16% of the population has no formal schooling; and only 5% has educational qualifications above matric.

Education levels are low throughout the District, as indicated in the Table on the following page. The majority of Chris Hani residents are functionally illiterate. The resulting high number of undereducated people entering the workforce places significant demand on the unskilled job pool. This lack of educated persons entering the working economy means that there will be a large demand for unskilled work

A number of reasons may be attributed to the low levels of education, including:

- Parents lack the money to send children to school
- Limited number of school facilities, and a significant number of poorly constructed and maintained schools





- There is a significant lack of libraries within the District, resulting in school children and other learners being unable to access information they require for their studies.
- Lack of adequately trained and motivated educators
- Lack of educational institutions in the region
- Lack of educational equipment
- Lack of adult literacy programmes
- High rate of teenage pregnancy

The Department of Education, in conjunction with local municipalities and the District Municipality, must, therefore, concentrate on a two-pronged approach:

1. whereby learners have access to well equipped and maintained school buildings, crèches and pre-primary facilities, and
2. the necessary funds being made available to encourage learners to complete their high school education.

Furthermore, the provision of sports and recreational facilities has been directly associated with the development of a healthy society. However, there is a significant lack of sports and recreational facilities within the District, especially in the former homeland areas. This may be directly attributed to the policies of the former government, which did not take into cognisance the health and welfare of people living in the then homelands.

In many instances, youth who become involved in 'gangsterism' and crime do so out of boredom. Furthermore, the development of healthy and well-developed children depends upon their being able to play. A lack of playing may result in children with underdeveloped motor skills and co-ordination. In adults and children, alike, participation in sports is considered to promote healthy bodies – a lack of exercise and unhealthy eating habits lead to obesity.

HIGHEST LEVELS OF EDUCATION REACHED (+20 YEARS)

Local Municipality	No Schooling	Some Primary	Complete Primary	Some Secondary	Grade 12	Higher
	#	#	#	#	#	#
Inxuba Yethemba	5 786	9 068	3 152	10 023	4 886	2 099
Tsolwana	4 841	4 148	1 181	3 645	1 749	747
Inkwanca	2 641	3 251	943	2 511	1 044	590
Lukhanji	18 018	20 186	7 689	30 333	14 744	8 238
Intsika Yethu	30 798	20 167	6 206	18 992	4 521	3 217
Emalahleni	20 436	12 018	3 197	10 997	2 963	2 384
Engcobo	25 974	13 660	3 556	12 997	3 499	2 267
Sakhisizwe	5 824	6 575	1 794	7 048	2 507	1 640
Chris Hani DM	114 318	89 073	27 718	96 246	35 913	21 182

Source: CHDM IDP, 2006–2011

TRANSPORT

Despite significant investments in new roads in the district many local communities remain trapped in isolated and disconnected local communities often with very poor road infrastructure. This disconnection has significant consequences in terms of local economic development as well as services delivery, most evident from the accessibility to emergency ambulance services. Those communities reporting the poorest road infrastructure (Intsika Yethu and Emalahleni) also suffer the worst access to ambulance services.

- There are approximately 4,000km of gravel roads for which the District was formerly responsible. Due to the uncertainties of powers and functions in this regard, only minimal maintenance is being carried out on this infrastructure. As a result, 50% of the roads are in a fair condition and the remaining 50% are in a poor condition. All these roads require re-gravelling as a matter of priority.
- Currently the process of maintenance and upgrade is severely hampered by the lack of clarity with regards to roles and responsibilities between various roads role players. The process is currently under discussion at all levels, thus providing some hope for a resolution in the near future.





- There are 21 registered taxi associations operating in 16 towns situated within the CHDM. These 21 associations comprise of 921 operators. However the Registrar has details of 1571 operators. This figure excludes operators who are using sedans and bakkies to ferry passengers.
- There are 249 taxi routes available in the District. Bakkie taxis are dominant in Ngcobo, Cofimvaba, Cala and Tsomo. Out of the total of 257 routes gathered from the survey, 58% are bakkies, 38% minibuses and 4% sedans. The sedan operation is largest within the Lukhanji Municipality and particularly Queenstown.
- There are approximately 73 taxi and bus ranks in the District.
- There are currently 31 bus operators in the District according to the Regional DoT office but only 11 of these have operating permits. The buses operate on 49 routes of which 7 are subsidised.
- Walking is a major mode of transport in Chris Hani particularly in CBD areas. The survey indicated that the highest number of pedestrians are found in the CBD's of Queenstown, Cofimvaba, Engcobo and Lady Frere. Pedestrians face many problems due to the limited availability of pedestrian facilities e.g. pavements, pedestrian crossings and hawker stalls which block pavements and hamper pedestrian flow. Lack of street lighting and non-pedestrian transport utilising pavements as dropping and loading zones add to pedestrian problems.
- Transport whether motorised or non-motorised experiences many problems within CHDM.
- These can be summarised as follows:
 1. Poor conditions of roads especially rural roads and within former urban townships
 2. Stray animals
 3. Inadequate pedestrian signs and markings and off loading areas especially within CBD areas
 4. Limited traffic calming measures within areas of high accidents
 5. Low visibility of traffic officials and law enforcement
 6. Non-availability of traffic lights, let alone at major intersections
 7. Unavailability of adequate public transport facilities especially for the disabled
 8. Lack of cooperation between public transport operators and the municipal authorities
 9. Lack of institutional capacity at Local and district Municipal level to manage transport planning and implementation
 10. Insufficient supply of taxi related infrastructure
 11. Outdated information at the taxi registrar
 12. Lack of pedestrian and non-motorised transport facilities

SKILLS UPGRADING

The skills deficit in the district mirrors the skills deficit throughout the province, and skills availability ratings range from 'moderate' in Lukhanji, to 'very poor' in Inkwanca (DoL Provincial Skills Audit, 2005). The skills shortages (against a background of huge unemployment) suggests a mismatch between the supply of and demand for labour. This needs to be addressed urgently with a proposed framework of interventions agreed upon by all stakeholders.

A recently commissioned survey of the business community in the CHDM, provided testimony to the skills problem;

- Of 100% of those who returned the Skills Audit Form:
- 70% have between 0-49 employees
- 10% have between 100-149 employees
- 20% have greater than 150 employees
- Thus most are SMMEs
- 70% pay the Skills Development Levy as per the Skills Development Act
- 40% have a Workplace Skills Plan as per the Skills Development Act

The desired and yet rare qualifications from the local labour force were:

1. Administrative Skills
2. Customer Service
3. Verbal/Written English Communication
4. Computer Proficiency
5. Management Skills
6. Problem Solving/Structured Thinking
7. Automobile Driving Skills
8. Sales

9. Agricultural (Dairy, Horticulture, Livestock)
10. Specific Industry Qualifications (i.e. Bartending, Tool making, IT, Mechanical, Insurance)

The main challenges local businesspersons are facing with their staff members were:

1. Lack of basic Numeracy
2. Lack of basic Literacy
3. Lack of proper verbal/written English Communication Skills
4. Quality control & Consistency
5. Lack of IT understanding
6. Poor Problem Solving Skills

A very strong consensus needs to be built between all key stakeholders to address these skills deficiencies, as even some of the most basic skills are lacking in the district. It is also important to investigate geographical mismatches between the supply and demand for skills (e.g. a high percentage of unemployed tertiary graduates in Amathole against a background of strong demand for such graduates in Chris Hani).

The CHDM itself also lacks sufficient and requisite skills to make inroads into its targets and this needs to be addressed through initiatives and partnerships with DPLG, DBSA, CHDM and provincial government.

There is a need to develop a District Skills Plan that is premised on the basis of universal access to quality education at all levels – from pre-primary to primary to secondary and tertiary education.



BUSINESS DEVELOPMENT SERVICES

One of the key trends in small enterprise development has been a move away from direct-market substitution by international donors and local governments towards a focus on facilitating private business development service (BDS) market development. This approach emphasises the limited ability of the public sector and/ or donor organisations to deliver services to small enterprises effectively.

"Facilitating BDS market development means conducting an assessment of the BDS market, identifying weaknesses and opportunities, and identifying interventions that could stimulate the provision of more and more relevant BDS product offerings."³

CHDM Municipality has partnered with the Small Enterprise Development Agency (SEDA) in the delivering of non financial support to SMME's. To that effect the CHDM Seda Office which is based in Queenstown was opened to service the business community of the district. The following products and services are offered at this centre:

1. Information, advice and referrals
2. Business registration
3. Business plans
4. Tender Information and advice
5. Import and Export training
6. Trade Information
7. Business assessment and technical support
8. Business mentoring and
9. Market access and business linkages

- Small enterprises constitute the demand side of the market for BDS. They include micro, small and medium enterprises that are primarily profit-oriented. BDS providers constitute the supply side of the BDS market. They are individuals, private commercial firms, and other agencies providing services to small enterprises.
- In addition, there are BDS facilitators who support BDS providers by, for example, developing new services, promoting good practice, building service capacity and building market awareness amongst small enterprises. BDS facilitators are development-oriented institutions whose objective is BDS market development and typically include non-government organisations, industry and employer associations, local government agencies and others.
- The CHDM needs to strengthen its involvement in supporting the BDS market, facilitating greater entrepreneurship growth and development.

The CHDM should provide funding and can play a role in facilitating and strengthening BDS. In the case of the government the key additional role is to provide the enabling policy, legal and regulatory environment within which BDS markets can flourish.

³ Orford, 2005

CREATE JOBS AND LIVELIHOOD OPPORTUNITIES

The Eastern Cape economy is haunted by the policies and practices of the past. In particular, the CHDM has an almost non-existent industrial economy and a high dependency upon primary economic activities. The CHDM economy is further encumbered with the imbalances resulting from the homeland system, which ensured that the former homelands remained underdeveloped, resulting in their residents becoming reliant on the larger urban centres within the former RSA for income generating opportunities.

The reality today is such that the District economy is generally swings between stagnation and a state of decline. This may be attributed to a number of issues, including:

- High levels of unemployment within the urban areas of the District resulting in a migration of skilled people out of the District, to larger urban centres within the Eastern Cape and other areas within South Africa.
- A decrease in the manufacturing sector. Historically, the manufacturing sector was artificially sustained by apartheid policies, which enabled the development of areas such as the Ezibeleni industrial area. These areas are now largely unutilized, with much of the infrastructure in ruins.
- Falling mineral prices have lead to a decrease in the mining sector, resulting in a significant reduction in the number of jobs offered within the mining sector. A large proportion of the population of Chris Hani has historically been dependant upon this income.
- The decrease in the commercial farming sector, which has always played a significant role in the District economy, clearly has significant implications. In particular, the decline in the commercial farming economy has resulted in fewer jobs being available. The decline in the commercial agriculture sector may be attributed to a wide range of factors, including:
 - The glut in the wool market in the late 1980's and early '90's, leading to low prices;
 - A series of major droughts;
 - Increasing mechanization;
 - Decreasing agricultural prices;
 - Destructive veld fires; and
 - Increased stock theft.
 - Emerging farmers are subject to similar pressures as their commercial counterparts. However, the added pressure of overstocking and erosion, accompanied by damaged communal infrastructure (dipping tanks, etc), serve only to decrease their profit margins and chances of economic success.
 - Reductions in previous provincial agricultural budgets in the district meant that many programmes previously offered have been cut back, thereby decreasing their access to information and services. However, over the current medium term expenditure cycle, agriculture infrastructure is set to increase significantly in the district (see section on Maintain and Build Infrastructure).
 - In addition, the majority of emerging farmers lack agricultural and business skills to ensure business success.
 - Poor infrastructure, such as bad roads, prevents the development of the economy in many parts of the District.
 - The lack of linkages between various projects, which, in conjunction with the lack of a clear and concise marketing strategy for the whole region, results in the failure of many projects, which should be economically viable.



Community opportunities

Generally speaking, income and employment figures for Chris Hani remain largely unimpressive due to the issues that have been raised in this analysis.

MEMBERS OF HOUSEHOLDS CURRENTLY UNEMPLOYED (EXPANDED DEFINITION) AND HOUSEHOLD INCOME OF LESS THAN R 1 500/MONTH

Local Municipality	HH Income less R 1 500/month	Unemployed
	RSS 2006	Global Insight 2005
	%	%
Inxuba Yethemba	63.0	43.4
Tsolwana	71.0	42.5
Inkwanca	57.2	58.0
Lukhanji	50.6	54.4
Intsika Yethu	76.0	66.1
Emalahleni	59.9	58.4
Engcobo	75.3	75.8
Sakhisizwe	75.9	60.4

Source: RSS, 2006 and Global Insight 2006

In the context of the very high unemployment and poverty rates mentioned above, there is clearly an urgent need for new investments to create jobs and improve livelihoods in CHDM. Based on existing economic activity, market opportunities and present resource/assets/skill bases the particular industries offering potential include:

- Livestock farming
- Irrigated and dryland cropping
- Manufacturing (including Agro-processing)
- Forestry and Wood-using industry
- Construction and Coal Mining
- Trade and Services
- Tourism

Each of these industries requires a detailed Action Plan, specifying investments to be packaged, timelines and milestones, role-players and responsibilities. Preparatory work has already taken place for all these industries in Chris Hani, and the main challenge is to galvanise industry role-players to ensure accelerated and shared growth.

Two ASGISA projects are planned to benefit Chris Hani:

- Bio-fuels (sugar beet in Cradock and beyond)
- Timber Industries Cluster (in the East of the CHDM)

There are two other potentially large projects in CHDM that could be adopted by ASGISA:

- Molteno-Indwe Coal linked to electricity generation (being explored by DME); and
- Augment Gariep-Fish River Water Transfer Scheme to allow increased irrigation in CHDM

Each of the seven sectors and sub-sectors listed above are briefly profiled in the following sections:

LIVESTOCK FARMING

Livestock farming (cattle, dairy, sheep, goats, game etc) is very important in CHDM, both for commercial and communal farmers. Livestock farming in communal areas is being supported by the Provincial Department of Agriculture through construction of stock dams, dipping tanks, shearing sheds, fencing, veterinary services to the tune of approximately R15m over the current medium term. The challenge is to increase incomes from communal livestock farming. A sector action plan could include:

- Expansion of the effective NWGA model of support
- Improve existing programmes designed to facilitate skills transfer between commercial and emerging farmers
- Improved Agricultural Extension Services
- Improved market access (e.g. drawing on experience of USAID-funded project in CHDM; Middle East goat market)
- Accelerated land redistribution
- Building animal feeds industry
- Improved veld management
- Move to formal land administration in communal areas
- Upgrading access roads/farm logistics





IRRIGATED AND DRYLAND CROPPING

Dry cropping is only feasible in small parts of CHDM (in the East), underscoring the important role that existing and new irrigation schemes can play. Presently there is 8,000ha under irrigation in CHDM, but statistics show that the schemes are grossly underutilized. A mere 40% of the Shilo Schemes capacity is currently utilized, as an example.

A further 7,600ha could be placed under irrigation, possibly much more if the large Gariep Transfer Project (mentioned above) were to be implemented.

It is clear that irrigated horticulture, if managed well, has huge potential for job and income creation. An industry Action Plan could include:

- How to revive existing schemes (ownership, conflict resolution, maintenance, farmer training, markets etc), in the light of failed previous revitalization efforts.
- How to ensure that large DoA budgets (R30m over the current medium term cycle) for revitalization are not wasted?
- Where and how to implement new schemes, and upgrade and expand existing ones?
- Design and implement an Agricultural Skills Plan (e.g. Ikhala FET college)

Dry-land cropping is being promoted in the east of CHDM through DoA's Massive Food Programme. There are presently 2815 beneficiaries of this scheme in CHDM, and it could be scaled up.





An urgent need to start addressing issues around skills deficit (the need for agricultural support programmes, scaling up the presence and technical expertise of the agricultural extension officers in the district, establishment and alignment of small and emerging farmers development and mentorship programmes).

In particular, skills development of small-scale farmers and those currently working on irrigation schemes would have a positive impact on the production of more marketable products



Development of grading, packaging and storage facilities for fruit and vegetable produce at strategic locations within the district. This will enable better opportunities for contract farming and share-cropping linked to the supply of produce to the facilities, and better links with markets, enabling farmers, through their part-ownership of the facilities to supply to different markets (different labels), all-year round, at relatively higher prices. This is known as the Packhouse Concept.





MANUFACTURING

Manufacturing represents a significant proportion of the CHDM economy at (8% GGP) and 5% (employment). According to the ECDC, agro-processing industries followed by furnisher production, food processing and wood products, are the most predominant. Lukhanji Municipality (Queenstown, in particular), with a small furnisher manufacturing industry, dairy processing and wood products, is the manufacturing centre of the district. Inxuba Yethemba Municipality (Cradock and Middelburg in particular) also have food processing activities.

Manufacturing mainly takes place in Queenstown (Queendustria) and the major activities are furniture making, food-processing but also pressed metal.

For example the three biggest employers in Queenstown are manufacturers: Leather Seating, Twizza Et Crickley Diary and Steadline Pressed Metal, and there are biltong processing plants, recycling plants, a spray factory in Middelburg (300 employees), as well as leather processing operation, Ouma Rusks, and others.

The manufacturing sector in Chris Hani is dominated by agro-processing (sub-sector) and therefore we need to examine this particular sub-sector and in more detail.

AGRO-PROCESSING

While the CHDM's agricultural potential is obvious, primary agricultural projects have had a minimal impact on changing people's lives⁴. This situation necessitates strategies to increase value-added production by exploiting opportunities that exist along the various crop and livestock value chains.

Particular advantages in Chris Hani lie in food-processing based on resource and crop availability, existing factory infrastructure, as well as relatively well developed road infrastructure when compared to other rural districts.

The bulk of the district's farm output goes for processing outside the district (e.g. milk, beef, fruit and vegetables, etc.), which relegates the district to the bottom of the value chain. This needs to be addressed urgently.

A Successful Partnership in Chris Hani:

Dordrecht Cheese Factory

An amount of R 2,6m was allocated by the district in 2004/05 financial year for the construction of a cheese factory in Dordrecht. DEAET also contributed an amount of R1.2m, ECDC R1m and the beneficiaries contributed an amount of R300.000. The project beneficiaries are two, The Dordrecht Commercial Dairy Farmer's Association (DCDFA), which is made up of 11 commercial farmers and the Communal Property Association (CPA), which consists of 37 emerging black farmers. The total number of beneficiaries are therefore 48.

⁴ CHDM Agricultural Potential Study, 2006

The project has already created empowerment opportunities for emerging farmers in a number of ways. For example, the Koffiefontein farm near Dordrecht, valued at R1.2 million, has been donated to the CPA farmers by Land Affairs along with 20 cows. A new milking parlour has also been erected on the farm. The idea behind the farm is to encourage dairy farming by emerging farmers to supply milk to the cheese factory.

Koffiefontein farm supplies about 3% of the cheese factory's milk requirements. The project has created significant spin-offs within the surrounding because other dairy farmers in the area, which may not form part of the beneficiaries who have a secured market for their milk.

In addition to this beneficiaries have established a factory shop as a spin-off within the project. The factory shop provides the public with the opportunity to buy cheese and other products on site.

The Dordrecht Cheese project has potential to be expanded, and a similar model of cooperation and coordination should be replicated throughout the district to encourage value-added agricultural production.

The following are the major production factors and drivers of the food processing industry, which also suggest areas for interventions by all stakeholders.

- Supply chains are highly important for the success of the food processing industry. Therefore, it is important to ensure that all members of the value chain are informed of consumer needs and technological innovations in the industry.
- Logistics are critical to planning the development of a food processing factory.
- Technological innovations are critical for the food processing industry as they reduce costs and provide opportunities to satisfy the ever-changing demand of consumers.
- The higher you go up the value chain, the higher and more acute the demand for skills, so skills development programmes need to target and match the economic opportunities that exhibit the highest potential in the district.

The latest market research performed in the food processing industry⁵ has indicated that the consumer demand has particularly been increasing for the following types of products:

1. Convenience food (functional foods, value-added, heat-and-eat foods)
2. Specialty foods
3. Organic and natural produce foods

Besides food processing the district's potential lies in the promotion of high value crops such as cotton and flax (manufacturing to textiles) as well as bio diesel.

5 CHDM Agricultural Potential Study, 2006



Biodiesel initiatives present huge opportunities for the CHDM, especially in and around the Cradock area where Sugarbeet SA, Central Energy Fund and the IDC have entered into a strategic partnership that will see 6000ha of sugarbeet being planted by local farmers, the construction of a huge ethanol production plant targeting the local fuel market, where PetroSA have agreed to use the ethanol from the plant for blending into their fuel-stock – providing the necessary and risk-reducing off-take agreement.

The total investment is estimated to eventually reach R1.5bn, with the construction of the ethanol plant due to start before the end of 2007, and the first product from the plant due to roll-out by the end of 2009.

The biofuels/sugarbeet programme is bound to rejuvenate the Cradock economy and surrounding areas, presenting opportunities for emerging black farmers, and it is estimated that in the ethanol plant construction phase alone, up to 2000 temporary jobs and 500 permanent jobs will be created.

This kind of massive investment also raises opportunities for the continued growth in the economic services sector (finance, retail, wholesale, etc.). It goes without saying that with such commitments by the various partners, the CHDM municipality is out to prioritise this programme and seek political championing from the highest executive authority in the Eastern Cape province.

FORESTRY, TIMBER AND WOOD PRODUCTS

The National government ASGI-SA programme has identified forestry development as a key pillar to achieving the economic growth and development targets, and has prioritised forestry as a key sector for support across all tiers of government. The same is true in the PGDP, as well as in the emerging provincial industrial plan.

The CHDM has vast forestry resources, especially located in and around Intsika Yethu, Sakhisizwe and Engcobo, as well as existing sawmill infrastructure largely located in the Intsika Yethu and Engcobo municipalities.

Plantation forestry is the foundation for a number of downstream processing activities including wood chips, saw milling, timber board, charcoal, furniture, pulp and paper. The furniture, pulp and paper industries are at the higher end of the value chain. It is this part of the value chain that will have a huge multiplier effect on CHDM if successfully exploited.



- Addressing the institutional arrangements around the wood and timber cluster development programme that is already underway.
- Developing state markets through procurement policies targeted at emerging furniture manufacturers.
- The quality of the timber produced needs to be improved in order to rake in higher income per yield (partnerships with DWAF, Agriculture as well as research and academic institutions, and others is a possibility)
- Addressing issues around forestry management and protection, as well as leveraging SMME opportunities in two different ways, 1) along the wood value chain, services provided to the sawmills or 2) in terms of auxiliary services rendered to the foresters (e.g. security, fencing, crop harvesting within the forests – mushrooms) .
- Facilitate technology transfer and skills development to capitalise on wood-related manufacturing.
- Encourage the supply chain linkages between the timber and wood industries and the construction industry. This will hinge upon quality and treatment improvement of the timber.



CONSTRUCTION AND COAL MINING

The District has a high development profile in terms of its Integrated Sustainable Rural Development Programme (ISRDP) nodal status. Chris Hani district's relatively high infrastructure budget allocation in the Medium Term Expenditure Framework will almost certainly present opportunities for the establishment of a local construction (including housing) industry, and may enhance competitiveness by addressing critical shortcomings in economic infrastructure.

The strong growth and development in public housing and construction comes with a huge demand for construction material such as clay and cement bricks. At present, illegal brick-making activities are prevalent throughout the entire district municipality, mainly to fulfil the demand of private construction needs. Due to low quality and illegal operations, these brick cannot be used for public sector construction.

The following could be considered to grow the construction sector in the CHDM:

- Massive infrastructure roll-outs (including enhancements and developments in ICT) envisaged under ASGI-SA, the PGDP and the district and local infrastructure development plans to address backlogs and maintain existing and refurbish aging infrastructure, could be used to stimulate economic activity throughout the construction value chain.



- Opportunities arising out of the EPWP programme, especially in the sector of labour intensive road maintenance programmes.
- Financial institutions – both private and public – need to adopt a more developmental approach to dealing with emerging contractors as they are not able to meet the stringent and 'choking' requirements that financial institutions demand resulting in many of them at best, struggling in survivalist mode, at worst, shutting down.

In terms of coal mining at Indwe/Molteno:

The CHDM has a huge potential for the development of coal through the large Molteno/Indwe coalfields. All these opportunities are presently being investigated by ECDC and Mintek to assess viability of these coalfields. A public private partnership company has been formed in Indwe to take the process forward. Prospective rights for the Indwe

coal mines have begun and the results look promising. For communities to participate and benefit in these processes, funding will be very critical. Some key points emerge;

- Organised cooperatives, or private sector partnerships could mine the area more efficiently and profitably. More effective control of the exploitation of natural resources would limit the damage to the environment and ensure that the benefits of the exploitation of such resources benefit the Municipality, the community and the individuals involved.
- Establish close working relation with the DME to address the access of mining licenses.
- Financing could be addressed through alternative solutions such as government to offer guarantees to banks for financing the rehabilitation costs of the mining sites.
- Land rights and communal ground and sharing of proceeds are socio-economic issues to be addressed



TRADE AND SERVICES

Municipalities could take a lead role in CBD regeneration (taxis, hawkers, clean-up, beautification etc). This would help boost the trade sector, and make towns more attractive places to live and work (thereby also supporting tourism growth).

The Business Services sector has growth potential in the District. Growth of this sector is critical to growth of other sectors, but is skills intensive, and could be constrained if the skills issues mentioned earlier are not addressed.

- Trade & Services contributes in total between about 16% to the district GGP in 2000 and 22% to employment in 2004.
- The majority of small and medium businesses is found in the retail and service sector (73%),
- The Trade and Services sector is commonly a predominant form of economic activity in most of the eight local municipalities of the CHDM. Its high contribution to the district's GGP and employment is consistent with the national and provincial trends.
- Significantly though, the pursuance of tourism will undoubtedly strengthen the trade and services sector even further. Equally, a strong trade and services sector, coupled to a thriving financial and transportation sector signals a potentially untapped tourism market that the CHDM needs to capitalize on.

- This dominance of the retail and services sector in the SMME sector is a common trend in South Africa. In the CHDM, this phenomenon is consistent with the economic structure of the district as trade and services sector remains one the key contributors to GGP (16%).
- Micro enterprises are fairly easy to setup and operate within the services sector. However, their growth potential is often threatened by market overcrowding, poor planning and stiff competition. The level of jobs and income, and effectively the quality of life is fairly low.
- The non-availability of skilled labour or persons in areas such as IT, computers and technology makes it impossible for most of the HDI locals to branch into higher growth areas within the services sector as high levels of functional illiteracy have a direct and inhibiting impact on the types and nature of businesses that communities can start and operate profitably.
- The inadequacy of a functioning and supported BDS market also impedes entrepreneurship development.





TOURISM

- Chris Hani has a rich history and natural resources that can promote tourism development in the region. These resources are untapped and are not adequately budgeted for within the District and its Local municipalities. The district has access to a number of major routes, the Friendly N6 and the N10 which link the district up with East London, Bloemfontein, and Port Elizabeth, and the R396 linking Queenstown with Mthatha and the Wild Coast.
- The region's emergence as a malaria-free game farming and nature reserve location has contributed to tourism revenue; a trend that looks set to continue. The growth of this sector may crowd in private sector investment and support the emergence of supporting industry and services (transport, catering, taxidermy and retail).
- In terms of tourism initiatives, the District has one National Park [Mt Zebra National Park], 2 Nature Reserves in Lukhanji & Tsolwana, 2 Game reserves [Tsolwana, Lawrence De Lange], 4 Private Game Reserves and one Game Farm [Masizakhe Game Farm: Inkwanca]. There are also new establishments that include the promotion of Heritage sites. Marketing of these products is the major challenge; there is no website available for marketing the products in the district.
- Although the CHDM falls under the Friendly N6, it is a gateway to two popular destinations i.e. the Wild Coast and the Sunshine Coast. This therefore presents a lot of business and employment opportunities for locals. In addition this increases competitive advantage of the district as a tourist destination. It has to be noted that there are no further tourism statistics available for the Chris Hani municipal area. Even if CHDM is part of the Friendly N6 it would be of more value to have accurate statistics on tourism within the district.
- The potential for the expansion of cultural, heritage, adventure and event tourist activities is abound in the CHDM, and virtually covering all local municipalities. The activities that remain largely untapped range from bush-paintings, memorial and 'great' places related to Struggle Heroes (Cde Chris Hani – after whom the district is named is an example) to museums, memorial gardens, and eco-tourism resorts.
- There is a need to address the issue of a tourism branding and marketing strategy for the district centered around the district's unique offerings – hunting, hiking, environmental tourism, and identifying niche events and draw-cards (e.g. festivals, music shows, marathons, cycling contests, canoeing, etc) that places the district on the map for annual events and happenings.

- The development of a 'Tourism Information /interpretation Centre' needs to be prioritised, and responsible for, 1) offering a range of services to visiting tourists, 2) tourism branding, marketing and communication logistics, and, 3) offering a range of tourist business development services for new entrants on the supply side of the market.
- Some business and job opportunities for the CHDM have been identified in the following areas of the tourism value chain:
 1. Supply of fresh food products to hotels and B&Bs.
 2. Laundry and cleaning services to hotels and B&Bs.
 3. Maintenance of the physical structures (plumbing services, landscaping, provision of reliable transport for tourists and workers, general building maintenance).
 4. Production and sale of arts and crafts.
 5. Tour guiding, canoeing, horse-riding, etc. by SMME's.
 6. Tour buses, boating and other tourist transportation.
 7. Heritage Villages and other theme sites.
- CHDM in conjunction with DBSA is in the process of formulating tourism sector plans within the local municipalities. These plans will spell out all the tourism related issues within the local municipalities. In addition these sector plans will ensure that tourism planning is done judiciously and that locals are consulted and are part of tourism planning with their localities. These plans are informed or guided by RTP (Responsible Tourism Planning) guidelines.
- The planning of these sector plans follow processes and sometimes it is time consuming. It is for this reason that one may find the municipalities are not on the same level in terms of stages of formulation. It is envisaged that these sector plans will be integrated into a comprehensive District Tourism Plan.

- Several key tourism projects have been identified (amongst the many potential sites and initiatives in Chris Hani) by the district and are receiving prioritised attention in order to unlock the vast potential and deepen the tourism capital base.

Project Name	Description	Status
Vusubuntu Cultural Village	Construction of chalets for accommodation and craft shop where local craft will be exhibited and sold	Construction completed, it is on the implementation phase.
Masizakhe Game Farm and Game Lodge	Construction of accommodation, conference facilities and game reserve	On construction phase, but to be operational soon, by the festive season first group of guests will be accommodated.
Nonqubela Project	Craft Centre	Operational
Emalahleni Art and Craft Centre	Art and Craft Centre	Construction completed
Bulhoek Massacre	Heritage Site	Construction phase
Lubisi Dam Development Project	Development of chalets along the dam, craft centre, water sport i.e. canoeing, boat trips etc	The project is on its revival stage as it collapsed, due to lack of community involvement and support
Thobelani Crafts	Craft Centre	Fully operational
Craddock Fore Garden of Remembrance	Heritage site	Planning phase
Indwe Resort	Construction of a resort and transformation of the already existing park	Planning phase
Xonxa Aquaculture	Construction of a fishing recreational destination camp site	Planning phase



DEAET Economic Development Initiatives in the Chris Hani District

The Department of Economic Affairs, Environment and Tourism are involved in various job creation and developmental projects within the CHDM. On the following page, the major projects are listed. The projects indicate that the prioritisation is consistent with the sectoral economic potential and competitiveness raised in detail above.

The DEAET projects – many of which are partnerships with other stakeholders in the district – are in support of job creation and development, but these efforts need to be supported by the efforts of other provincial and local government departments, especially in the area of building and maintaining infrastructure.

CHRIS HANI PROJECTS: 06/07

Project name	Location	Budget		Progress
		Allocation (R)	Source	
Vlekpoort (Tourism Development)	Hofmeyer, Tsolwana, CHDM	100 000 250 000	DEAET ECDC	Development of Tourism sector and businessplans are still to be finalised
Umsobomvu Co-op Dev. (Manufacture of wool & mohair products)	Inxuba Yethemba LM, CHDM, Ward 3	200 000	DEAET	Production equipment purchased. Factory needs to be refurbished, upgrade electricity & product development
Progressive Disability Construction (Construction)	MLungisi, Queenstown, Ward 23, CHDM	25 000	DEAET	Business Plans still to be finalised
Elitheni Coal Mine (Mining)	Emalahleni LM, CHDM Ward 16	1 000 000 9 000 000	DEAET DBSA	Business Plans still to be finalised
Tshatshu Irrigation Scheme (Fresh produce)	Tshatshu, Emalahleni LM, CHDM, Ward 1	300 000	DEAET	Business Plan still to be finalised
Eastern Cape Aloe Ferrox Beneficiation Programme (Extraction of natural juice and export market)	Seymour, Cradock & Lady Frere, CHDM, UKDM, Provincial	500 000 400 000 1 200 000	DEAET ECDC UN	Business Plans still to be finalised
Hydroponics Project (Fresh produce)	Tsomo, Intsika Yethu LM, CHDM, Ward 14	100 000	DEAET ECDC	Business Plans still to be finalised
Eastern Cape Biodiesel Programme (Planting of trial crops for extraction of natural oils)	Hofmeyer, Middleburg, Engcobo, CHDM, UKDM, Provincial	975 000 1 460 000	DEAET ECDC	Business Plans still to be finalised
Sinethemba for HIV Children and Youth (Providing health care and fresh produce to the affected and infected)	Ezibeleni, Lukhanji LM, Wards 1&2	100 000 330 000	DEAET Health	Business Plans still to be finalised
10.Ikhwezi Lomso (Poultry and vegetable garden, Arts & craft, HIV & Aids projects)	Engcobo LM, Ward 8	650 000 100 000	DBSA DEAET	The project has kicked off the ground with financial assistance from DBSA
11.Khuthalani Agricultural Co-op (Agro-processing)	Dordrecht, Emalahleni LM, Wards 8 & 10	100 000 2 450 000	DEAET DBSA	Progressing well but needs some financial injection

build and maintain

BUILD AND MAINTAIN INFRASTRUCTURE

Present MTEF budgets reflect large increases in fiscal allocations for public infrastructure. These can be used to create employment and incomes through EPWP, and thereby further stimulating chains of employment creation and income generation multiplier reactions.

District IDP's contain very little (if any) information on EPWP. There is a need for a District EPWP Plan.

It has been repeatedly suggested that one of the major factors contributing to the low level of economic competitiveness, and the failure to exploit economic potential, has been the poor state of infrastructure and infrastructure-related services.

This section of the district profile attempts to summarise the provincial physical infrastructure development plans that have been budgeted for over the medium term, and that are likely to contribute to a more enabling social and economic environment in Chris Hani. These amounts are in addition to the expenditure and revenue from non-provincial sources.

PROVINCIAL DEPARTMENT DEVELOPMENT PLANS

Department of Agriculture

- Agriculture is the backbone to the Chris Hani District, in spite of what may appear to be a declining share of district output. The potential for agricultural expansion, cited in various recent studies, is undoubted, but is dependent on the level of targeted infrastructure that can unleash this economic potential.
- Over the current medium term period (06/07 – 08/09), the provincial department of agriculture will spend over R120 million in the Chris Hani District. This will include new fencing structures over the three-year period in all 8 local municipalities costing up to R9 million, with the highest amount of the fencing budget spent in the Sakhisizwe (R1.5m) and Emalahleni (R1.4m), with smaller amounts spent in Lukhanji (R0.4m) and Engcobo (R0.5m).
- This distribution of the fencing budget generally reflects the need for infrastructure as being far greater in the more economically depressed but potentially viable parts of the district.
- Furthermore, the department will spend R15m on other new infrastructure such as stockholding facilities, storage sheds, dip tanks, stock water/boreholes, irrigation systems and soil conservation works in the Chris Hani district across all 8 local municipal areas, with allocations ranging from Engcobo (R7m) to Inkwanca (R0.2m). These are positive developments that seek to enhance productivity of the land and profitability for farmers, especially emerging and small scale farmers.



in infrastructure

- In terms of the departments' refurbishment/upgrading budget, the expansive irrigation schemes that anchor the agricultural development programme in the Chris Hani district, are set to receive further investment in light of the management and maintenance problems these schemes have experienced, as highlighted earlier in the profile.
 - Over the current medium term period, a total amount of R27m will be ploughed into the four major schemes – Ncora (R8.2m), Qamata (R7.4m), Bilatye (R5.8m) – in the Instika Yethu local municipal area, as well as Shilo (R5.5m) in Lukhanji.
 - The massive food programme that is administered through the provincial department of agriculture covers mainly four local municipal areas: Instika Yethu, Lukhanji, Engcobo, and Sakhisizwe. The total provincial allocation for the medium term for this programme in the district is R20m. In addition, the Siyazondla food security programme in Chris Hani is set to receive R5m over the medium term, comprising vegetable gardens, poultry, and piggery initiatives.
- Department of Roads and Transport**
- Another key element of required infrastructure development in the district is the road network. Although Chris Hani has relatively good interconnectivity to the major centres in the province and beyond, there is still quite a large backlog in terms of connectivity between areas within the district, as well as access roads within various local municipal areas.
 - In light of these backlogs, and recognising the key enabling role that transport infrastructure has for economic and social development, the provincial roads and transport department has allocated at least R275m over the current medium term cycle, with R105m being spent in the current financial year (06/07) and the balance over the following two years.
 - Although no new road infrastructure developments are planned by the provincial department over the next three years in the Chris Hani district, there is significant rehabilitation and upgrading, as well as routine maintenance of existing roads that is planned.
 - The rehabilitation of, 1) the Cala – Lady Frere road in the Emalahleni local municipal area at a cost of R50m, 2) the Idutywa – Engcobo road in the Ngcobo local municipal area at a cost of R0.6m, 3) the Lady Frere – Queenstown road at a cost of R1.5m is budgeted for and progress in this regard is underway.
 - Furthermore, the rehabilitation of access roads to 'great places' as well as access roads to tourist and leisure resorts within the district has been budgeted at R4.5m over the medium term cycle. These infrastructure investments will have the impact of contributing to tourism and services growth that have been identified as key economic sectors in the Chris Hani district.

- The Vukhuzake labour-intensive road maintenance programme in Chris Hani has been allocated R8m for the current medium term cycle. This allocation serves two key purposes. Firstly, it ensures maintenance and avoids degradation of existing access roads that would otherwise become unusable in a very short space of time, and secondly, given the labour intensive nature of the programme, it places more money in the hands of local communities, increasing their spending and consumption power, and thereby further stimulating the local economy.
- An amount of R109m over the medium term has been budgeted by the provincial roads and transport department for maintenance of roads in four prioritised local municipal areas: Emalahleni, Instika Yethu, Ngcobo, and Sakhisizwe. These are the local municipal areas that are deemed to have the largest maintenance backlogs, and the envisaged road upgrades will make the agricultural interventions more profitable. There is complementarity between the agriculture interventions and the road maintenance and upgrade works.
- The Chris Hani district will also benefit from R80m worth of routine maintenance on 666km of surfaced roads, and 4803km of gravel road, over the medium term. This amount is budgeted in addition to the planned expenditure mentioned above.

Department of Social Development

- The infrastructure spend of this department in the Chris Hani district over the medium term amounts to just under R5m which will be spent on the Cofimvaba Multi-Purpose Centre. In addition, an amount of R0.1m for the maintenance of Park Homes has been budgeted.

- The provincial department has planned, but not yet budgeted for new service offices in Engcobo and Whittlesea (at a total cost of R6m), new community development centres at Lady Frere and Cala (at a total cost of R5m), and a new multi-purpose centre in Cradock (R4m). These would be good social infrastructure developments.

Department of Sports, Recreation, Arts and Culture

- There is one infrastructure project planned and budgeted by this provincial department for the Chris Hani district. The project is the Cofimvaba library in the Instika Yethu local municipality, where R2m will be spent in 07/08, and a further R1.5m in 08/09.

Department of Public Works

- The Chris Hani district is going to receive approximately R120m in infrastructure investment from the provincial public works department. An amount of R31m has been allocated in the 06/07 financial year, R42m has been allocated for the 07/08 financial year, and R44m in the 08/09 financial year.

Department of Education

- The provincial department of education has planned and budgeted for the upgrading and rehabilitation of over 190 schools and FET colleges in the Chris Hani district over the current medium term expenditure cycle, amounting to over R315m.
- No new construction of schools or colleges is planned in the district, implying that the entire education infrastructure spend is concentrated in upgrading/rehabilitation of existing schools and colleges, as well as routine maintenance works.



- In the current financial year (06/07), the district is receiving just under R50m for the upgrading of 34 schools and colleges, and is set to receive approximately R90m in 07/08 for the upgrading of a further 48 schools and colleges, and R175m in 08/09 for the upgrading of approximately 115 schools.
- The increase in education infrastructure (rehabilitation/upgrading) spend in the district over the medium term – increase in terms of absolute, relative and real analysis – is consistent with the growing education and skills challenges faced in the district.
- Chris Hani's proportion of total provincial education infrastructure spend lies at 8% in 06/07, at 12% in 07/08, and a targeted 19% in 08/09 – reflecting and contextualising the growth in education infrastructure planned expenditure over time.
- The per capita education infrastructure spend in the Chris Hani district rises from R56 in 06/07 to R105 in 07/08, and then to R190 in 08/09, representing phenomenal increases, albeit off a low base, in infrastructure education spend per person in the district.
- The budget for routine maintenance in Chris Hani over the medium term amounts to a total of R33m – R7m in 06/07, R12.5m in 07/08, and R13.5m in 08/09. These amounts are crucial in two respects, 1) by maintaining and 'protecting' existing assets ensuring guarantee of returns well into the future, and 2) direct and indirect cash injections boost local economies, as routine maintenance activities are generally labour-intensive.

Department of Health

- The provincial health department has planned and budgeted for a total health infrastructure spending of R375m in the current medium term expenditure cycle, rising from R90m for the revamp of 40 clinics and hospitals in 06/07 to R165m targeted for the revamp of 36 health facilities in 07/08, then falling to R120m for revamping 23 health facilities in 08/09.
- The entire amounts cited above will be spent on clinic and hospital revamps and upgrading, and not any new institutions. The proportion of the Chris Hani allocation relative to the total provincial health infrastructure spend, ranges from 5% to 7% – reflecting a relatively small share that the district receives relative to other districts.
- The provincial health infrastructure spending per capita in the Chris Hani district rises from R106 in 06/07 to R180 in 07/08, and then down to R128 in 08/09.
- These infrastructure expenditure outlays on the part of the Eastern Cape provincial government in the Chris Hani district represent significant increases in public expenditure, but this unfortunately is not matched by increases in private investment. An investment promotion strategy should be incorporated is a key element of the growth and development strategy of the Chris Hani district. And obviously, we need to redouble the efforts in fighting poverty, as no economy can grow sustainably amidst a sea of poverty.

FIGHT POVERTY: SPECIAL PROGRAMMES

HUMAN DEVELOPMENT INDEX

The HDI (Human Development Index) is a reliable indicator of development as it measures the overall achievements in longevity, knowledge and standard of living by utilizing life expectancy, literacy and income level statistics. The table below indicates the HDI in the Chris Hani district.

From the table below, it is clear that Queenstown has the highest HDI at 0.60 followed by Cradock at 0.48. This is primarily due to these two areas being the largest urban areas in the district. Hofmeyr has the lowest HDI, at 0.39, which illustrates the economic decline that this town is experiencing due mainly to the decline in the commercial farming industry.

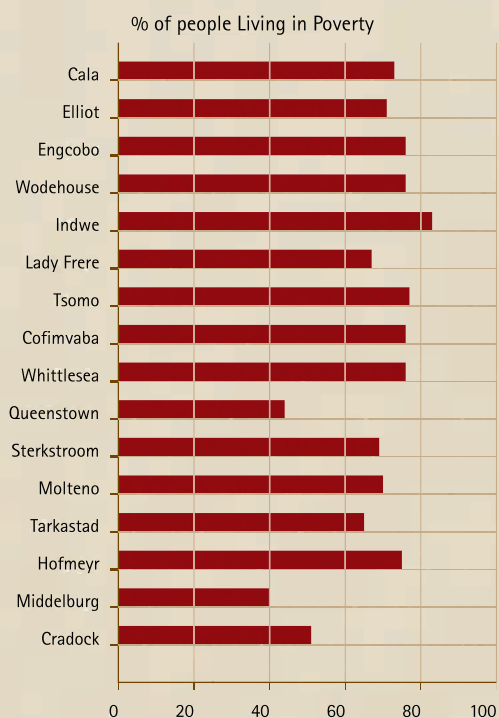
HUMAN DEVELOPMENT INDEX (HDI)

Local Municipality	Magisterial District	Human Development Index
Inxuba Yethemba	Cradock	0.48
	Middelburg	0.52
Tsolwana	Hofmeyr	0.39
	Tarkastad	0.47
Inkwanca	Molteno	0.45
	Sterkstroom	0.47
Lukhanji	Queenstown	0.60
	Whittlesea	0.40
Intsika Yethu	Cofimvaba	0.42
	Tsomo	0.47
Emalahleni	Lady Frere	0.45
	Indwe	0.49
	Wodehouse	0.50
Engcobo	Ngcobo	0.41
Sakhisizwe	Elliot	0.47
	Cala	0.45

POVERTY INDEX

It is interesting to note that the former homeland towns indicate a similar HDI to those of the former Cape Provincial Administration towns which indicates that all of these small urban areas are experiencing economic decline or stagnation.

Although there has been improvement in the Human Development Index in the District over the last decade, income and access poverty remains entrenched.





Special programmes

SOCIAL GRANT DEPENDENCY

According to the Rapid Assessment of Services Delivery (2006) Chris Hani households indicate an extremely high level of grant dependency. This trend is more pronounced in the former homeland areas of Intsika Yethu (79%) and Engcobo (74%) with the remaining areas reporting between 52% to 69% of households where at least one member accesses a social grant.

WHETHER HOUSEHOLD MEMBER IS RECEIVING SOCIAL GRANT

Local Municipality	Yes	No
	%	%
Inxuba Yethemba	65.1	34.9
Tsolwana	69.3	30.7
Inkwanca	62.2	37.8
Lukhanji	54.4	45.6
Intsika Yethu	78.9	21.1
Emalahleni	56.4	43.6
Engcobo	73.6	26.4
Sakhisizwe	51.3	48.7

Source: RSS, 2006

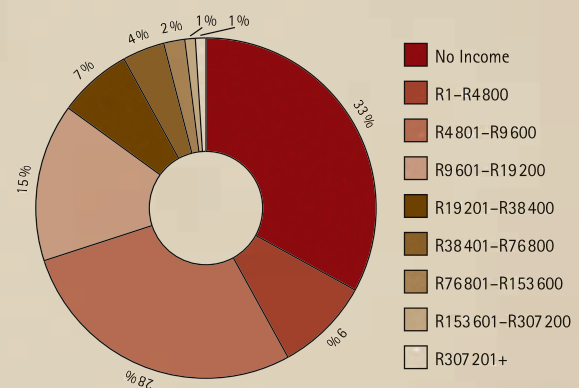
As a result of widespread poverty in the District, malnutrition is prevalent. For example, Intsika Yethu's IDP states that child malnutrition rate is 25%. Reading the IDP's gives the impression that the PGDP Comprehensive Nutrition Programme is not happening. There is probably a need for better co-operation with DoE, DoH, DSD and DoA in this respect, and the preparation of a District Malnutrition Plan.

HOUSEHOLD INCOME

Household incomes are fairly low in the District, reflecting low levels of affordability and a low revenue base for most of the municipalities. A large proportion (33%) of the residents in Chris Hani have no regular income. Chart 6 illustrates the annual incomes of households in the District. The number of residents who have no income outweighs those in any other category of income.

The low levels of income have a serious impact on the affordability of services rendered by municipalities. Therefore the municipalities should find more cost effective methods of providing free water, electricity and sanitation, without increasing the financial burden of wealthier residents.

National and Provincial governments will have to readjust grant allocations to municipalities to ensure that they do not become bankrupt as a result of distributing free services to indigents, which they cannot afford due to their current precarious financial positions.



municipal capacity

MUNICIPAL CAPACITY AND CO-OPERATION

Engagement meetings between the CHDM and the LM's have raised issues about how municipalities can be brought up to speed to address the priorities interventions required to unlock the social and economic potential in the their local areas.

It was identified that the Municipalities need to address bye-laws, policies and performance governing/in relation to, amongst other issues, trade regulation, procurement, land use, zoning, plans for the sectors, resources like staff and funding/budgets required to implement the priorities.

Stakeholders within the Chris Hani community – business, labour, farmers, civil society – have, among others, identified the following as constraints they face in dealing with the municipalities:

- Lack of communication between business and local government impeding on access to information on existing business opportunities. There is a clear need for a business-local government-labour forum to share in a joint vision and strategy to tackle the growth and development challenges in the district
- Insufficient basic infrastructure e.g. roads, public toilets, cleanliness
- Lack of a clear and simple Incentive strategy for new businesses, and support for informal traders
- Avoidable delays in land servicing and preparation for housing development, and uncertainty around land claims and land use.
- Lack of effective policing, and a lack of coordinated strategy towards combating crime
- Supply chain management policy does not create a conducive environment for business (e.g. surety), and is hampered by long periods to wait before bids are awarded, a lack of understanding of statutory requirements for procurement, and a perception of the lack of transparency in the awarding of bids/tenders.





and co-operation

IDP ALIGNMENT

- All CHDM Municipal IDP's give attention to building their own delivery capacities. The filling of critical vacancies (e.g. Municipal Managers etc) is critical, as are measures to attract and retain critical skills.
- IDP's have improved over the last few years and are generally aligned to PGDP in terms of agrarian transformation, public sector transformation, human resource development, economic diversification and tourism, infrastructure provision, and fighting poverty.
- However, there are some important gaps in the context of provincial alignment (e.g. housing, EPWP, malnutrition).
- IDP's do not yet integrate the activities of all three levels of Government (such as Biofuels (ASGISA).
- The Chris Hani IDP devotes considerable attention to building its own capacity and that of the local municipalities. Perhaps more attention could be given to how to improve co-operation with other arms of Government

MUNICIPAL-BUSINESS CO-OPERATION

On 18/19 October 2006 Local Business met CHDM and Lukhanji LM to gain a better understanding of how to promote a better business environment. The two highest priority issues identified by the participants were the need for better communication between Business and Municipality (22 "votes"), followed by the need to improve infrastructure (reliable electricity, water, roads and municipal cleaning services)(16 "votes"). Problems with municipal regulations ("red tape") only received one "vote". This seems to indicate that there is a need for municipalities to give a higher priority to Improving communications with local business.

MUNICIPAL-PROVINCIAL

DEPARTMENTS/AGENCIES CO-OPERATION

The District IDP's show some evidence of co-operation with Provincial Departments, and this co-operation probably Improved as a result of ISRDP. However, as already mentioned, there are several areas where co-operation seems to be lacking.

Municipalities would be assisted by Provincial Departments always planning spatially (using DM and LM's as the geographic units), and by Departments consulting DM's/ LM's at District level when preparing their Strategic Plans.

MUNICIPAL-NATIONAL

DEPARTMENTS/SOE'S CO-OPERATION

Co-operation with relevant National Departments/SOE's could also be improved. A particular case is the need to work with Eskom regarding the electrification backlogs.

conclusion

The CHDM is clearly grappling with very entrenched problems of poverty and unemployment, and progress seems to have been quite slow so far in addressing these problems. It is of concern that while public investment in the District is increasing, there seem to be very few substantial private sector projects in the pipe-line.

The Summit is potentially very important for setting in motion processes to improve municipal planning and management capacities, particularly with respect to co-operation with other arms of Government, and with Business. The private sector, business-support agencies and the municipalities need to work together to develop the detailed priority industry action plans mentioned above (under Section 5).

The outcome of the Summit should be the development of a "Framework Agreement" that outlines institutional roles and responsibilities to accelerate growth and development in the District. This Agreement should also suggest the mechanisms and processes for monitoring progress on the decisions reached and the governance framework for ongoing dialogue and feedback among the social partners.

The district GDS presents a unique opportunity for constructing partnerships and harnessing the collective energies and contributions of a range of actors and role players with a view to enhancing accelerated and shared growth.

The district GDS has the potential to unlock the potential of all localities, and ensure that all sectors of society identify their role and contribute to the common national objective to build a better life for all.

Generally speaking, there are eight key drivers to unlocking economic potential and job creation as well as enhancing competitiveness in the Chris Hani district:

1. Water resources located in the District could be better used for agricultural development and tourism opportunities.
2. Natural resources, including coal, clay, sand and quarries could be better exploited.
3. Agriculture remains at the heart of the district economy in spite of its stagnant and even declining contribution to the district economy. And its importance could not be more emphasised than through its potential to contribute towards two mega projects that are being rolled out by both National and Provincial government: a) Forestry Development, and b) Bio-fuels
4. Processed agricultural goods offer significantly more economic value than the non-processed products. It is therefore important to consider the encouragement of the processing and manufacturing of goods within the District



5. Tourism is an untapped resource within the District. An integrated approach must be taken in the promotion and development of potential tourism sites. Areas of significance include: areas of natural beauty; areas of historical and cultural interest (such as rock art and the Anglo South African battle sites) and; diverse ecosystems, which may attract tourists to engage in activities such as mountain biking, game hunting and white water rafting.
6. Massive infrastructure roll-outs (including enhancements and developments in ICT) envisaged under ASGI-SA, the PGDP and the district and local infrastructure development plans to address backlogs and maintain existing and refurbish aging infrastructure, could be used to stimulate economic activity throughout the construction value chain.
7. Local procurement could offer many economic opportunities throughout all sectors of the local economy.
8. Investing in, and aligning skills development to the identified key growth sectors will further enhance the locational competitiveness of the Chris Hani District Area.



acronyms

ACRONYMS

ABET	Adult Basic Education and Training	FET	Further Education and Training
ASGISA	Accelerated and Shared Growth Initiative for South Africa	GDS	Growth and Development Summits
BDS	Business Development Services	HBC	Home-Based Care
CASP	Comprehensive Agriculture Support Programme	HDI	Human Development Index
CHARTO	Chris Hani Regional Tourism Association	IDC	Industrial Development Corporation
CHDM	Chris Hani District Municipality	IDP	Integrated Development Plan
DBSA	Development Bank of Southern Africa	ISRDP	Integrated Sustainable Rural Development Programme
DEAT	Department of Environment and Tourism (National)	LED	Local Economic Development
DEAET	Department of Economic Affairs Environment and Tourism (Provincial)	LM	Local Municipality
DM	District Municipality	MIG	Municipal Infrastructure Grant
DME	Department of Minerals and Energy	NGDS	National Growth and Development Summits
DoA	Department of Agriculture	NWGA	National Wool Growers Association
DoE	Department of Education	PGDP	Provincial Growth and Development Plan
DoH	Department of Health	PPP	Public Private Partnerships
DoL	Department of Labour	RIDS	Regional Industrial Development Strategy
DORA	Division of Revenue Act	RSS	Rapid Services Survey conducted by FISER (Fort Hare Institute For Socio-economic Research) for the Office of the Premier
DWAF	Department of Water Affairs and Forestry	RTP	Responsible Tourism Planning
ECD	Early Childhood Development	SMME	Small Medium and Micron Enterprises
EIA	Environmental Impact Assessment	SOE	State Owned Enterprises
EPWP	Expanded Public Works Programme		



GDS AGREEMENT

Chris Hani District Growth and Development Summit Agreement



"Stimulating Local Economies through Shared Growth Initiatives"

"Sikhulisa uqoqosho lwethu sibambisene ngamaphulo enlutha"

"Aansporing van Plaaslike Ekonomie deur Gesamentlike Ontwikkelings inisiatiewe"

22-24 November 2006
Queenstown

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1 INTRODUCTION, BACKGROUND, VISION, OBJECTIVES & OUTCOME

1.1 INTRODUCTION

In response to the National Growth and Development Summit (GDS) held in June 2003 and the Eastern Cape Provincial Jobs Summit in February 2006, the Chris Hani District Municipality (CHDM) has been mandated as one of six district municipalities in the Eastern Cape Province to host a District Growth and Development Summit in order to work towards the implementation of the National GDS and Provincial Jobs Summit agreements.

The broad objectives of the Chris Hani District Growth and Development summit are as follows:

- To mobilise and consult stakeholders for a common growth and development path for the district;
- To develop strategies to protect existing jobs and accelerate the creation of new jobs in the district;
- To lay the foundation for a District Growth and Development Strategy and Post-Summit Implementation Plan;
- To strengthen the economic growth focus of the Integrated Development Plan (IDP);
- To sign a Growth and Development Agreement with all key stakeholders.

1.2 VISION

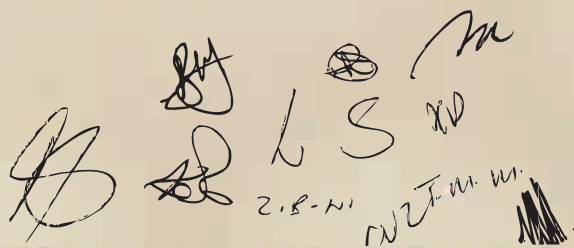
The District Growth and Development Summit Agreement commits the following social partners to grow and develop the district, so all people benefit from the economy and have equitable access to social services:

- Provincial Government
- Local Government (Chris Hani District Municipality, Lukhanji Municipality, Inkwanca Municipality, Tsolwana Municipality, Intsika Yethu Municipality, Inxuba Yethemba Municipality, Engcobo Municipality, Sakhisizwe Municipality, Emalahleni Municipality)
- Organized Business (Eastern Cape Business Unity)
- Organized Labour
- Organized Farmers (Chris Hani Farmers Union, Agri East Cape)
- Organised Civil Society
- Organised Youth Sector (Eastern Cape Youth Commission, Chris Hani District Youth Council)
- Traditional Leadership
- Institutions of Higher Learning (University of Fort Hare, Walter-Sisulu University, Grootfontein Agricultural College)
- Further Education and Training (Ikhala Public FET College, King Sabatha Dalindyebo FET)

1.3 OBJECTIVES OF THE SUMMIT AGREEMENT

1.3.1 The signatories to this agreement agree to:

- Cooperate with all other stakeholders and take concerted action to protect, sustain and create jobs and promote growth and investment;
- Strengthen and utilise the IDP as a socio-economic planning tool for the district;
- Identify the social- and economic development priorities and key skills needs in the district;


21.8.11
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- Provide and leverage the resources necessary to grow and develop the social and economic potential of the district;
- Take action to accelerate the delivery of basic services to the population in the district;
- Base all programs on the principle of people-centred development. Particular emphasis must be placed on historically marginalized groups such as children, youth, women, the elderly, the disabled people and people living with HIV and AIDS;
- Develop a growth path for the district that benefits the majority of the unemployed, poor and disadvantaged population and does not create wealth for a few people only;
- Target jobs, growth and development strategies, skills development initiatives and service delivery towards young people, given that 67% of the population in the District are between 2 and 35 years;

1.4 OUTCOMES OF THE SUMMIT AGREEMENT

In order to give effect to the content of this agreement, the partners commit themselves to enter into a partnership around a number of short, medium and long range post-summit activities that create jobs, promote growth and investment, based on the principle of people-centred development.

2 CREATE DECENT JOBS, LIVELIHOODS OPPORTUNITIES AND STIMULATE THE LOCAL ECONOMY

2.1 PUBLIC INVESTMENT INITIATIVES

2.1.1 In line with recent policy directives from national government, the district municipality is emerging as the centre of planning and coordination between the three spheres of government. To give effect to this, national departments, provincial department and public entities commit to accelerate the establishment of infrastructure to enable social and economic activity in the identified priority sectors in the district. This agreement recognises the job creation and empowerment potential of construction and infrastructure development in all the priority sectors.

2.1.2 The signatories agree that the district priority sectors are:

- Agriculture and Agro-processing
- Forestry and wood processing
- Tourism
- Construction
- Manufacturing
- Trade and Business Services

2.1.3 The parties specified below undertake to implement the following prioritized projects:

2.1.3.1 Land and Agrarian Reform

The Municipalities, in cooperation with the Department of Agriculture (DA EC), Department of Economic Affairs Environmental Affairs and Tourism (DEAET EC) and Department of Land Affairs (DLA) and Office of the Premier's (OTP) ASGISA EASTERN CAPE PTY Ltd and the national Department of Agriculture (DA) commit to make available R150m towards Agrarian Transformation and Green Revolution over a period of three years in order to:

- Refurbish Ncora, Qamata, Bilatye, Shiloh, Tshatshu, Tentergate Irrigation Schemes;
- Implement the following livestock Improvement Programmes: Nguni Programme, Cala Abattoir, Bilatye, Lady Frere and Elliot feedlots, Ncora fattening scheme;
- Implement goat programs at Tsolwana, Inxuba Yethemba, Intsika Yethu, Lukhanlani Municipalities;

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- Implement wool programme in all local municipalities. This includes building of shearing sheds, stock improvement and capacity building for emerging farmers;
- Improve the sustainability of the massive food programme in all local municipalities, including possibilities for local beneficiation and processing;
- Improve implementation of and access to the Comprehensive Agricultural Support Programme (CASP);
- Build in agro-processing plants at Qamata, Cradock, Lady Frere and Dordrecht to stimulate growth job creation in these local economies. This includes a biodiesel plant, sorghum milling, maize milling vegetable processing, milk and a cheese factory;
- Develop strategies for the district to benefit from the bio-fuels industry;
- Accelerate the pace of land redistribution and restitution.

2.1.3.2 Forestry, Timber and Wood Products

The Municipalities, the Department of Housing, Local Government and Traditional Affairs (DHLGTA), Eastern Cape Development Corporation (ECDC), DEAET, the Department of Water Affairs and Forestry (DWAF), DLA and the Department of Trade and Industry (dti) commits to make R 30m available over a period of three years to:

- Establish a pole treatment plant in Cofimvaba;
- Establish two sawmills at Intsika Yethu and Engcobo Municipalities;
- Establish a furniture factory at Engcobo;
- Establish two charcoal manufacturing plants at Sakhisizwe and Engcobo Municipalities;
- Maintain the existing 7400 ha forest in the district and afforest 10 000ha at Intsika Yethu, Sakhisizwe and Engcobo Municipalities.

2.1.3.3 Tourism Development

The District Municipality, ECDC, DEAET, Department of Sports Arts and Culture (DSRAC) commit to make R10m available to:

- Develop a tourism masterplan for the district;
- Promote the Great Karoo Gateway Biosphere (including Tsolwana Game Reserve, Cradock SPA, Vusubuntu Cultural Village, Cradock Four Memorial, Vlekpoort, Middleburg Caravan Park linking with Mt Zebra National Park);
- Link the Madiba Heritage Site/Liberation routes corridor to Chris Hani Memorial Lane, Lubisi Dam Tourism Development and other tourism initiatives in the district;
- Establish CHDM Tourism Information Centre in Queenstown.

2.1.3.4 Exploitation of mining resources

The District Municipality, DEAET, Department of Minerals and Energy (DME) commit to make R5m available over 2 years for the Indwe – Molteno Coal Fields and Brick Making Initiative. This includes:

- Facilitate the issuing of mining licences for small brick makers;
- Create enabling conditions for small brick makers to supply the established construction industry;
- Strengthen beneficiation model at the Elitheni coal mining project at Indwe with the potential of creating ±1000 jobs and small enterprises in cartage/transport, accommodation and hospitality, services which can create an additional ±150 jobs to the mining sector.

2.1.3.5 Industrial Sites for Manufacturing

The Chris Hani District Municipality commits to lobby funds to consolidate and expand the industrial sites in the Chris Hani District Municipality such as Queendustria (Queenstown),

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Rosemead Industrial Site (Cradock) and improve small industry incubation centres in strategic locations in the district.

2.2 ACCELERATE INVESTMENT IN SOCIAL INFRASTRUCTURE

- 2.2.1 The provincial department of education has planned and budgeted for the upgrading and rehabilitation of over 190 schools and FET colleges in the Chris Hani district over the current medium term expenditure cycle, amounting to over R315m.
- 2.2.2 The provincial Department of Health commit to a total health infrastructure spending of R375m in the current medium term expenditure cycle, rising from R90m for the revamp of 40 clinics and hospitals in 06/07 to R165m targeted for the revamp of 36 health facilities in 07/08, then falling to R120m for revamping 23 health facilities in 08/09
- 2.2.3 The Department of Sport, Arts and Recreation have planned and budgeted to build Cofimvaba library in the Intsika Yethu Local Municipality, where R2m will be spent in 07/08, and a further R1.5m in 08/09
- 2.2.3.1 The District Municipality with the Department of Roads and Transport commit to build and maintain a road network prioritising accessibility to areas identified as priorities in this agreement, improve access roads to residential towns and create conditions enabling for public transport:
- 2.2.3.2 The provincial roads and transport department has allocated at least R275m over the current medium term cycle, with R105m being spent in the current financial year (06/07) and the balance over the following two years.
- 2.2.3.3 The rehabilitation of the Cala – Lady Frere road in the Emalahleni local municipal area at a cost of R50m, the Idutywa – Ngcobo road in the Ngcobo local municipal area at a cost of R0.6m, the Lady Frere – Queenstown road at a cost of R1.5m is budgeted for and progress in this regard is underway.
- 2.2.3.4 Furthermore, the rehabilitation of access roads to ‘great places’ as well as access roads to tourist and leisure resorts within the district has been budgeted at R4.5m over the medium term cycle.
- 2.2.3.5 The Vukuzake labour-intensive road maintenance programme in Chris Hani has been allocated R8m for the current medium term cycle.
- 2.2.3.6 An amount of R109m over the medium term has been budgeted by the provincial roads and transport department for maintenance of roads in four prioritised local municipal areas: Emalahleni, Intsika Yethu, Ngcobo, and Sakhisizwe.
- 2.2.3.7 The Chris Hani district will also benefit from R80m worth of routine maintenance on 666km of surfaced roads, and 4803km of gravel road, over the medium term. This amount is budgeted in addition to the planned expenditure mentioned above.
- 2.2.3.8 The Chris Hani district is going to receive approximately R120m infrastructure investment from the provincial public works department. An amount of R31m has been allocated in the 06/07 financial year, R42m has been allocated for the 07/08 financial year, and R44m in the 08/09 financial year.

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2.3 PRIVATE INVESTMENT IN PRIORITY SECTORS

Organised business in District commit to:

- 2.3.1 Establish a district-wide umbrella body to coordinate the private sector contribution to growth and development in the district, providing support from chamber to chambers.
- 2.3.2 Advocate a policy of re-investment of capital and profits in the Chris Hani District Municipality.
- 2.3.3 Promote direct investment and trade in the District.
- 2.3.4 Participate and support local economic development initiatives.
- 2.3.5 Establish a mentoring scheme for emerging small and medium enterprises in the priority sectors.
- 2.3.6 Work closely with development finance agencies such as the ECDC, SEDA, Ntsika, IDC, Khula and Thina Sinako LED Support Programme in order to direct and influence investment and promote business.
- 2.3.7 Influence private financial institutions to make funds available for enterprise establishment in the district.
- 2.3.8 Engage in public private partnerships in capital infrastructure projects and programmes such as EPWP and the construction sector, roads, telecommunication, electricity, water and sanitation.

2.4 EXPANDED PUBLIC WORKS PROGRAMME

- 2.4.1 The Municipalities, provincial and national government commit develop an implementation plan for the Expanded Public Works Programme in rolling out the priority projects and programs in this agreement.
- 2.4.2 The Municipalities and the Eastern Cape Youth Commission commit to establish at least two National Youth Service program sites in the district by July 2007.

2.5 LOCAL PROCUREMENT

- 2.5.1 All signatories of this Agreement commit to procure goods and services from suppliers within the Chris Hani district whenever possible.
- 2.5.2 The municipalities supported by the Eastern Cape Provincial Treasury (ECPT) will develop and implement a supply chain management and procurement policy that targets local contractors and suppliers by July 2007.

2.6 SMALL ENTERPRISE PROMOTION

- 2.6.1 Small Enterprise Development Agency (SEDA) commit to establishing local Enterprise Information Centres in every town in the District to provide advice and support services to SMME's by July 2007.
- 2.6.2 The Municipalities commit to establish a collateral pool scheme with the Eastern Cape Rural Finance Corporation (Uvimba) through which the District Municipality invests funds with a commercial bank and cedes the investment to Uvimba to be used as collateral for SMME's to access finance.
- 2.6.3 The Municipalities commit to a partnership with Umsobomvu Youth Fund to establish youth enterprise centres.
- 2.6.4 The signatories to this agreement commit to implementing the national LED guidelines.

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2.7 COOPERATIVES DEVELOPMENT

- 2.7.1 The municipalities will craft a cooperative development and support strategy aligned to the draft provincial cooperative development strategy through a participatory process.
- 2.7.2 The signatories commit to promoting cooperatives as a form of enterprise in the District and agree to procure goods and services from cooperatives.

2.8 ECONOMIC EMPOWERMENT

- 2.8.1 The signatories commit to the national economic empowerment Sector Charters targets and agree to adhere to the principles of Broad Based Black Economic Empowerment.

2.9 ACCELERATED ACCESS TO INFORMATION AND COMMUNICATION TECHNOLOGY

- 2.9.1 The Municipalities, Office of the Premier and Department of Public Works commit to increasing the number of Multi Purpose Community Centres in the District.
- 2.9.2 The District Municipality, ISETT SETA and Ikhala Public FET College commit to establish an ICT Centre by the January 2007.
- 2.9.3 Business, ISETT SETA, and the Education Sector commit to accelerating the pace of knowledge and technology transfer, particularly Information Communication Technologies, targeted research and development.

3 HUMAN RESOURCE DEVELOPMENT

3.1 ADDRESSING HUMAN RESOURCE CHALLENGES IN THE PUBLIC SERVICE

- 3.1.1 In order to accelerate the rate of growth and quality of public service, Department of Housing, Local Government and Traditional Affairs and the municipalities commit to implementing the following actions within one year of the summit:
 - 3.1.1.1 Fill section 57 posts and all critical posts by July 2007.
 - 3.1.1.2 Review municipal organograms in line with powers and function and objectives of this agreement.
 - 3.1.1.3 Develop and implement workplace skills plans.
 - 3.1.1.4 The district municipality will arrange LED training for the representatives of all signatories within six months of the summit to further understanding of LED within the District.

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3.2 EDUCATION AND TRAINING

3.2.1 All signatories commit to:

- 3.2.1.1 Identify and agree on the skills needed for growth and development across the priority sectors in the district.
- 3.2.1.2 Finalise a district skills development plan, led by the district skills development facilitator by November 2007.
- 3.2.1.3 Establish a District Skills Development Co-ordinating Forum by June 2007.
- 3.2.1.4 Facilitate learnerships in the identified sectors within one year of the Summit.
- 3.2.1.5 Increase investment within public and private sector in apprenticeships, internships, and skills programmes.
- 3.2.2 The signatories commit to the targets set in the PGDP, particularly pertaining to: Early Childhood Development, Adult Basic Education and Training, General Education and Training.
- 3.2.3 University of Fort Hare, Walter-Sisulu University, Ikhala College, Grootfontein Agricultural College, King Sabatha Dalindyebo FET commit to:
 - Align their programmes to develop the skills needed for the local economy
 - Conduct relevant and appropriate research to assist local business, labour and government to grow and develop the district economy
 - Increase accessibility of education and training for the vulnerable, poor and disadvantaged
- 3.2.4 The Signatories commit to implementing the projects identified in the provincial Skills Development Plan and the National Skills Fund.
- 3.2.5 All education and training service providers commit to increasing quality of education and training delivered within the district.

4 HIV AND AIDS

- 4.1 All signatories commit to integrate and mainstream HIV and AIDS in economic development.
- 4.2 All signatories commit to develop a district multisectoral plan for HIV and AIDS and integrate the goals, objectives and targets of this plan into the IDP from 2007, with dedicated budgets. This plan should be aligned to the draft provincial plan.
- 4.3 All signatories commit to implementing workplace programs, and extend these into the community where the employees live.

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5 INTEGRATED DEVELOPMENT PLANNING

5.1 The signatories commit to:

- 5.1.1 Strengthening the district and local municipality IDPs on the basis of this agreement
- 5.1.2 Participate in the IDP review
- 5.1.3 Provide the information necessary to plan for all programs and projects identified in this agreement in respect of the spheres of government, engaging meaningfully in the IGR structures.
- 5.1.4 Take into account all programs by all spheres of government when implementing this summit agreement in the district.

6 POST SUMMIT PROCESS

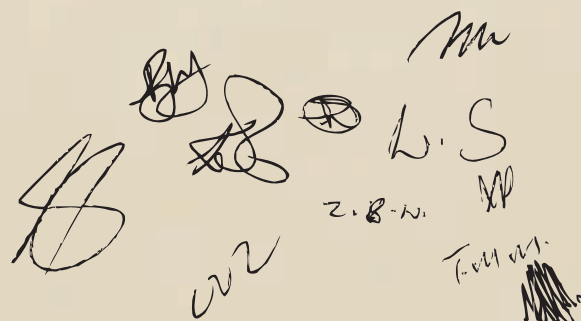
6.1 POST SUMMIT PROCESS MANAGEMENT

- 6.1.1 The District Municipality will assume leadership in the post summit management process;
- 6.1.2 The LED forum will act like a steering committee for the implementation of this agreement and any agreed post summit program. All partners commit to participate in and strengthen the IDP Forum for this purpose;
- 6.1.3 Provincial Government commit to enhance ECSECC's capacity to support the District municipality to facilitate post summit stakeholder participation in the implementation of the summit agreement.

6.2 POST SUMMIT COMMITMENTS

6.2.1 All signatories agree to:

- 6.2.1.1 Comply with this Agreement
- 6.2.1.2 Participate in the fora and structures required for the successful implementation of the District Growth and Development Summit Agreement.
- 6.2.1.3 Participate in the monitoring and evaluation processes of the District Growth and Development Summit Agreement.
- 6.2.1.4 Make available the resources necessary to implement District Growth and Development Summit Agreement.



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6.2.2 District and Local Municipalities commit to:

- 6.2.2.1 Convene quarterly meetings with all partners to promote dialogue and mutual cooperation and partnership enshrined in this agreement.
- 6.2.2.2 Institutionalise bilateral meetings with all signatories to this agreement
- 6.2.2.3 Make available the budget to facilitate implementation of the Summit Agreement.
- 6.2.2.4 Ensuring that the Local Economic Development Forum leads implementation of this Summit Agreement.
- 6.2.2.5 Facilitate LED training to create an enabling environment for LED in the district.
- 6.2.2.6 Develop a communication strategy for the implementation of this summit agreement.

6.2.3 Civil Society commits to:

- 6.2.3.1 Participate in monitoring the implementation of the Summit Agreement
- 6.2.3.2 Support the municipalities in promoting community participation and dialogue in the implementation of the Summit Agreement
- 6.2.3.3 Provide resources to contribute to growth and development in the district

6.2.4 Organised Labour commits to:

- 6.2.4.1 Support the successful implementation of this Summit Agreement
- 6.2.4.2 Mobilise constituencies to participate in the implementation, monitoring and evaluation of the Summit Agreement

6.2.5 Organised Business commits to:

- 6.2.5.1 Mobilising unorganised business, including emerging business in all sectors to become members of organised formations
- 6.2.5.2 Establish local and district structures for all business organisations to engage the municipalities on growth and development matters
- 6.2.5.3 Participate in the post summit implementation fora and the municipal LED fora
- 6.2.5.4 Invest in the growth and development priority sectors to create jobs
- 6.2.5.5 Procure products and services from within the district.
- 6.2.5.6 Facilitate the participation of big business in the implementation of the Summit Agreement
- 6.2.5.7 Participate in monitoring the implementation of the Summit Agreement

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6.2.6 Further Education and Training and Institutions of Higher Learning commit to:

- 6.2.6.1 Participate in the successful implementation of the Summit Agreement
- 6.2.6.2 Identify skills and knowledge gaps in priority sectors
- 6.2.6.3 Align their courses and programs to develop the skills for growth and development in the district
- 6.2.6.4 Research the growth and development priorities of the district

6.2.7 Traditional Leadership commits to:

- 6.2.7.1 Mobilise constituencies to participate in the implementation, monitoring and evaluation of the Summit Agreement.
- 6.2.7.2 Cooperate with government acts and policies that regulate access to land for development, in particular targeting rural women and youth.

6.2.8 Organised Farmers commit to:

- 6.2.8.1 Establish a forum for organised Farmers in the district to engage the municipalities
- 6.2.8.2 Mobilise members to participate in the implementation, monitoring and evaluation of the Summit Agreement

6.2.9 Organised Youth Sector commit to:

- 6.2.9.1 Support the municipalities in promoting community participation and dialogue in the implementation of the Summit Agreement
- 6.2.9.2 Mobilise constituencies to participate in the implementation, monitoring and evaluation of the Summit Agreement

6.2.10 Provincial Government commit to:

- 6.2.10.1 Allocate resources for the implementation of this agreement
- 6.2.10.2 Accelerate delivery of public services within the Chris Hani district
- 6.2.10.3 Make available information for and participate in the IDP review, augmentation of the socio-economic profile and the growth and development strategy for the district

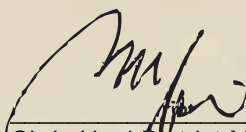
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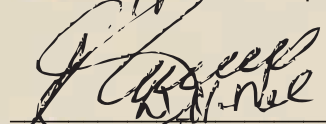


7. Signatories to Agreement


We, the undersigned, duly mandated hereby commit to this agreement.


Queenstown, 24th November 2006

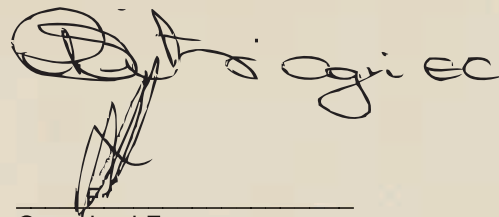

Chris Hani District Municipality



Provincial Government

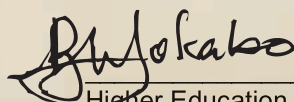

Organized Business

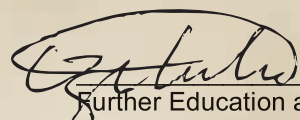

Organized Labour

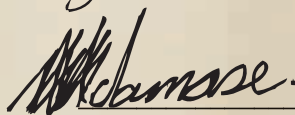

Traditional Leadership

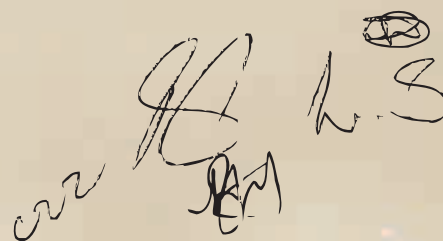

Organized Farmers


Civil Society


Higher Education


Further Education and Training


Organised Youth







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