

## ADDRESSING RURAL DEVELOPMENT THROUGH FUNCTIONAL REGIONS

**Priority District Analyses:  
High impact (catalytic) infrastructure intervention  
areas for economic transformation**

### **Cluster 4 Report: For Priority Districts in Eastern Cape, Free State and KwaZulu-Natal**

Districts of Xhariep (Free State), Joe Gqabi, Alfred Nzo, O.R. Tambo, Chris Hani and Amathole (Eastern Cape), and Sisonke and Ugu (KwaZulu-Natal)

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## **PART C**

### **First Round of Catalytic Project Evaluation: Eastern Cape Cluster Priority Districts**

#### **1 Introduction**

Catalytic projects can be broadly defined as projects that lead directly or indirectly to high impact in relation to employment creation, local economic development and transformation. These are mostly (but not only) infrastructure related projects where the local environment/conditions are transformed such that it enables accelerated development locally and possibly also in the wider region. These projects are identified mostly through a bottom-up process where local municipalities / districts identify projects drawn from their own local planning processes. It is expected that these projects should be integrated parts of IDPs and/or local and regionally linked initiatives.

During the first round of requesting the submission of catalytic projects by DRDLR (2012/13) no predetermined framework or structure was provided to guide and inform municipalities. As a result a wide variety of projects extending across a number of sectors was received. These projects might not all fit into the view of what a 'catalytic' project would be. It does however provide insight into the types of projects that municipalities feel are critical/relevant/important.

It is also important to note that the details of national infrastructure investments driven through the PICC are not known, as such the potential for overlap or conflict might arise. During the current project it became necessary to develop an understanding of the makeup and structure of settlements within the identified 23 districts. It is this understanding combined with the economic, environmental and social context that can be used to evaluate the feasibility of proposed projects especially in view of its catalytic nature.

The current set of proposed catalytic projects consists of the following:

- Two projects per district, thus 46 projects in total
- Projects are spread across all 23 district municipalities
- Comprises both large and small projects (financial costs)
- Deals with sectors including:
  - Agriculture production
  - Electrical infrastructure

- Processing (related to industry)
  - Road infrastructure
  - Water and sanitation services/infrastructure
  - And other infrastructure categorised under 'urban'
- Maps have been prepared indicating, where possible, the location of catalytic projects (those without sufficient spatial information have been placed centrally in the district and are indicated with a yellow outline)
- A table also accompany the mapped information listing the project, location, type, and financial cost implications.

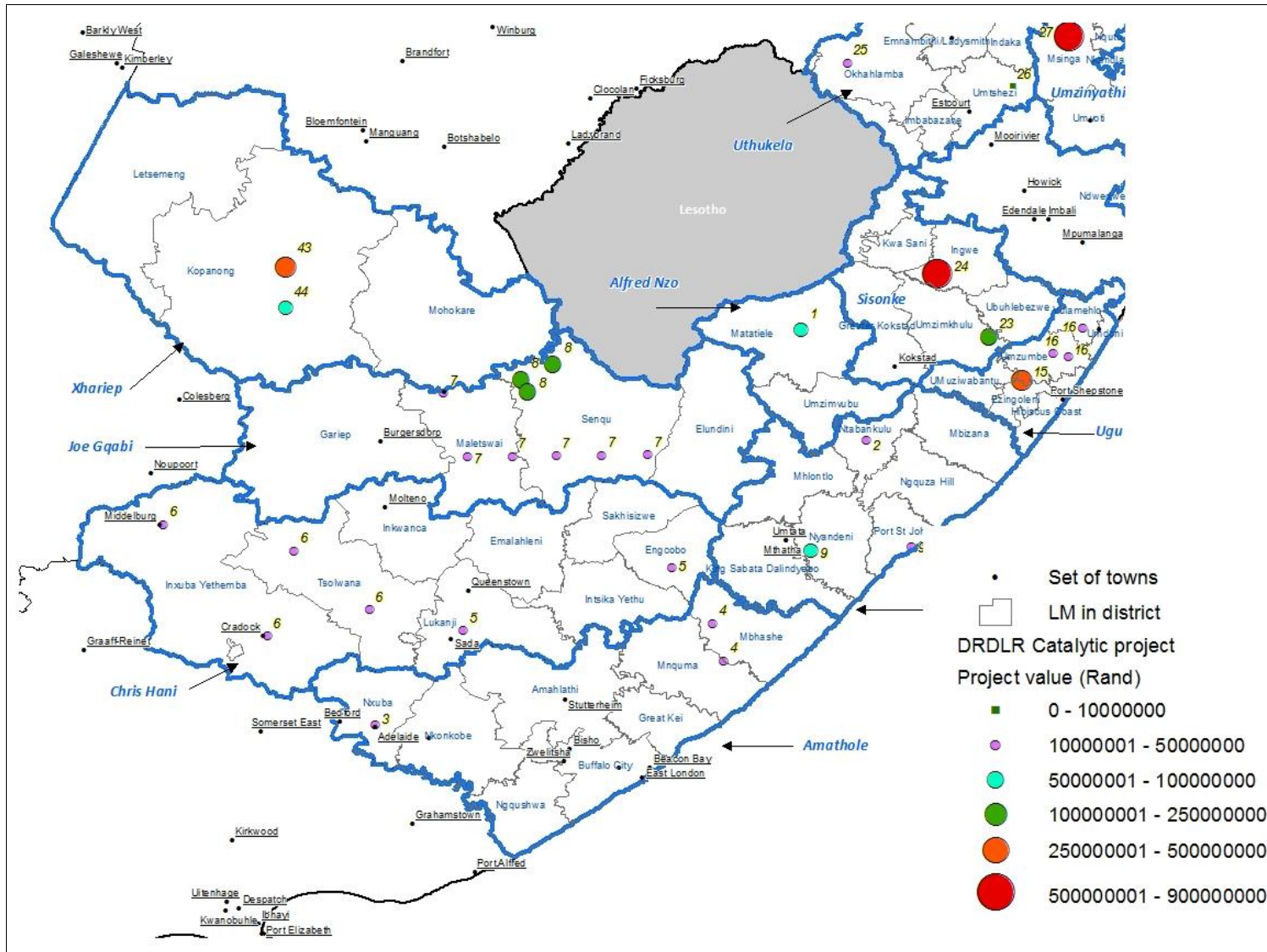


Figure 1.1: Catalytic projects in the Eastern Cape Cluster of districts

## 2 Perspective on projects

Figure 1.1 shows the catalytic projects listed for the Eastern Cape cluster of districts (including Xhariep in the Free State and Ugu and Sisonke in KwaZulu Natal) in the spreadsheet below. The size and colour of each dot indicate the projected Rand value of the project (and not the type of project). Figure 2.1 indicates the total project value per district. It is clear that Sisonke in KwaZulu Natal has put forward catalytic projects with the highest price tag, while Amathole and Alfred Nzo the lowest (two of the districts that are also most in distress).

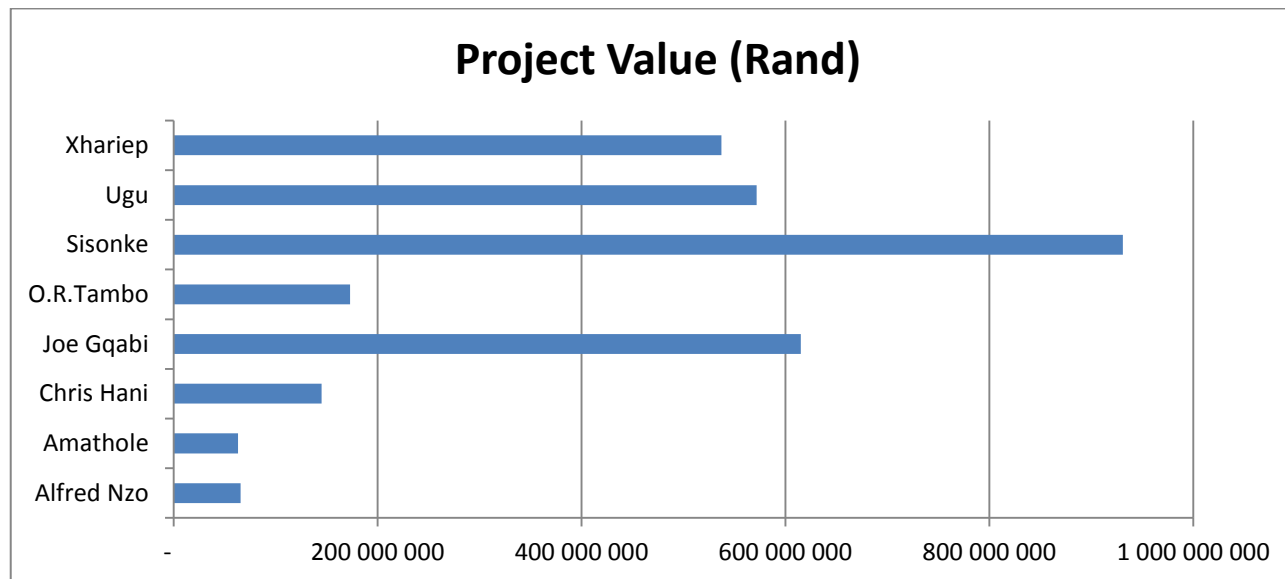


Figure 2.1: Project value per district in the Eastern Cape cluster of districts

Projects range from building dams (in Sisonke) to fencing to conducting feasibility studies for projects. Most of the projects though relates to water supply, water reticulation or building dams. Water supply must therefore be seen as a big constraint in these districts. Other projects relate to improving agricultural production, small town regeneration and sanitation (see Tables 2.1-2.3 for all the project details that were supplied).

Table 2.1: List of catalytic projects in the Eastern Cape districts

Eastern Cape Province

DM	LM	Settlement	Project name	Project description	Main project activities/output	Employment creation	Business plans	Number of months	Project value	Amount required by the district
Alfred Nzo DM	Alfred Nzo DM	District Wide (Ntabankulu, Matatiele, Mbizana & Umzimvubu)	Grain Production & Processing for Alfred Nzo DM	Boost the level of grain production within the area.	Fencing (R20 000/ km)	580	No	12	R 2 000 000	
					Development of Conversation layout for the area of arable land					
					Contour banks & grassed waterways; Storage					
					Construction of Storage Facilities (accessible for 34 ton trucks)					
					Grain Production (cost per 1ha = R8 900. R8 900 x 5 800ha)				R 52 800 800	
					Purchasing of 4 silos (1 per Local Municipality)				R 6 000 000	
					Milling Plant					
					Access Roads				R 3 500 000	
					Transportation				R 1 500 000	
<b>Amount Required by the District</b>										<b>R 65 800 800</b>
Alfred Nzo DM	Ntabankulu Local Municipality (Ntabankulu Town)	Ntabankulu Ward 6	Upgrading of Ntabankulu Town Sanitation	Installation of water borne sewer systems in Ntabankulu Town and construction of waste water treatment	Analysing the existing infrastructure	600	Yes	12		
					Water Supply				R 49 063 000	
					Sewer Reticulation					
					Construction of Waste Water Treatment Works				R 18 000 000	
					Sludge Treatment & Disposal					
					Operation & Maintenance					

DM	LM	Settlement	Project name	Project description	Main project activities/output	Employment creation	Business plans	Number of months	Project value	Amount required by the district
				works	Additional Services e.g. Professional Services, EIAs				R 7 706 817	
					Manholes				R 4 709 000	
					Inspection Chambers				R 3 374 000	
<b>Amount Required by the District</b>										<b>R 48 000 000</b>
Amathole DM	Nxuba LM	Adelaide Town incl. Lingelethu Bezuidenhoutville (Ward 1, 2 & 3)	Adelaide Water Reuse		Water Supply Augmentation Schemes for Adelaide	1200	Yes	24	R 39 210 000	
<b>Amount Required by the District</b>										<b>R 38 910 000</b>
Amathole DM	Mbhashe LM, Mquma LM & Ngqushwa LM	Mquma LM: 28.14171 32.33003 Mbhashe LM: 28.30218 32.09760	Grain Production		Supply of Maize Production inputs	100			R 24 000 000	
					Mechanisation					
					Feasibility Study for a Maize Milling Centre					
<b>Amount Required by the District</b>										<b>R 24 000 000</b>
Chris Hani DM	Ngcobo, Lukhanji, Sa khisizwe	Zulukama, Nqobokeni, Tambo Village, Goboti, Gqaga, Rooiport, Penensula, Swaren, Ballator, Fairview, Rosbank, Imizamo, Entwanazan	Livestock improvement Programme (Garden Employment Programme)		Fencing	867		36	R 350 000 000	
					Shearing Sheds					
					Dipping Tanks					
					Handling Facilities					
					Small Farmers Capacity Building Programmes					
					Livestock Medication and Administration of Medication					
					Community Gardens					



DM	LM	Settlement	Project name	Project description	Main project activities/output	Employment creation	Business plans	Number of months	Project value	Amount required by the district
		a								
<b>Amount Required by the District</b>										<b>R 300 000 000</b>
Chris Hani DM	1. Intsika Yethu 2. Inkwanca, Tsolwana, Inxuba Yethemba	Tsomo, Tarkastad, middelburg, Hofmeyer, Cradock	Small Town Revitalisation Programme for the towns of Middleburg, Hofmeyer, Cradock, and Tarkastad		Establishment of Brick Yard	154		36	R 114 000 000	
					Equipment for Pavers in each LM					
					Paving of streets and community areas in all 3 towns					
<b>Amount Required by the District</b>										<b>R 114 000 000</b>
Joe Gqabi DM			Maize Meal Hub Programme	The project seeks to raise the production of red meat in a region where consumption is largely imported from the surrounding regions.	Programme 1: Meat Beneficiation (Feedlot, Abattoir, Maize Storage, Feed Mill, Logistics & Marketing)		Programme 1 does have a Business Plan	60	R 30 000 000	
					Programme 2: Expanded Livestock Improvement Programme (Animal Handling Facilities, Shearing Sheds with equipment & Fencing, Mentoring)				R 40 500 000	
					Programme 3: Tsitsa River Basin (Social Facilitation, Training, & Establishment of Production Cooperatives; Soil Rehabilitation, Tree Planting, Alien Vegetation Removal,				R 10 000 000	

DM	LM	Settlement	Project name	Project description	Main project activities/output	Employment creation	Business plans	Number of months	Project value	Amount required by the district
					Water Harvesting, Fencing, Gabions, Small Scale Irrigation)					
					Programme 4: Expanded Working for Water, Wetlands & Livestock Programme (Expanding National Resource Management Programme & Landscape)				R 15 000 000	
					Programme 5: Massive Food Production (Elundini Dry Land Cropping)				R 10 500 000	
					Programme 6: Agricultural Skills Development Programme (Agricultural Skills Centre in Aliwal North)				R 14 000 000	
									<b>Amount Required by the District</b>	<b>R 120 000 000</b>
Joe Gqabi DM	Senqu & Maletswai LM	Part of Herschel, Sterkspruit, Lady Grey.	Upper Orange Irrigation Scheme	Maletswai & Senqu Regions have been identified for the planning and implementation of	Phase 1: Potable Water Allocation & Irrigation Water Allocation				R 450 000 000	

DM	LM	Settlement	Project name	Project description	Main project activities/output	Employment creation	Business plans	Number of months	Project value	Amount required by the district	
				sustainable infrastructure , with improved service provisions, to provide the economic growth and job creation.							
<b>Amount Required by the District</b>										<b>R 450 000 000</b>	
O.R. Tambo DM	Nyandeni LM		Dumasi regional water supply scheme – construction of village reticulation and storage reservoirs		Construction of storage reservoirs and reticulation of water		Yes	18	R 90 000 000		
<b>Amount Required by the District</b>										<b>R 87 000 000</b>	
O.R. Tambo DM	Port St. Johns LM		Port St. Johns regional water supply scheme – construction of off-channel storage dam and supply of water to additional villages		Construction of an Off-Channel Storage Dam		Yes	18	R 35 000 000		
					Supply and installation of pipe works from the dam, this includes, scour and emergency outlet pipe						
					Extension of the Raw Water Rising Main to the dam site						
					Pipe jacking and crossing of the R61 Road with the Gemvale supply pipe line						

DM	LM	Settlement	Project name	Project description	Main project activities/ output	Employ- ment creation	Business plans	Number of months	Project value	Amount required by the district
					Extension of the 250mm, Raw Water Rising Main from the dam to the pump station					
					Construction of two operators house at the Water Treatment Plant					
					Extension of the access road to dam					
					Construction of storm water drainage system and Gabion structures at the access road					
					Construction of the dam and pump station					
					Construction of Booster Pump Station No. 2					
					Construction of the Raw Water Abstraction Pump Station at the Mzimvabu River					
					Supply and installation of Mechanical and Electrical Equipment for pump station					
					Electrical power supply by Eskom					

**Table 2.2: List of catalytic projects in the Free State district**

**Free State Province**

DM	LM	Settlement	Project name	Project description	Main project activities/output	Employment creation	Business plans	Number of months	Project value	Amount required by the district
Xhariep DM			Xhariep Irrigation Development Project		Establishment of an Irrigation Development Project		No		R 476 391 924	
<b>Amount Required by the District</b>										<b>R 476 391 924</b>
Xhariep DM			Xhariep Sand & Stone Project		Sand & Stone Project		No		R 61 000 000	
<b>Amount Required by the District</b>										<b>R 61 000 000</b>

**Table 2.3: List of catalytic projects in the KwaZulu Natal districts**

**KwaZulu Natal Province**

DM	LM	Settlement	Project name	Project description	Main project activities/output	Employment creation	Business plans	Number of months	Project value	Amount required by the district
Ugu DM	Ugu DM		Bulk water and secondary bulk water services.		Install bulk and secondary bulk water services	400	Yes	60	R 500 000 000	
<b>Amount Required by the District</b>										<b>R 500 000 000</b>
Ugu DM	Ugu DM		Roads infrastructure development for small sugar growers in		Fairview Mission: Grade 1km of road 5m wide with drains approximately every 100m from main road to the zone	50	No	6	R 25 956 015	

DM	LM	Settlement	Project name	Project description	Main project activities/output	Employment creation	Business plans	Number of months	Project value	Amount required by the district
			the District		Reconstruct zone supply quarry, level and compact quarry on the zone					
					Open 300m of road leading to a zone					
					Storm water pipes					
					Oshabeni: Grade and supply quarry to 400m of road from main road to the zone with mitre drains. To supply quarry, grade and compact the zone					
					KwaQwabe: To grade and supply quarry to 600m of road, 5m wide with mitre drains					
					Supply quarry, level and compact quarry to the zone					
					Mmzisitha: To grade 3km of road, 4m wide with drains approx. every 100m					
					Supply quarry, level and compact quarry to the zone					
<b>Amount Required by the District</b>										<b>R 20 000 000</b>
Sisonke DM	Umzimkhulu LM		Greater Summerfield Water Supply Project, Umzimkhulu		Construction of a dam wall at Mvolozzi River		Yes	60	R 230 000 000	
					Inter River transfer from Umzimkhulu River to Mvolozzi River					

DM	LM	Settlement	Project name	Project description	Main project activities/output	Employment creation	Business plans	Number of months	Project value	Amount required by the district
					Construction of the Bulk mains and reticulation to approx. 7 813 HH					
					Development of a Water source and abstraction works (Umzimkhulu River)					
					Construction of water treatment plant and storage facility at the source					
					Construction of a new 200mm diameter Bulk main and 5ml commanding reservoir					
					Construction of a new 200mm diameter rising main					
					Construction of a new 150mm diameter gravity main and other storage reservoirs feeding from commanding (various sizes)					
					Construction of a new dam wall at Mvolozi River (storage)					
					Bulk Meters will be provided at the boundary of each distinct supply zone					
<b>Amount Required by the District</b>										<b>R 150 000 000</b>
Sisonke DM	Ingwe LM	Kilimon (Ward 1, 2 &	Greater Kilimon		Construction of a 12ml/day dam		Yes	60	R 700 886 940	

DM	LM	Settlement	Project name	Project description	Main project activities/output	Employment creation	Business plans	Number of months	Project value	Amount required by the district
		4)	Water Project		Inter basin transfer from Umzimkhulu River to Ngwagwane River					
					Construction of the Bulk mains and reticulation to approximately 5 944 HH					
					Development of a water source					
					Construction of a new 2 600m 200mm diameter bulk main and 3ML reservoir (Res 1 - Greater Kilimon)					
					Construction of a new 12 100m 200mm diameter bulk main and 300kl reservoir (Res 2 - Project J)					
					Construction of a new 13 700m 150mm diameter bulk main and 750kl reservoir (Res 3 - Project K)					
					Construction of a new 2ML reservoir (Res 4 - Project L)					
					Construction of a new 7 100m 150mm diameter bulk main and 1ML reservoir (Res 5 - Project M)					
					Bulk meters will be provided at the boundary of each distinct supply zone					



### 3 Implications

An indication of how/if the proposed project seem to relate to priorities in DM as emanating from analyses would be the ideal. This is not a detailed feasibility analyses but rather an indication of the proposed project seem in line as 'catalytic project' to have substantial impact. In most cases a deduction can be made from tables to indicate the basics i.e. still needs an EIA or feasibility study etc. For the rest it is actually only possible to provide an indication to DRDLR as how to proceed. There might be either too little information and a more detailed analyses is required. The comments is thus an indication to DRDLR re if/how to explore and support projects further - and how the project relate/not to the dynamics according to our analyses/what to look out for (i.e. water in the DAFF reports) if not clear.

Many of the projects listed above would not typically be regarded as catalytic projects, but the fact that they are being listed, means that they are experienced as real constraints in these districts. In most cases the projects as supplied by the districts offer little information, which makes it difficult to comments on their feasibility or impact. However, if these projects are compared to the spatial analysis above, then one can make the following deductions:

- Only 7 projects in the cluster had business plans by the time this information was verified (August 2013). Projects without business plans are impossible to evaluate for DRDLR.
- The single most important economic sector in every local municipality in terms of its contribution to GVA and employment, is community social, personal, as well as government services. This followed by agriculture, forestry and fisheries, wholesale, retail and trade sector, as well as the finance, insurance and real estate sector. Any catalytic project should attempt to
- The areas that are under traditional authority are for the most part highly populated, with poor households widely distributed across these districts. They therefore experience high population pressures even though the population growth rate and their share in the national population may be declining, and they may be experiencing out-migration.
- There are no big cities in these priority districts, and only a few regional service centres. The local or niche towns are fairly evenly distributed across these districts. The towns seem to be growing, and are attracting household with a low income. Overall there is a lack of vibrant and economically strong cities in this cluster of districts.
- In the sparsely populated districts, the towns appear to be the dynamic places in terms of population growth and service delivery, however, in the more densely populated districts, the rural areas seem to be the most dynamic places, but have severe service delivery backlogs, high dependency ratios and the extent of the poverty is great. Approximately 15% of households have no income, and approximately 80% of the population live in poverty. This is exacerbated by the high dependency ratio, which is caused by the high

percentage of children under 14 years, and the high unemployment in the rate in the districts. Only about 13% of the population has a matric qualification, and approximately 12% of the population is employed. The burden on the economically active, but poor population is very heavy. In terms of the various districts:

- Alfred Nzo: is a densely populated district experiencing severe population pressure, as almost 90% of the population are economically dependent. Service delivery is poor. Rural tourism nodes could be developed in the areas under traditional authority, especially those areas on the coast;
- Amatole: has shown the biggest decrease in the population growth rate with out-migration south to the eastern and western Cape. Rural tourism nodes could be developed in the areas under traditional authority, especially those areas on the coast;
- Chris Hani: almost half the population live in sparsely populated areas. There seems to be some untapped mining potential in Chris Hani;
- Joe Gqabi: is a sparsely populated district that has shown little spatial change over the last two decades. The mountainous areas on the border with Lesotho also holds tourism potential, though many of these areas are quite remote;
- O.R. Tambo: is a densely populated district experiencing severe population pressure, and though it has the highest percentage share in the national GVA of these eight districts (0.96%), the burden on the economically active, but poor population is very heavy. There is potential for more agricultural production, though the land is degraded. Rural tourism nodes could be developed in the areas under traditional authority, especially those areas on the coast;
- Sisonke: shown an increase in the population growth rate. There is potential for more agricultural production, though the land is degraded. The mountainous areas on the border with Lesotho also holds tourism potential, though many of these areas are quite remote;
- Ugu: the population mostly live in dense settlements, town and cities. There is potential for more agricultural production, though the land is degraded; and
- Xhariep: is a sparsely populated district and has a very low percentage of the national GVA (0.24%). There seems to be some untapped mining potential in Xhariep.

It can be concluded that more thought should be given to the potential catalytic impact of these projects before districts decide to invest in them, for there may be other projects that will have a deeper and wider impact on the economy and its people. It is recommended that feasibility studies be conducted for those projects that have not yet done so, and that the impact and benefits of each project be calculated in relation to the challenges described in this report.