

Strategic Framework

2014 - 2019



VISION

AN ECONOMIC DEVELOPMENT CATALYST AND CO-ORDINATOR FOR THE REALISATION OF THE ECONOMIC GROWTH OF THE DISTRICT

MISSION

To unlock the economic potential of the region by accelerating implementation of identified high impact priority projects based on the natural resources, people and capabilities within the development corridors.



Water and Power

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A. ACRONYMS >

CHDA	Chris Hani Development Agency
CHDM	Chris Hani District Municipality
CHREDS	Chris Hani Regional Economic Development Strategy
CRDP	Comprehensive Rural Development Plan
DFI's	Developmental Finance Institutions
EC	Eastern Cape
ELM	Emalahleni Local Municipality
FET	Further Education and Training College
IDP	Integrated Development Plan
IPAP	Industrial Policy Action Plan
IPED	Integrated Planning and Economic Development
IYLM	Intsika Yethu Local Municipality
LLM	Lukhanji Local Municipality
MFMA	Municipal Finance Management Act, Act No. 56 of 2003
MSA	Municipal Systems Act, Act No. 32 of 2000
MSAA	Municipal Systems Amendment Act, Act No. 44 of 2003
NDP	National Development Plan
PIDS	Provincial Industrial Development Strategy
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
SETA	Sectoral Educational and Training Authority
SEZ	Special Economic Zones
SMME	Small Micro and Medium Enterprises

Acronyms

B. MAYOR'S FOREWORD



Twenty years into our democracy as a country we are facing many challenges which, amongst others, include the triple ills of inequality, poverty and unemployment and these are worse in rural areas. The Chris Hani District Municipality is largely rural and these challenges are chronic in that area. The Chris Hani District Municipality has adopted a broad approach to the understanding of poverty as a deficiency in an individual's socio-economic capabilities. Its manifestations include factors such as income, access to basic services, access to assets (including economic assets), information, social networks or social capital. This broad approach to poverty allows for engagement with the reality of poverty and the combination of strategies that should be adopted to deal with it decisively.

In an effort to eventually obliterate inequality, poverty and unemployment in the district the Chris Hani District Municipality has, among other plans, developed and adopted the Chris Hani Regional Economic Development Strategy and District Developmental Agenda. This strategy has several pillars including, but not limited to, creation of economic development opportunities that could lead to entrepreneurial development and employment opportunities and support to broader skills development in order to enable communities, and particularly youth, to participate in the economic opportunities when they arise and strengthen local public institution to facilitate economic development. It is partly in this regard that the Chris Hani Development Agency was conceptualised and which strategy is now under consideration.

The overall objective of this strategy is to facilitate the eradication of inequality, poverty and unemployment through sustainable economic development. At the centre of the fight against poverty is the creation of economic opportunities and enabling or empowering communities and individuals to access these opportunities. Providing a safety net in the form of social assistance and provision of basic services continues to be critical in the efforts of the Chris Hani District Municipality but it also seeks to empower individuals and communities to support themselves and, in so doing, it utilises the relevant Agencies.

The Chris Hani Development Agency Strategy builds on the work done during the years since the dawn of our democracy. It also seeks to change the trajectory of our anti-poverty and anti-unemployment initiatives. As we go forward we need to strengthen our resolve to reduce the incidence of poverty and unemployment as well as to prevent their reproduction within households and communities.

Central to this resolve is the ending of intergenerational poverty through improving the economic situation of households and sustainable participation of communities in economic activities. Critical elements to this end would include:

- Accelerating the overall economic growth of the District, through substantial investment in economic infrastructure as well as appropriate fiscal and monetary policies;
- Targeting government support of measures that will create economic opportunities on a mass scale for the historically marginalised, through land reform and agrarian development; support for growth in sustainable, labour-intensive formal activities, a substantial expansion in public employment schemes; and by
- Instituting measures to enhance the disposable incomes earned from informal activities, the bulk of which take place in agriculture, retail and services.

To this effect human resource development, in particular education and skills development, will play a significant role in preventing the intergenerational transmission of poverty. A focus on rural development and agricultural support for families is also at the centre of the anti-poverty and employment creation strategy.

Furthermore, the strategy aims to reinforce partnership at all levels among government departments and agencies, business, organised labour and other civil society and non-governmental organisations.

Cllr M Koyo
EXECUTIVE MAYOR
CHRIS HANI DISTRICT MUNICIPALITY

B. CHAIRMAN'S OVERVIEW >



Boards of Directors are increasingly held accountable for the organisations they govern. High profile corporate collapses, accounting irregularities, corporate corruption, remuneration excesses and inadequate disclosure practices have significantly affected public confidence and focused the spotlight on corporate governance and active involvement of the Board in strategic planning, performance monitoring and organisational sustainability.

This Strategic Framework is a product of intense consultations with stakeholders within the CHDM and other public (all tiers of government and public entities) and private sector institutions and provides a long-term vision for accelerated efforts and investments towards eradication of poverty, sustainable creation of employment opportunities and entrepreneurial development. This framework is developed within the context of the Chris Hani Regional Economic Development Strategy (CHREDS).

This strategy heralds a new era in the economic development of CHDM and comes at a time when the Government is focusing on small and medium enterprise development and special economic zones as primary instruments for economic development. It is therefore about setting the strategic trajectory of the CHDA, highlighting strategic pillars, devising strategic goals and objectives and identifying a range of alternative strategies that could be pursued so that the Agency achieves its strategic goals. This Strategic Framework sets the planning parameters for the Board and Management and will act as:

- A general guide for realising the mandate of the Agency for the Board and Management;
- An outline of strategies that will be employed in the pursuit of organisational goals for the next five (5) years. Ideally, these will not significantly change year on year over the Medium-Term Expenditure Framework;
- An enabler to the formulation of the Operational Plan and Annual Performance Plans for the broader organisation and management;
- Consolidation of solicited inputs and comments from different stakeholders and partners in development into a single document that will assist the Agency to remain relevant and aligned with various stakeholder expectations.

For an organisation recently established, the CHDA needs to consolidate its governance, Board oversight, and accountability towards comprehensive compliance to the regulatory framework and best practice policy framework to ensure the sustainability of the Agency.

The emerging Strategic Development Framework for the Agency will be managed through the prescripts designed in the Board Charter to ensure that the Board supports the Executive Management in implementing and executing the strategies developed herein for the achievement of the mandate of the Agency.

Mr. Mlulami H Manjezi
CHAIRMAN OF THE BOARD

1. EXECUTIVE SUMMARY



The Chris Hani Development Agency (CHDA) Strategic Framework is premised on the understanding that its role is to promote, support and facilitate economic development in the Chris Hani District Municipality. This will be achieved by improving factors of production that will lead to value adding activities with spinoff's for small and medium enterprises.

The socio economic profile of the District is a testimony that Chris Hani District Municipality has not escaped the manifestations of inequality, poverty and unemployment. Of an estimated 824,383 people living in the District, 57% are unemployed. This shows an unemployment rate higher than that of the country, which is at 37%, and higher than that of the EC Province, which is currently at 51%. Due to high rates of unemployment there is a generally high dependence on grants and remittance (monies sent home by sons and daughters working in urban centres) as the main sources of household incomes, especially in the poor areas of the District.

This Strategic Framework maps out specific and general strategic goals, objectives and issues relating to the establishment and effective operationalisation of Chris Hani Development Agency (CHDA). It identifies the key strategic objectives and key functions for CHDA now and at any point in the life of the Development Agency, within the context of its unfolding vision and mission.

The strategic goals are:

- Proficient and Viable Institution;
- Viable and Sustainable Clusters; and
- Partnership building and stakeholder relations.

Under the strategic goal "proficient and viable institution" the focus is to promote and maintain organisational excellence and sustainability. This will be achieved by CHDA positioning itself as a trusted, reliable and efficient advisor and partner in regional economic development space. The focus areas will be Financial Viability, Good Corporate Governance, Internal Competencies and Capabilities and Learning and Growth.

The core business of the Agency in the next five (5) years will be delivery of projects that will contribute to the economic transformation of the District. This will be achieved through leveraging funding from the parent municipality, provincial and national departments and other institution in development finance space. It is therefore paramount for the Agency to create a good public image as an institution that abides by rules and regulations with good financial management systems.

Under the second strategic goal "viable and sustainable clusters" CHDA has identified the strategic focus areas as agriculture and agro-processing linked to infrastructure and mechanisation support, skills development and investment and enterprise development. To maximise the economic benefit to rural communities in the Chris Hani District, programmes will have to be financially viable and address both the economic and development needs of the District. Therefore, emphasis will be placed on the development of a programme framework that will be utilised as a barometer in assessing the viability and sustainability of projects and programmes.

In the next five (5) years the main focus area is facilitation and implementation of programmes that will ensure the operationalisation of the four main irrigation schemes, increased production of high value crops, fruit, vegetables and new forest plantations. Linked to this will be a dedicated focus on the development of support infrastructure that includes storage facilities, roads, fencing, infield irrigation and facilities to support value addition. Apart from the above, the Agency will operate mechanisation centres with the intention of reducing costs of mechanisation and provision of excellent mechanisation services to the farming community.

CHDA also recognises that in order for rural communities to be uplifted, community skills development that target both individual and community enterprises is important. This will be achieved by CHDA strengthening its position as the principal co-ordinator for accredited multi-sectoral vocational skills training within the region. This will be achieved in partnership with the SETA's and FET colleges.

The long term sustainability of interventions is embedded in the ability of the Agency to attract investment into the Chris Hani District Economy. CHDA shall, in the next five (5) years, assume a leading role in identifying, assessing and facilitating investment opportunities focusing primarily on agro-business and other sectors. There will be bias towards fostering local business linkages between small and medium enterprise and commercial business and enterprise development through SMME training.

The third and the last strategic goal "partnership building and stakeholder relations" is focusing on galvanising financial and technical

support for community initiatives from all spheres of government (local, provincial and national), developmental finance institutions (DFI's), private financial institutions and foreign donor organisations in support of identified projects. Secondly, CHDA operates in a highly political and diverse stakeholder environment with differing expectations that need to be managed to ensure the relevance of the institution. In managing this dynamic, the Agency will work in a differentiated, yet complementary, role to the IPED.

Future sustainability of the Agency will depend on its ability to position itself as an economic development catalyst and co-ordinator for the realisation of the economic growth of the District Municipality. In pursuit of this, the Agency will have to adopt the following key considerations in its planning and operational framework:

- innovative fundraising and co-funding initiatives;
- continuous development of project pipeline by identifying new project; and
- own revenue generation initiatives (Agency Function)

The above consideration will then assist the agency to position itself at the centre of economic development and economic growth within the District.



2. INTRODUCTION



The Chris Hani Development Agency (CHDA) is a State Owned Company (SOC) established in 2012 by a Council Resolution dated 27 March 2012 in terms of the Municipal Systems Amendment Act No. 44 of 2003, Companies Amendment Act No 3 of 2011 and Municipal Finance Management Act No. 56 of 2003.

The Board of the Agency comprises seven (7) independent non-executive directors (drawn from different sectors of society which include the public sector, private sector and community organisations) and two shareholder directors. The criteria for selecting the Board members was based on their ability and skills to guide the CHDA in its endeavours towards stimulating economic growth in the Chris Hani District. The current Board consists of the following members:

Independent non-executive directors	Non-executive directors
<ol style="list-style-type: none"> 1. Mr Mlulami Manjezi (Chairperson) 2. Mr Simphiwe Dzengwa 3. Mr Mafuza Sigabi 4. Mrs Nokulunga Skeyi 5. Ms Nomfuneko Ntsubane 6. Dr Claudia Beck-Reinhardt 7. Mr Singa Ngqwala 	<ul style="list-style-type: none"> • Mr Moppo Mene • Mrs Noxolo Nqwazi
	Chief Executive Officer
	Mr Thukela E Mashologu

2.1 Background and Context

Levels of inequality (as measured by the Gini Co-efficient), poverty and unemployment in South Africa are critically high. The extent of the marginalisation of poor people from the formal mainstream economy and opportunities for income generation is of a level that demands that successful interventions must address issues of distribution of resources and meaningful participation of the marginalised communities in the economy.

Chronic poverty is usually transferred across generations. A lack of access to assets prevents households from accumulating sufficient surpluses to move out of poverty over time. Living in precarious circumstances also, of itself, acts as a brake on people's ability to use their resources to move out of poverty. Focused strategies to address poverty alleviation and meaningful participation of the disadvantaged communities in the main stream economy need to be implemented.

The strategic framework is in line with the strategic objectives and targets of Government. It is attuned with the following ten (10) strategic priority areas underpinning the strategic direction of Government:

<ul style="list-style-type: none"> • Speeding up growth and transforming the economy to create decent work and sustainable livelihoods, • Massive Programme to build economic and social infrastructure, • Comprehensive rural development strategy linked to land and agrarian reform and food security, • Strengthen the skills and human resource base, • Improve the health profile of all South Africans, 	<ul style="list-style-type: none"> • Intensify the fight against crime and corruption, • Build cohesive, caring and sustainable communities, • Pursuing African advancement and enhanced international co-operation, • Sustainable Resource Management and use, and • Building a developmental state including improvement of public services and strengthening democratic institutions.
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Table 1: Strategic Priority Areas

Plans have been developed to achieve these priorities including, amongst others, the NDP, IPAP, CRDP, NGP, designation of SEZ's, and programmes to support co-operative development.

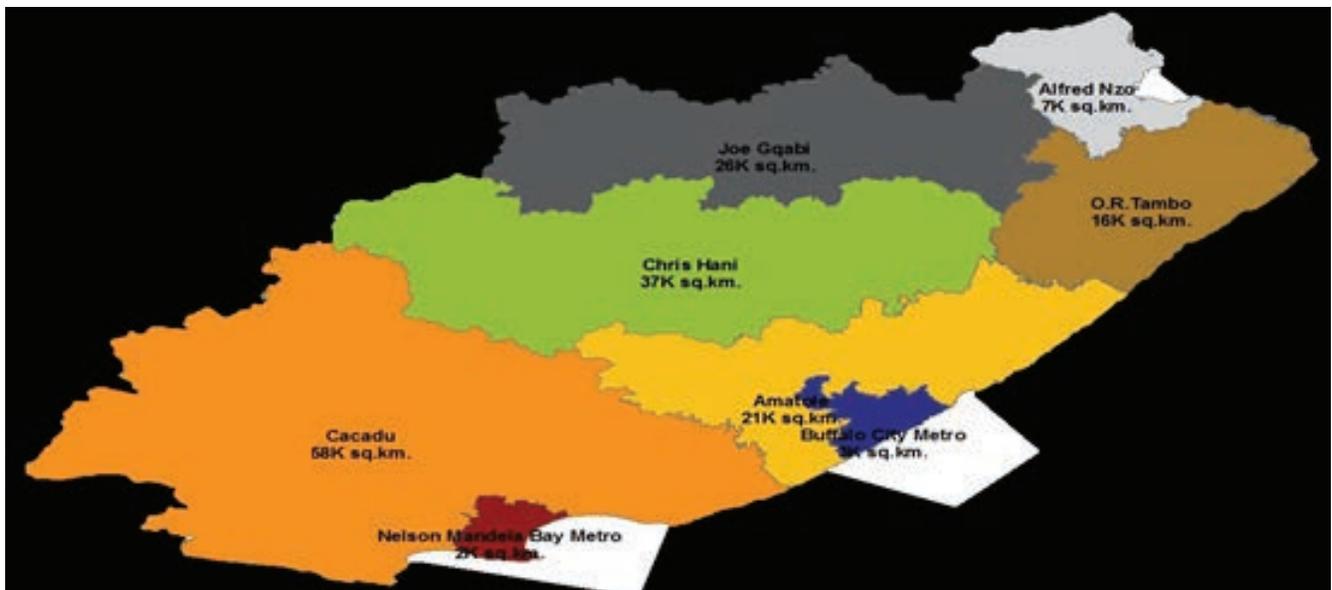
The Eastern Cape Provincial Growth and Development Plan (PGDP) has also sought to align itself to the achievement of these priorities within the Province, taking into consideration the unique circumstances of the Province. Its strategic objectives can be summed up as follows:

- A ten(10)-year vision of sustainable growth and human development in the Province;
- A strategy plan, a set of feasible programmes and a fiscal framework designed to expedite achievement of the national goal of “a better life for all” and the Province’s then vision of an “Eastern Cape devoid of the imbalances and inequities of the past, with integrated and balanced development”;
- Growth and poverty reduction targets that inform a set of feasible and affordable programmes underpinned by broad-based consensus on the human development path to be followed by the Province; and
- Programmes to address the short-term needs and crises of the Province, as well as community-based human and income poverty reduction initiatives.

The CHDM has not escaped the manifestations of inequality, poverty and unemployment. Consequently, based on the national and provincial strategies and plans, the CHDM has developed a Regional Economic Development Strategy that seeks to address these socio-economic ills.

2.2 The Chris Hani District Municipality

The Chris Hani District Municipality is land-locked and is located in the north-eastern sector of the Eastern Cape. It includes parts of the former homelands in the previous dispensation and South Africa. The District includes major mountain ranges– the Stormberg and Bamboesberg Mountains near Sterkstroom and Molteno, as well as the Drakensberg north of Elliot.



Map 1: Chris Hani District Positioning

The District is surrounded by the District Municipalities of Amatole, Cacadu, Joe Gqabi and OR Tambo. The District is made up of the following eight (8) local municipalities: Emalahleni, Engcobo, Inkwanca, Intsika Yethu, Inxuba Yethemba, Lukhanji, Sakhisizwe and Tsolwana as indicated in the map below:



Map 2: Chris Hani District Local Municipalities

The Chris Hani District has a land mass of 36 558 square kilometres, a change from its previous size of 36, 561 Km2 in extent due to the changes in demarcation. Inxuba Yethemba is the largest local municipality (32%) in the District, followed by Tsolwana (16%); Sakhisizwe and Engcobo are the smallest in terms of size (6% each).

2.3 Demographics

Just under 12.2% of the population of the Eastern Cape lives in Chris Hani, representing less than 1.6% of South Africa’s population. In 2010 an estimated 824,383 people lived in the Chris Hani District. The population of the Chris Hani District has been in decline since 2004. The annual rate of population growth since 2005 has declined by about 0.2%. Although population growth has increased by 3.9% for the same period, it still remains far below the national and provincial averages.

The Chris Hani District is relatively sparsely populated with only twenty two (22) people per km2 compared to South Africa with forty one (41) people per Km2 and the Eastern Cape with forty (40) people per km2. The statistics further reveal that the population distribution of the District is such that females are in greater numbers as compared to their male counterparts. Additionally, the population is dominated by young people of ages 0–24 years (55.9%).

In 2010 there were just over 100,000 households in the District, representing 0.8% of South African households and 6% of those in the Eastern Cape. Since 2005 the number of households in the District has declined marginally (-0.3%) while the number of households in South Africa has increased by an average of 1% per annum and 1.2% per annum in the Eastern Cape. However, black households have increased by 1.0% for the same period. The black households are still by far the largest (86.1%) followed by whites (6.9%) and coloureds (6.7%).

2.4 Economic Growth and Transformation

The Provincial Industrial Development Strategy presents the Eastern Cape framework and broad approach to industrialisation. PIDS sets out deliberate government efforts to alter the structure and distribution of industrial activity to promote economic growth and development. Its vision is “a state-led industrialisation path towards a robust, resilient and sustainable industrial base by 2025”. The strategic imperatives of the PIDS are economic growth, labour absorption and job retention. The prioritised areas for the Eastern Cape are:



Automotive;



Agro-processing;



Capital goods;



Green economy;



Petrochemicals;



Tourism

Within the framework of the Provincial Development Industrial Strategy, New Growth Path and IPAP2, District and local municipalities identify priority sectors based on comparative and competitive advantages, and availability of natural resources. These sectors and priority projects are outlined in the Integrated Development Plan and Regional Economic Development Strategy of the District (REDS) and, amongst others, are Agriculture, Agro-processing, Green Economy and Tourism.

The economy of the Chris Hani District is relatively small, contributing only 0.5% to the South African economy and 7.6% to the Eastern Cape economy. The performance of the Chris Hani District has been satisfactory over the past decade or so, with an average annual growth rate between 2000 and 2010 of 3%. The 2008-09 recession had a marginal effect on the overall performance and growth rates dropped by -0.7% compared to the national average of -1.5% and provincial average of -1%. However, it has been slower with the growth rate of only 2.2% in 2010 (as opposed to a South African average annual growth rate of 2.8% and an Eastern Cape average annual growth rate of 2.3%).

The District is heavily reliant on government/community services. This means that, on aggregate, this is the sector contributing most to employment and the economic growth rate (52%). A number of factors warrant this situation and chief amongst these is the rural setting of the District coupled with the educational levels of the population, particularly in regard to entrepreneurial skills.

As a result of the conditions prevalent in the District, the District has positioned itself as an agricultural area and has put greater efforts specifically into Agriculture (crop production and dry land cropping as well as livestock farming), Agro-processing and related industries.

Unemployment is a major challenge in the economy. It is estimated to be about 57% and currently higher than that of the country at 37% and that of the EC Province at 51%. Due to high rates of unemployment, there is a generally high dependence on grants and remittance (monies sent home by sons and daughters working in urban centres) as the main sources of household incomes, especially in the poor areas of the District.

The Chris Hani Development Agency will therefore focus on facilitating economic growth on the identified areas and any other areas that could support this growth.

2.5 Political Landscape

South Africa has successfully held three local government elections and transitions from one term of government to the next term have been relatively smooth. There is a strong legislative framework that governs local municipalities and it is improved continuously as circumstances and new information arise. It can therefore be said that, despite challenges in the implementation of the strategic objectives of government in relation to local government, there is stability in the political space. Local municipalities derive their mandate from the Municipal Systems Act (2000) and for financial management they are guided by the Municipal Finance Management Act (2003). This allows for certainty and encourages accountability which are attributes that are attractive to external investors.

The District REDS from which the CHDA derives its mandate is a multi-party and multi-stakeholder agreed-upon platform for District economic development. It enjoins various municipalities and stakeholders around common socio-economic development priorities. It is supported by the National and Provincial Government, together with development entities.

3. PROBLEM STATEMENT >

Some of the major challenges facing the District municipality in attending to its socio-economic challenges include the following:

- **Weak domestic public/private sectors and foreign investment:** On average, total investment in CHDM represents only 7.1% of the Province total investment since 1995
- **Weak manufacturing and processing industries and sectors:** there is a limited processing of domestic and export commodities in the District municipality.
- **Fragile Economic Environment:** The CHDM's economy grew at an average rate of 2.4 % since 1995
- **Uncoordinated development:** Whereas there are initiatives to address economic development by all spheres of government they are uncoordinated resulting in minimum impact to the District population.
- **Too broad mandate of the IPED directorate:** The IPED directorate is having a broad mandate that include Integrated Planning (IDP's), Town Planning, Housing Development and Local Economic Development.

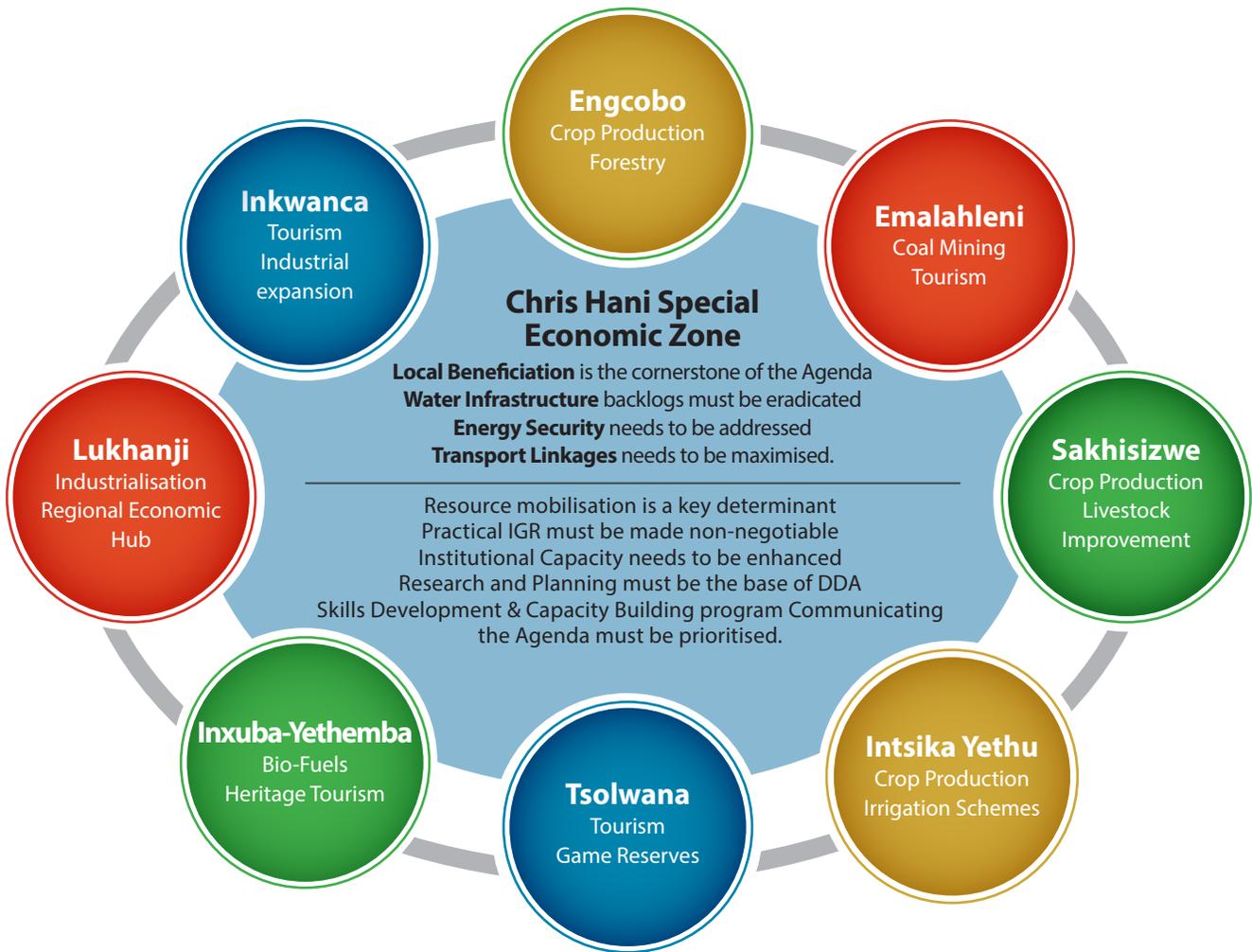
3.1 Historical Strategic Context

The district Municipality solution to above dates as far back as 2008 when the Chris Hani District Municipality developed and adopted Chris Hani Regional Development Strategy 2008 (CHREDS 2008-2013), that suggested a three pronged approach of corridor development, value chain integration, and cluster development. The strategy proposed the development of an Economic Development Agency to be mandated with specific focus areas in line with the overall strategic objectives of the District Municipality and in respect of prioritised areas of intervention.

To give meaning to the CHREDS 2008, further work was done that resulted in development of Corridor Development Plan (2010) and the Agro Industrial Plan (2011).

In 2011 Chris Hani District Municipality also adopted a "District Developmental Agenda" that seeks to guide development in its area of jurisdiction. This explained by a slide below and covers the eight local municipalities within the District.

Chris Hani - District Development Agenda



Graphic 1: The District Development Agenda

In 2012 Chris Hani District Municipality resolved to establish an Economic Development Agency (CHDA) whose first main task was to organise an Investment Summit that was held in May 2013, with focused discussions on ensuring measurable economic growth and creation of a substantial number of jobs in the CHDM area. As the perfect showcase of business and growth opportunities, CHDM Investment Summit facilitated encounters between investors, government, business sector and relevant development finance institutions at all levels, and highlighted bankable projects and investment packages.

The Summit also assisted in providing opportunities for private sector engagement, focusing on key development areas (as specified in the Chris Hani Developmental Agenda), with the goal of making a real impact on job creation and poverty alleviation. Post-summit initiative to re-emphasise the importance of Economic Development was the development of the Revised Regional Economic Development Strategy 2013 (CHREDS 2013-2018).

3.2 Development Agency Value Proposition

Informed by the district challenges outlined above, the CHDA will seek to:

- 1) **Developing catalytic value chain projects** within the various corridors supported by public and private investments; and
- 2) **Attract funding** from the development funds and donor sources, for stimulation of job creation programmes over the various development sectors identified in the IDP and Corridor Development Plan
- 3) **Establish accredited multi-sectorial vocational skills training** necessary to build both skills and capacity of local business critical to increasing economic activity and managerial capacity within the region;
- 4) **Provide mentoring services towards commercialisation** of such key catalytic value chain development projects.

3.3 Powers of the Agency

For the purpose of attaining its objectives, the Agency has the power to:

- 1) Raise funds and other resources from the public and private sectors soliciting and receiving grants and donation for implementation of economic development programmes; and
- 2) Acquire, improve, manage, hire, donate, or alienate movable or immovable property;
- 3) Charge and accept fees for any service rendered to or on behalf of any person, including the government;
- 4) Pay all expenses in connection with its administration, open, operate and close banking accounts, invest funds not immediately required for its affairs, and generally do all things necessary for the management and administration of its financial affairs in line with municipal finance management act, no. 56 of 2003.
- 5) Take all such steps as it thinks is necessary for and pay all expenses in connection with the protection, preservation and maintenance of its rights and assets, whether corporeal or incorporeal, or for the recovery of any liability, or the enforcement of any obligation owing to it by any person, including the institution of such legal proceedings as it thinks fit;
- 6) Employ, discharge, or suspend officers or employees, remunerate them, train them, house them, provide them with pension, sick or other benefits for employment and generally do all things necessary to develop and maintain an adequate staff complement; (labour relations)
- 7) Generally, do all things necessary for the attainment of its objects, the exercise of its powers, or the management and administration of its affairs, whether or not expressly provided for in this section.



4. SWOT ANALYSIS >

4.1 STRENGTHS	4.2 WEAKNESSES
<ul style="list-style-type: none"> • Clear legislative framework and mandate for the Development Agency • Basic operational office infrastructure in place • Meaningful financial contribution and support from parent municipality • Additional funding streams realised from implementer role • Buy-in and support from local municipalities • Board expertise and experience aligned with Development Agency's core operational areas (corporate finance, development projects and skills development) 	<ul style="list-style-type: none"> • Clear legislative framework and mandate for the Development Agency • Basic operational office infrastructure in place • Meaningful financial contribution and support from parent municipality • Additional funding streams realised from implementer role • Buy-in and support from local municipalities • Board expertise and experience aligned with Development Agency's core operational areas (corporate finance, development projects and skills development)
4.3 OPPORTUNITIES	4.4 THREATS
<ul style="list-style-type: none"> • Only existing Development Agency in the District • Existing partnerships with the communities, public and private sector • Developing innovative solutions, products and services for all stakeholders • Strong District Municipality investment in Local Economic Development projects • Local business retention and expansion of the industrial areas; e.g. Lukhanji LM • Vibrant uptake of the Skills Development Programme by Sector Education and Training Authorities; • Investment summit identified projects and partnerships 	<ul style="list-style-type: none"> • Lack of sufficient co-funding increases dependence on municipal operational grant • Pressure for quick delivery leading to unsustainable programmes and projects. Need to balance quick-wins with long-term viable projects • Dilapidation of existing bulk infrastructure to support industrialisation • Financial commitments not fulfilled by donors/partners • Perceived lack of return on investment by funders • Lack of co-operation and different priorities within local municipalities • Inability to generate own income/revenue streams undermines sustainability

5. STRATEGY PROCESS >

As a municipal entity, the CHDA is expected to align its planning framework with the priorities of government and those of the stakeholders that are relevant to the realisation of the mandate of the Agency. The main purpose of the planning process is to develop a Strategic Planning Framework that will be used as a basis for developing a three year Strategic Plan for the CHDA.

The CHDA Strategic Framework is a product of the following engagements:

- Adoption of a revised DREDS and Investment Summit resolutions by the District Municipality
- Stakeholder engagement sessions with National and Provincial Government, and the development finance institutions
- Internal consultations within the District Municipality, and especially IPED
- Board and Management deliberations and research

6. THE STRATEGY >

6.1 Vision Mission and Values

VISION

AN ECONOMIC DEVELOPMENT CATALYST AND CO-ORDINATOR FOR THE REALISATION OF THE ECONOMIC GROWTH OF THE DISTRICT

This vision will be achieved by:

- Achieving operational integrity and use best fit technology;
- Achieving a high performance culture
- Positively engaging stakeholder base;
- Achieving growth; and
- Maintaining financial health and sustainability

CHDA VALUES

**Commitment
Innovation
Accountability
Responsiveness
Strategic partnerships**

MISSION

To unlock the economic potential of the region by accelerating implementation of identified high impact priority projects based on the natural resources, people and capabilities within the development corridors.

This mission will be achieved by:

- This mission will be achieved through:
- Safe, efficient partnership, sustainable and innovative business practices;
- Empowered employees;
- Mutually beneficial strategic relationships; and
- Legislative compliance and best practice

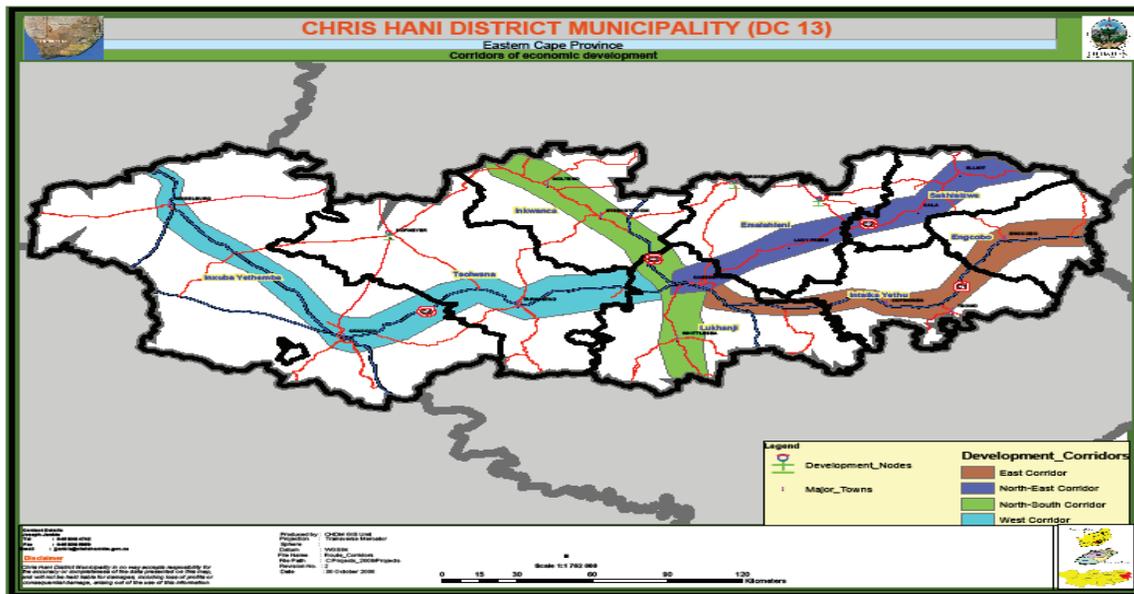
6.2 Organisational Positioning

The CHDA is positioning itself as a symbol of hope within the Chris Hani District for the realization of a better sustainable future through genuine development of human capital and leveraging of physical and natural resources and heritage. The Agency will position itself to be:

- A provider of customised solutions for economic development challenges
- Adviser, facilitator, and enabler for public and private co-operation
- Entry point for District economic development
- One stop service provider for investment opportunities

It is therefore well thought-out that meaningful reduction in both poverty and unemployment would be achieved through adoption of the Corridor Multi Sector Based Approach focusing on the following identified corridors:

- **Sisulu Development Corridor** along the R61 linking Engcobo, Cofimvaba, Queenstown, Tarkastad and Cradock;
- **Ndondo Development Corridor** along the R394 linking Elliot, Cala, Lady Frere and Queenstown; and
- **Calata Development Corridor** along the N10 linking Whittlesea, Queenstown, Sterkstroom, Molteno and Middleburg to Cradock,
- **N6 Development Corridor** runs through Queenstown which positions Lukhanji Local Municipality as the Economic Hub of the District.



Map 3: Chris Hani Development Corridors

The strategic outcome will be to increase economic growth rates along the corridors through private public partnerships while focusing on creating sustainable community based enterprises and household food security.

7. STRATEGIC OUTCOMES, GOALS AND OBJECTIVES >

The emerging strategic framework takes cognisance of the complex Chris Hani District contextual and development environment and driving forces. The framework must provide for all strategic and operational processes as depicted below and elsewhere in this document.

CHDA's emerging strategic goals, objectives and actions describe the major implementation activities for the current and subsequent periods. These goals and objectives will be carried through the various Programmes or Business Units of CHDA.

7.1 Strategic Outcomes/Intent of the Agency per Approved Mandate

The pursuit of the new mandate as an area of strategic focus will result in the Agency adopting the following strategic and developmental outcomes:

- Number of Functional irrigation schemes
- Number of jobs created
- Rand value of funding resources leveraged
- Number of strategic functional partnerships facilitated
- Number of new hectares under production of crops, fruit, vegetables and forest plantations
- New small and medium sized businesses created and number of existing businesses retained
- Support the District Municipality's measures to secure a Special Economic Zone (SEZ) licence

The strategic outcomes will be measured/monitored for reporting purposes, requiring the need to establish a baseline against which economic progress will be determined, especially to serve as rationale for the continued existence of the Agency going forward.

7.2 Strategic Goals

The strategic goals are broadly categorised into two, namely: inward-looking and outward-looking. Inward-looking refers to the factors that are internal to CHDA and issues that management needs to address or focus on in order for CHDA to achieve its strategic intent. Outward-looking refers to the identified areas of focus for service delivery for CHDA which, once fully implemented and achieved will have the desired impact of developing rural communities.

In the light of the above the emerging strategic goals of the Agency are as follows:

Inward-Looking	Strategic Goal 1: Proficient and Viable Institution
Outward-Looking	Strategic Goal 2: Proficient and Sustainable Clusters
	Strategic Goal 3: Proficient and Sustainable Clusters

7.3 Strategic Objectives

7.3.1 Proficient and Viable Institution

The key is to promote and maintain organisational excellence and sustainability. This will be achieved by CHDA positioning itself as a trusted, reliable and efficient advisor and partner in regional economic development space. To achieve the inward looking goal, CHDA has to focus on financial viability, good corporate governance, internal competencies and capabilities and learning and growth.

7.3.1.1 Financial Viability

Financial viability is viewed both in terms of organisational sustainability and project delivery: Firstly, CHDA recognises that funding is limited and should be used efficiently and effectively. The need is to report, track and target cost reduction and savings for all activities within our sphere of control.

Secondly, in order to be sustainable there is a need to identify and execute diverse revenue generating mechanisms. Therefore CHDA will engage in fund-raising initiatives that target various revenue streams, including development grants and project related income in the form of project management or implementer fees.

7.3.1.2 Internal Competencies and capabilities

One of the biggest threats to the CHDA will come from the misunderstanding of the role and functions of the Agency, and its relationship to stakeholders in the economic development space. The Agency will need to build internal competencies and capacity in the following areas:

- Identification and mobilising of resources to support catalytic economic opportunities
- Understanding of opportunities and issues pertaining the effective use of public and community sector assets
- Understanding of the legislative environment especially CHREDS , NDP, IPAP 2014-17, SEZ Act and regional and local IDP's
- Addressing constraints and bottlenecks posed by a variety of legislative and policy frameworks
- Investment promotion and business develop skills

7.3.1.3 Learning and Growth

CHDA recognises that in order to fulfil its strategic objectives, there is a need to attract and retain competent staff with strong technical and interpersonal skills. It is further recognised that building the existing skills base is critical for sustained and improved productivity. CHDA will have strategies to manage talent and, as such, succession planning, career development and gender mainstreaming will become business imperatives and priorities in order to enable sustainability and develop new institutional knowledge.

7.3.1.4 Internal Processes

CHDA has to comply with the recommendations of the King III Report on Corporate Governance (King 3) in setting up all the structures relevant to it. As part of continuous organisational improvement, management will develop and maintain policies and procedures, processes and systems that will provide guidelines, consistency and compliance and set out excellent standards for performance and programme delivery. Focus will also be on the development of a knowledge management system and processes in order to ensure continuity of best practices, sharing of knowledge and continuous improvement.

7.3.2 Viable and Sustainable Clusters

As key to maximising the economic benefits to rural communities in the Chris Hani District, programmes will have to be financial viable and address both economic and development needs of the District. This will be achieved by improving factors of production

that will lead value additions activities with spinoff's for small and medium enterprise development. Intervention areas for CHDA will be to:

- Identify and map underutilised productive assets and leverage these as a means of creating economic value and build community public, private sector partnerships (eg schemes etc)
- Collaborate with businesses, communities and public sector organisations to identify key priority projects that can unlock the value-addition potential of the region

The pillars for viable and sustainable clusters are:

7.3.2.1 Agriculture and Agro-processing

This is aimed at diversifying the regional economy by improving agricultural production and its contribution to the regional economy. The programme seeks to facilitate and implement agriculture and agro-processing value chain initiatives focusing primarily to the following key areas:

- a) Operationalisation of Irrigation Schemes focusing on the four large schemes (Qamata, Bilatye, Ncora and Shilloh).
- b) Promotion of value chain development in the implementation primary high value crop, fruit and vegetable production.
- c) Facilitate Livestock value chain development focusing on beef, dairy, sheep, goats, poultry and piggery.
- d) Facilitation establishment of new forest plantation linked to downstream value chain activities.

7.3.2.2 Infrastructure and Mechanisation Support

- **Infrastructure Development** is linked to Agriculture and Agro-processing, the focus will be to facilitate access to support infrastructure. Target infrastructure will include storage and packing facilities (grain silos, pack sheds both at regional and community level), processing facilities at production sites (primary processing) and at industrial sites (secondary processing) and on-farm roads and irrigation infrastructure and linkage roads.
- **Mechanisation Support** will focus on facilitating the establishment of three mechanisation centres at strategic locations in the District that will link to the primary production activities mentioned above. The purpose of this intervention is to decrease production costs, thereby increasing overall hectares planted. This will be achieved by leveraging funding from the District, provincial and national government, DFI's and other finance institutions.

7.3.2.3 Build Relevant and Appropriate Sector Skills Base

The CHDA recognises that in order for rural communities to be uplifted, there is a need for the implementation of the community skills development programme that will target both individual and community enterprises. This will be achieved by CHDA positioning itself as the principal co-ordinator for the accredited multi-sectorial vocational skills training necessary to build both the skills and capacity of local businesses critical to increasing economic activity and managerial capacity within the region. Key areas of intervention for the Agency will be:

- Managing the community skills development and co-ordinator for accredited multi-sectorial vocational skills training in order to develop necessary economic development skills for community members, with specific reference to youth;
- Co-ordination of Career Exhibitions and Career Symposia in partnership with institutions of higher learning nationally and FET's located in the province.

7.3.2.4 Investment Promotion and Enterprise Development

CHDA shall assume a leading role in identifying, assessing and packaging investment opportunities, focusing on the agro-business vertical integrated model. The District will further engage new markets that have a potential to rejuvenate regional economy or re-generation, existing business retention, new investment and/or accelerated private sector investment through the following interventions:

- Promote sustainable vertically integrated agro-business model that ensures broader economic beneficiation within the region,
- Position Chris Hani District as a preferred agro-business hub in various strategic forums,
- Fostering local business linkages between small & medium enterprise and commercial business,
- Facilitating of enterprise development through SMME training,

- Facilitation access to markets both regional, provincial, nationally and exports.
- Promote creation and/or improvement of enabling environment for business

7.3.3 Partnership Building and Stakeholder Relations

The CHDA recognises that in order to implement and galvanize support for projects, there is a need to attract partners. Therefore, the target is to have strategic and functional partnerships at community level, all three spheres of government, DFI's, financial institutions and foreign donor organisations. Secondly CHDA operates in a highly political, diverse stakeholder environment with differing expectations that need to be satisfied. The key areas of interventions will be:

- Meet with group and map stakeholders and, according to their expectations, develop strategies to manage the stakeholders accordingly;
- Interact with stakeholders to listen to concerns, their involvement in the area, and what contribution they can play in advancing the economic development of the region;
- Develop engagement platforms that bring interest groups and decision makers together to facilitate alignment of activities and ensure information flow;
- Become a knowledge resource and advisor on investment opportunities and a conduit for the mobilisation of resources that support private public partnerships.

8. CHDA CORE PROGRAMMES >

The core focus areas of the Agency have been defined as:

8.1 Agriculture and Agro-processing - Aimed at diversifying the provincial economy, improving agricultural production and its contribution to the provincial economy. The programme will focus on facilitating the establishment of the following:

- 8.1.1 Operationalisation of the four (4) major irrigation schemes (Qamata, Bilatye, Ncora and Shiloh Irrigation Schemes),** maximising production of grain crops (maize, wheat), lucerne, soya beans, dry beans and vegetable production linked to:
- 8.1.2 Value-addition activities** that include maize milling plants, animal feed mill, vegetable processing, packaging facilities and fresh produce market, and
- 8.1.3 Storage and Marketing facilities** that include fresh produce market and grain silos.
- 8.1.4 Livestock Value Chain** will focus on:
 - Linking cattle and sheep production to feedlots, abattoirs (Cala Abattoir) and the market, and
 - Development of piggery and chicken value chain.
- 8.1.5 Crop Production Value Chain:** Facilitate 40 000 hectares of dry-land cropping linked to agro-processing and bio-fuel production.
- 8.1.6 Fruit Production Value Chain:** Facilitate the establishment of 1 500 hectares of fruit production clusters focusing on stone fruit (peaches, apricot, etc.) and pomegranate.
- 8.1.7 Forestry and Timber Processing:** Facilitate the development of 5 000 hectares of new affore-estation and promotion of downstream manufacturing opportunities in the timber industry. (Please see if you can get 8.1.8 below in the right place, I can't!)

8.2 Infrastructure and Mechanisation Support - focus will be to facilitate development of infrastructure linked to agricultural production. This will include establishing and operations of 3 mechanisation centres and other infrastructure projects that include infield roads, storage facilities (silos and packing sheds both at regional and project level), linkage roads and fencing.

8.3 Chris Hani Special Economic Zone - facilitate the process of securing a SEZ licence for the Chris Hani District focusing on Agro-Industrialisation.

9. AGENCY SUSTAINABILITY CONSIDERATIONS >

The following are key considerations in the Agency's planning and implementation going forward:

9.1 Innovative Fundraising and Co – Funding:

The Agency cannot solely rely on the Operational Grant from the CHDM to achieve its goals and objectives. There is thus a secondary focus for innovative sourcing of complementary and co-funding opportunities from other sources that include provincial and national government departments, dfi's and donor organisations within the core mandate focus areas.

9.2 Project Identification, Selection and Pipeline

Apart from the project pipeline developed through the Investment Summit and other stakeholder engagement fora, the Agency will over time develop a steady pipeline of projects within strategic areas of focus to maintain relevance of the Agency and to create sustained impact across the region.

CHDA will also be actively involved in leveraging opportunities as a result of the proposed SEZ and potential value chain spin-offs from primary activities.

9.3 Own Revenue Generation Initiatives (Agency Function)

The Agency will position itself for appointment as Implementing Agent for key strategic developmental projects at an agreed services fee. These will be ad hoc assignments from Chris Hani District Municipality, local municipalities and both provincial and national government departments that will be managed through Service Level Agreements.

10. CONCLUSION >

Chris Hani Development Agency has set itself an ambitious task of unlocking the development and economic potential within the four (4) corridors in the District through leverage partnerships and maximising investments. This will need a balanced approach to ensure that the organisation is able to quickly build internal competencies and capabilities and, at the same time, be able to respond to the urgent development needs of the District.

The focus for the next five (5) years will be geared towards robust implementation of programmes and projects, building strong partnerships at all levels and creating a favourable environment for investment promotion. The focus will be identifying and stimulating agro industrial initiatives using the value chain addition approach along the R61- Sisulu Corridor, R394- Ndodo Development Corridor, N6 Development Corridor and the N10- Calata Development Corridor.

In assessing the success of the strategy and monitoring of progress in the implementation, CHDA will have to report on the following indicators:

- Number of functional irrigation schemes
- Number of jobs created
- Rand value of funding resources leveraged
- Number of strategic functional partnerships facilitated
- Number of new hectares under production of crops, fruit, vegetables and forest plantations
- New small and medium sized businesses created and number of existing businesses retained
- Support the District Municipality's measures to secure a Special Economic Zone (SEZ) licence

With the support of all stakeholders in the District the Management, under the guidance of the Board, will endeavour to achieve the goals outlined in this document and deliver on its mandate, thereby responding to the Chris Hani Development Agenda.

11 STRATEGIC MAP >

Key Performance Indicators	Strategic Goals and Objectives	Mission, Values and guiding Principles	Vision
<ul style="list-style-type: none"> • Number of functional irrigation schemes • Number of jobs created • Rand value of funding resources leveraged • Number of new hectares under production of crops, fruit, vegetables and forest plantations • New small and medium sized businesses retained • Support the District Municipality's measures to secure a Special Economic Zone (SEZ) licence 	<p>Proficient and Viable Institutions</p> <ul style="list-style-type: none"> • Financial Viability • Internal Competencies and Capabilities • Learning and Growth • Internal Processes <p>Viable and Sustainable Clusters</p> <ul style="list-style-type: none"> • Agriculture and Agro-Processing • Infrastructure and Mechanisation Support • Build Relevant and Appropriate Sector Skills Base • Investment Promotion and Enterprise Development <p>Partnership Building and Stakeholder Relations</p>	<p>Mission</p> <p>To unlock the economic potential of the region by accelerating implementation of identified high-impact priority projects based on the natural resources, people and capabilities within the Development Corridors.</p> <p>Values and Guiding Principles</p> <p>The CHDA will strive to act professionally at all times. To this end, we will adhere to the following guiding principles:</p> <ul style="list-style-type: none"> • Commitment • Innovation • Accountability • Responsiveness • Strategic Partnerships 	<p>An Economic Development Catalyst And Co-Ordinator For The Realisation Of The Economic Growth Of The District</p>



League Frameworks



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