



doa

Department:
Agriculture
PROVINCE OF THE EASTERN CAPE

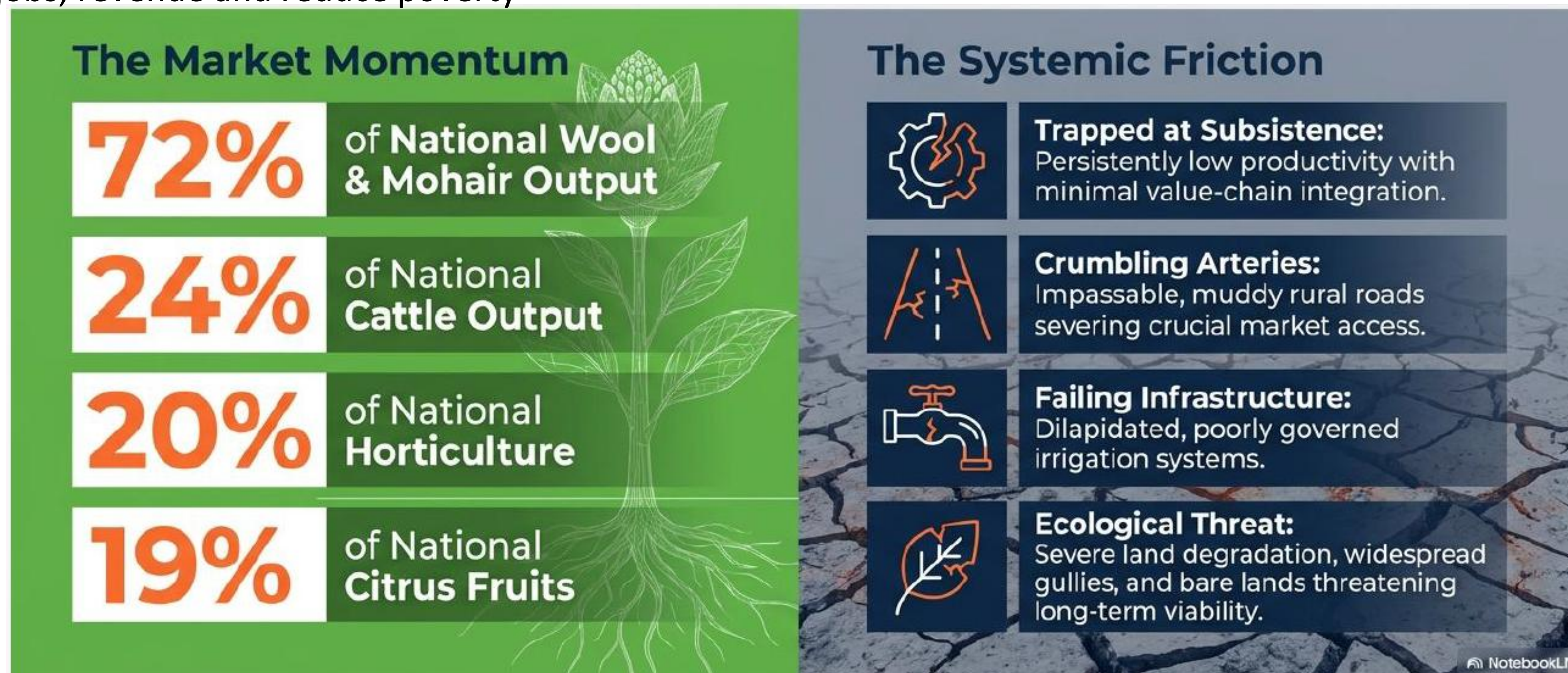


EASTERN CAPE AGRICULTURAL APPROACH TOWARDS COMMERCIALISATION OF LIVESTOCK TO SUPPORT GROWTH

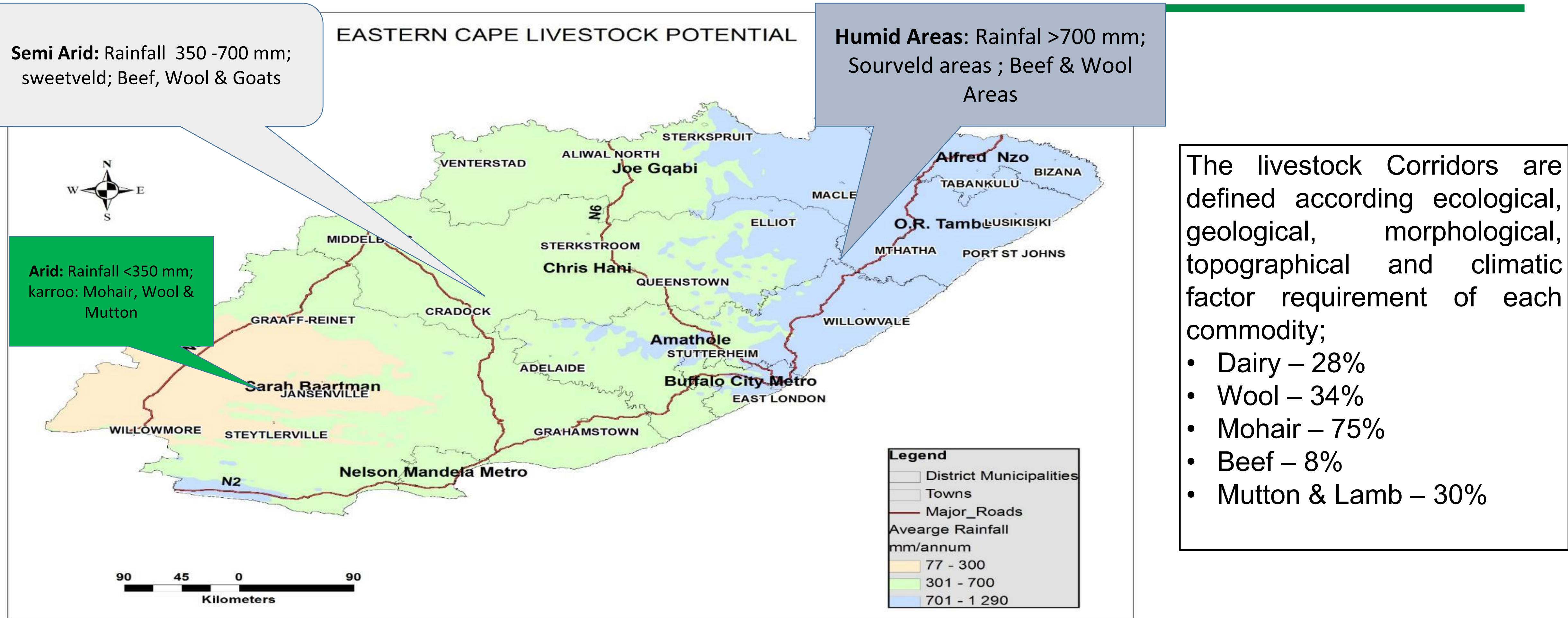


EC Agriculture in context

The Eastern Cape commands dominant agriculture market share but remains paralysed by systematic infrastructure friction. Agriculture sustains 65% of the province's livelihood strategies, therefore targeted intervention is required to unlock jobs, revenue and reduce poverty



EC Livestock Potential



AGRICULTURE SECTOR OVERVIEW

The Demographics

75,000

small and emerging households.

78.7%

poverty rate strictly within these former homeland areas.

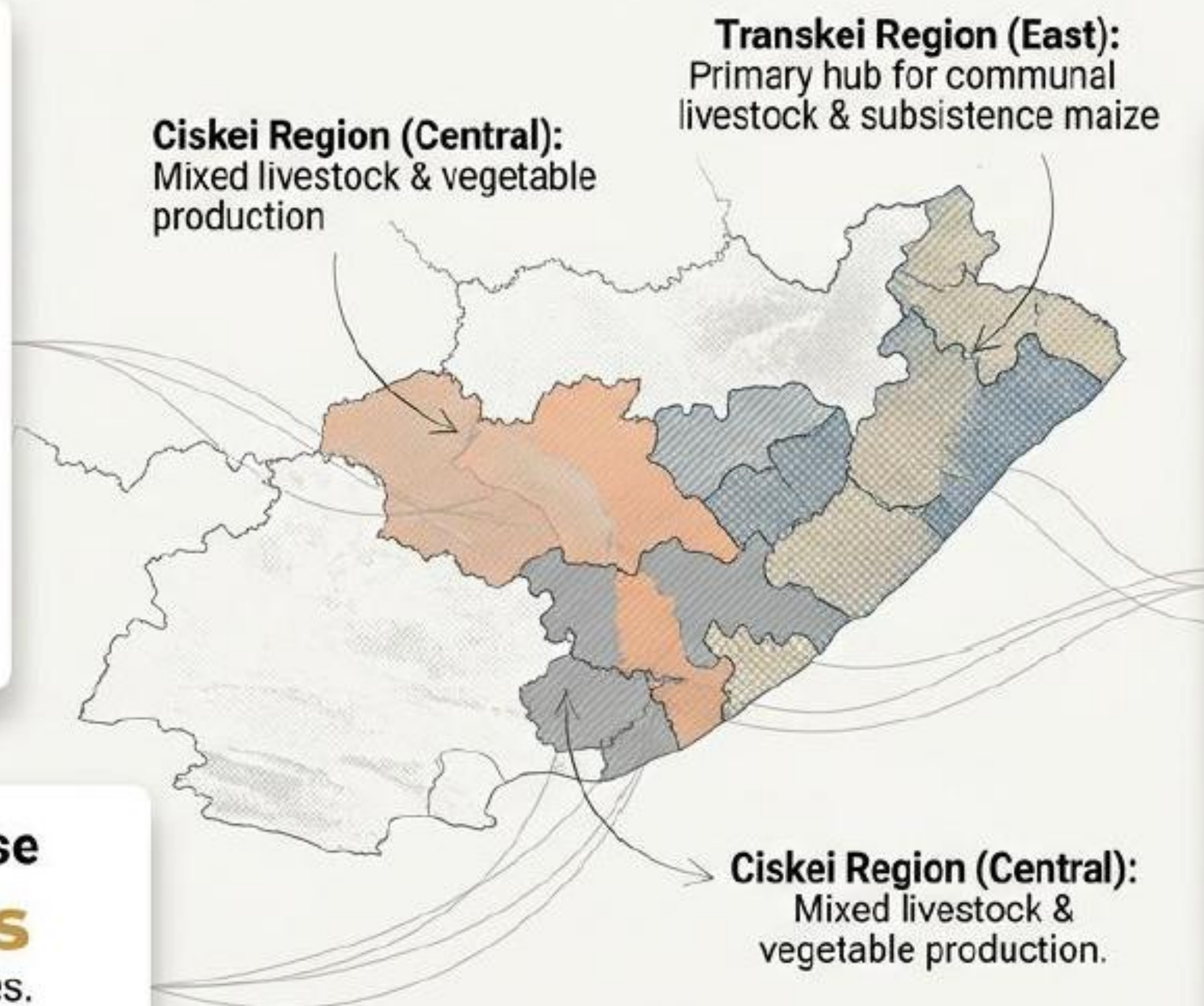
61 Years: Average age of the smallholder farmer.

The Infrastructure Collapse

>5,042 Hectares

of non-functional irrigation schemes.

Result: Dilapidated canals and weak Water User Association capacity lead to massive water waste in high-risk geographies.



The Production Paradox

High Assets, Low Output

38%

of South Africa's goats

30%

of South Africa's sheep



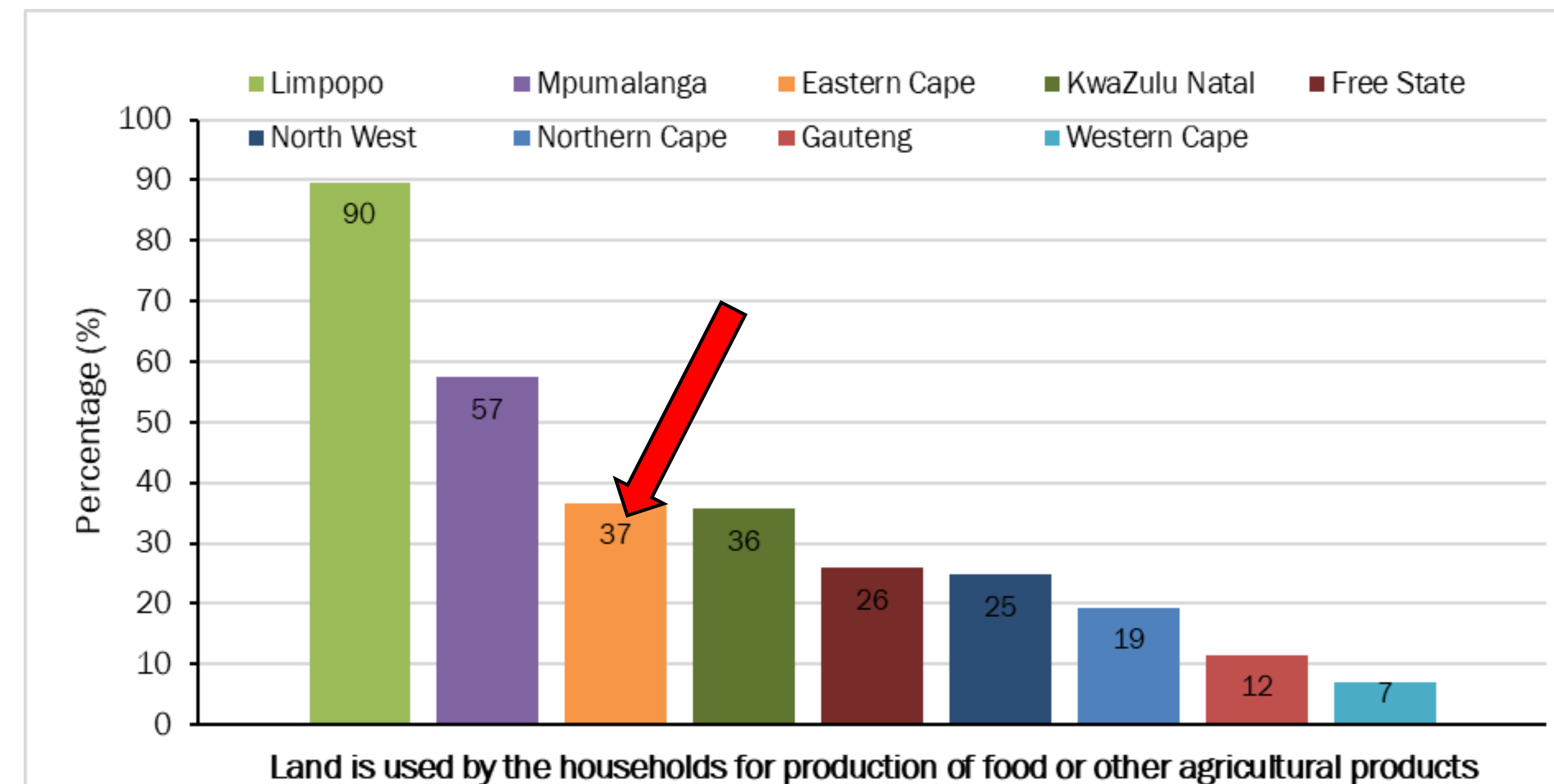
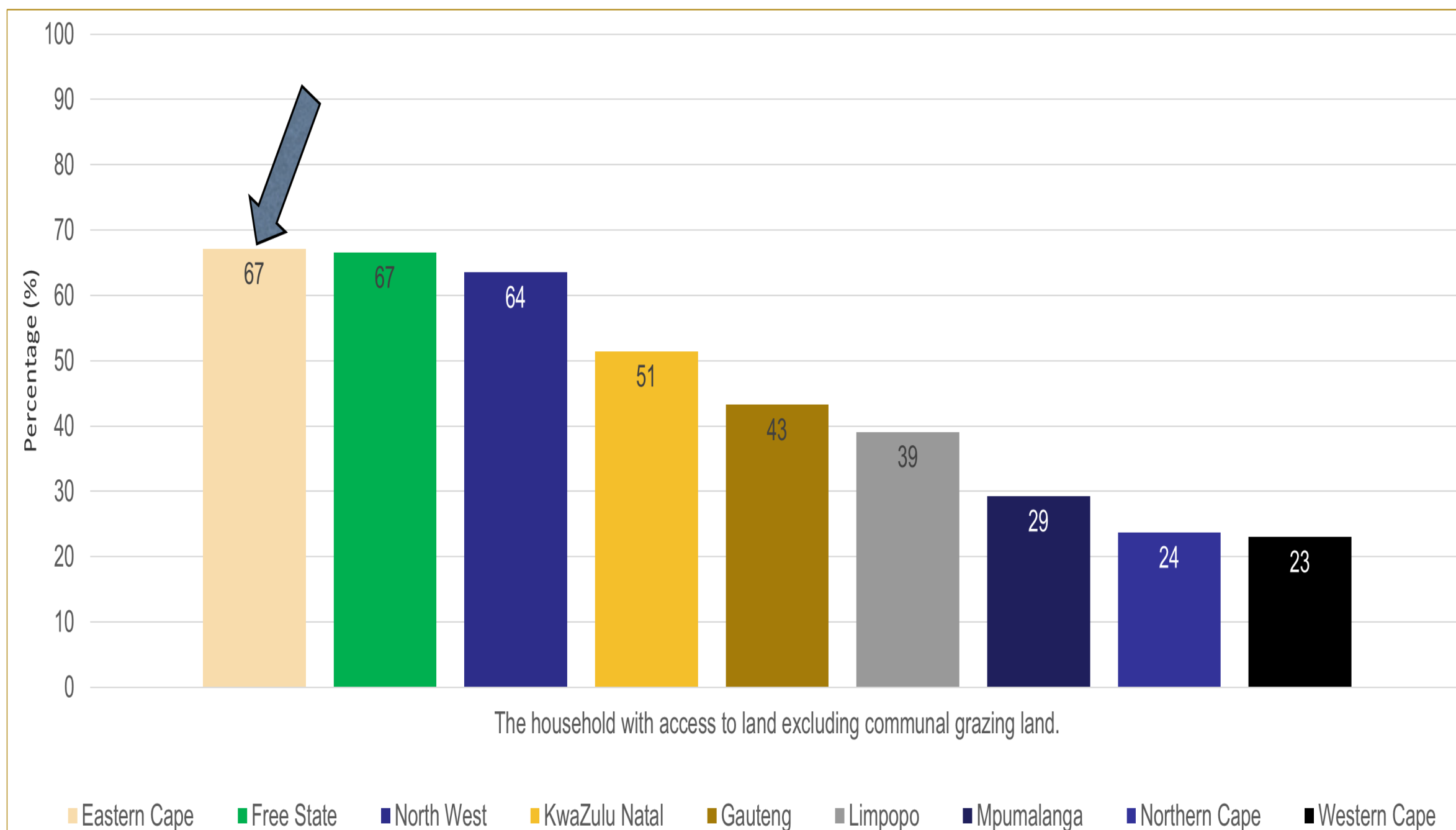
...Yet only **1% - 5%** contribution to total agricultural economic output.

Market Trap: Only 38% formal market participation for vegetable farmers.

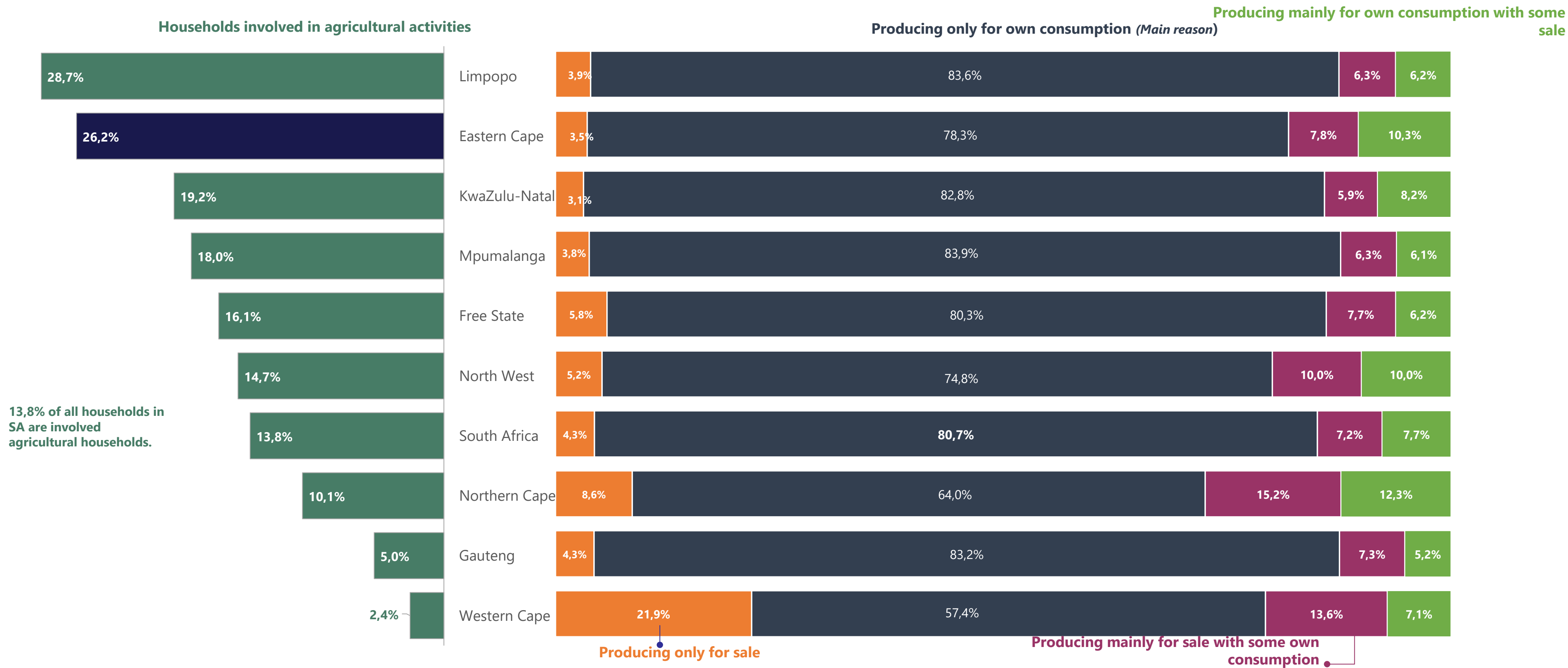
EASTERN CAPE LAND AVAILABILITY AND USAGE

Land Capability (LC) Class		High	Moderate	Marginal	Non-arable	Total
Eastern Cape	Total (LC) Hectares	1 086 153	1 776 631	6 805 093	7 221 222	16 889 099
	Hectares Cultivated	340 388	371 519	473 219	106 924	1 292 050
	% of hectares cultivated	26%	29%	37%	8%	100%

- Eastern Cape and Free State have the highest number of households who have access to land with (excluding communal grazing land)
- In the Eastern Cape, despite access to land at 67 % only 37 % of that land is put into productive agriculture use

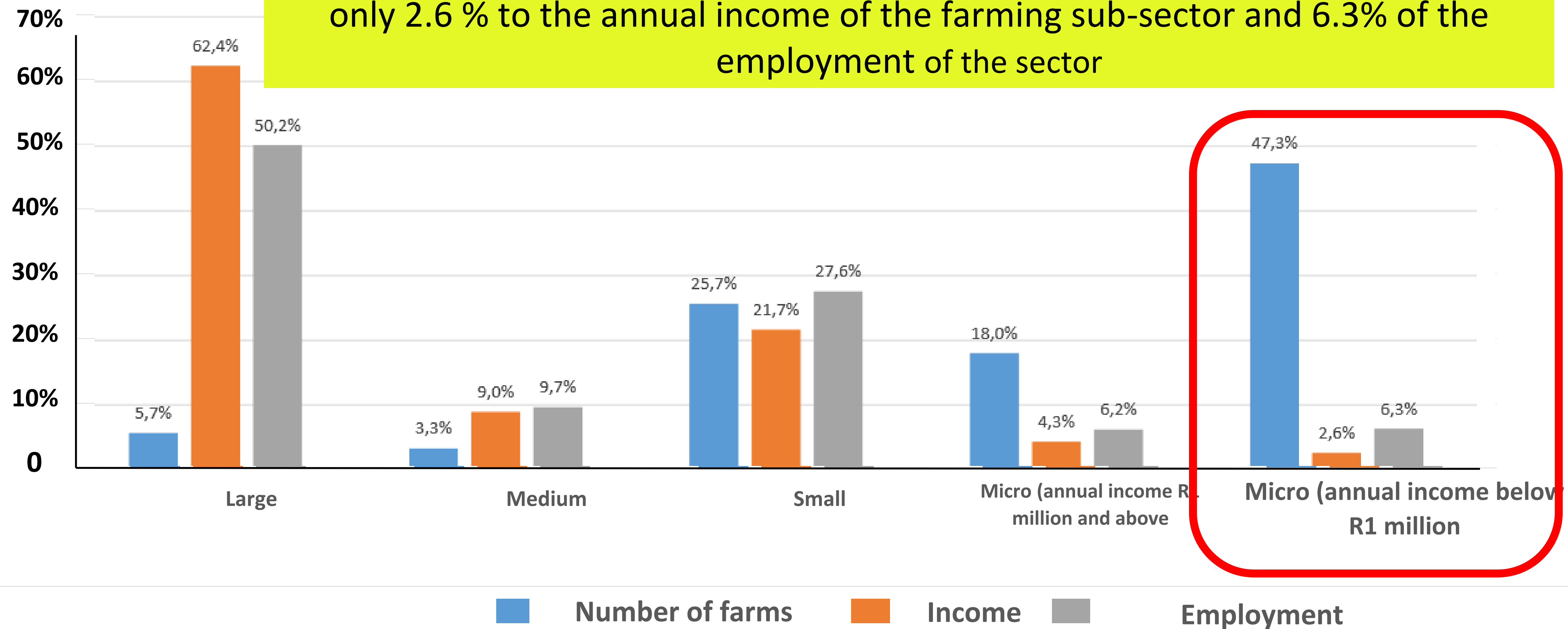


AGRICULTURE SECTOR INCLUSIVITY CHALLENGES

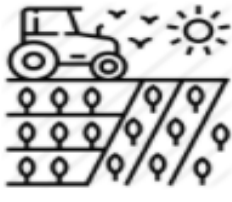


Farmer Categories Performance (STATSSA-2020 report)

Eastern Cape, **smallholder farmers** constitute 47.3% of all farmers but contribute only 2.6 % to the annual income of the farming sub-sector and 6.3% of the employment of the sector



Agriculture and Agro-processing Master Plan

PILLARS	PILLARS					
	 PILLAR 1 Resolving policy ambiguities and creating investment friendly climate	 PILLAR 2 Creating enabling infrastructure	 PILLAR 3 Providing comprehensive farmer support, development finance, R&D and extension services	 PILLAR 4 Ensuring food security, expanded production and employment creation, decency and inclusivity	 PILLAR 5 Enabling markets expansion, improving market access and trade facilitation	 PILLAR 6 Developing localized food, import replacement and expanded agro-processing exports
TARGETED COMMITMENTS						
	Land: Land & Agric Coord Agency 200k ha transferred per year Water: Water license issued in 90 days Black farmer share to 19% Labour & Conditions: Worker equity & ownership Employment creation Upward mobility & Rights @W Just transitional technology Transformation: Production schemes for smallholder & subsistence farmers aligned to VC via PPP	Water & Electricity: Dams and Irrigations Schemes Improve water efficiency Cogenerating inline with IRP Road, Rail & Logistic: Port efficiency and capacity Off-farm infrastructure Market & Biosecurity Traceability & Identification Research and Development Project Rebirth -- NFPMs	Farmer Support: R&D and technology access Non-financial support Extension Services: 10 000 extension officers in partnership & secondment to commodity associations Finance: Blended Finance Tool for farmers and SMMEs Supplier Development Programme for SMMEs	Develop Value Chain: Adopt value chain approach for expanding primary and processing production via private-public partnerships Employment: Create new jobs along value chains – unlock potential of idle land	Domestic Market: Increase local spending & institutional procurement Regional Market: Promote and implement AfCFTA – regional VC Exports Markets: Create Trade Promotion Fund Improve market access for fruits, wine, meat & fibre Enhance port efficiency	Routes to Markets: Alternative Routes to Markets Localization: Implement the Import Substitution Strategy Retail Lease: Implement Competition Commission Supermarkets Recommendations
Real GPV added R32 billion						Crops production expand by 410 000ha and 19 550 ha of irrigated land
Animals and Animal Product production expand by 611 000t 1.5 million ha of pasture						71 487 New Jobs created 303 223 Livelihoods supported
						6 500 new SMMEs

AGRICULTURE SECTOR INCLUSIVITY CHALLENGES

Commodity	Production Value	Black Farmer Output	Black Farmer Share in Output 2019	Volume Growth	Production Value	Black Farmer Output	Black Farmer 2023	Volume
Maize	27 038 097	1 270 791	5%	34%	44 717 307	2 593 604	6%	65%
Soybean	5 698 270	176 646	3%	72%	10 242 856	389 229	4%	80%
Wheat	5 805 830	75 476	1%	17%	8 907 898	89 079	1%	53%
Cotton	1 967 187	47 212	2%	-8%	545 233	28 352	5%	-72%
Citrus	15 046 134	1 805 536	12%	9%	10 242 856	2 622 171	26%	-32%
Deciduous	15 660 627	1 566 063	10%	17%	23 404 421	2 761 722	12%	49%
Viticulture	7 057 260	112 916	2%	25%	25 571 348	2 147 993	8%	262%
Potato	6 972 320	69 723	1%	5%	6 220 376	367 002	6%	-11%
Tomato	2 364 149	203 317	9%	8%	9 320 723	186 414	2%	294%
Wool	3 397 506	373 726	11%	9%	5 249 811	839 970	16%	55%
Mohair	554 582	70 986	13%	2%	1 397 599	226 411	16%	152%
Cattle	31 992 265	10 877 370	34%	-4%	39 872 620	14 752 869	37%	25%
Poultry	47 863 345	2 010 260	4%	4%	30 329 022	1 971 386	7%	-37%
Total	171 417 572	18 660 023	11%		216 022 070	28 220 230	13%	26%

The Sector generally demonstrates more inclusivity than other with better average than all

The Eastern Cape Agriculture Sector Development Strategy

Sector Outcome	Key enablers	Desired Impact	How will we measure the difference
Agriculture Commercialisation and Food Security Localise Food Production	- Land – Land reform farms, aggregated traditional land 10 000 ha of irrigated land - Access to development finance - Access to markets (formal and informal) – government and private sector - Leverage government procurement - Agro-processing – RED Hubs and Industrial Parks - Road and rail infrastructure network - Human capital development - Partnership with commodity, private sector industries and research - Food safety compliance (SA-GAP and HACCP)	- Increase in number of households that are food secure from 26% to 36% - Increase employment in the agriculture sector from 100 000 to 122 000 - Increase in investments from 30% to 50% over the period of 5 years. Attract an estimated R3 billion	- Reduction in number of households experiencing severe food insecurity - Rand value of export revenue for the province - Increase in number of people employed in the agriculture value chains - Increase in production targets

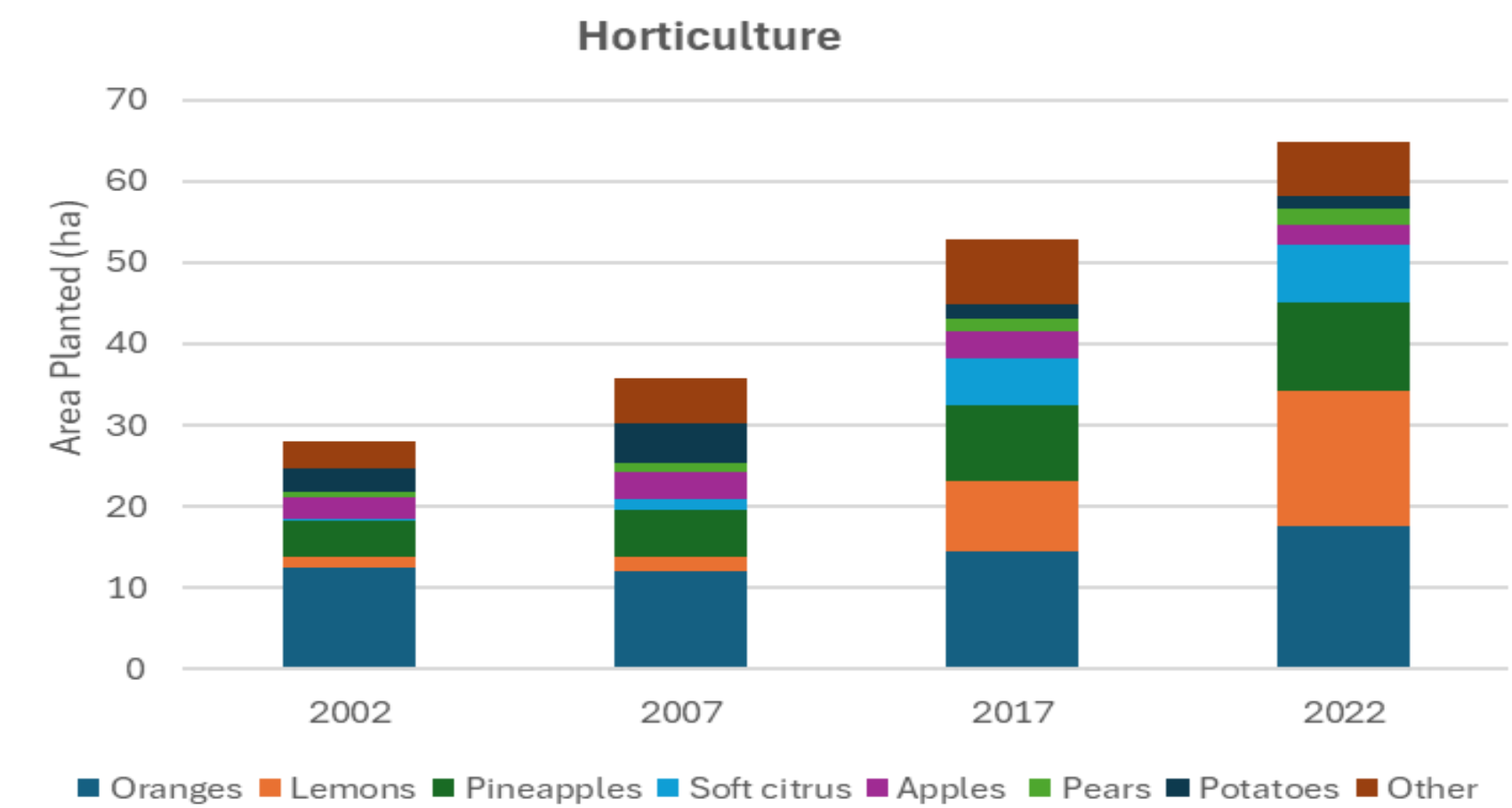
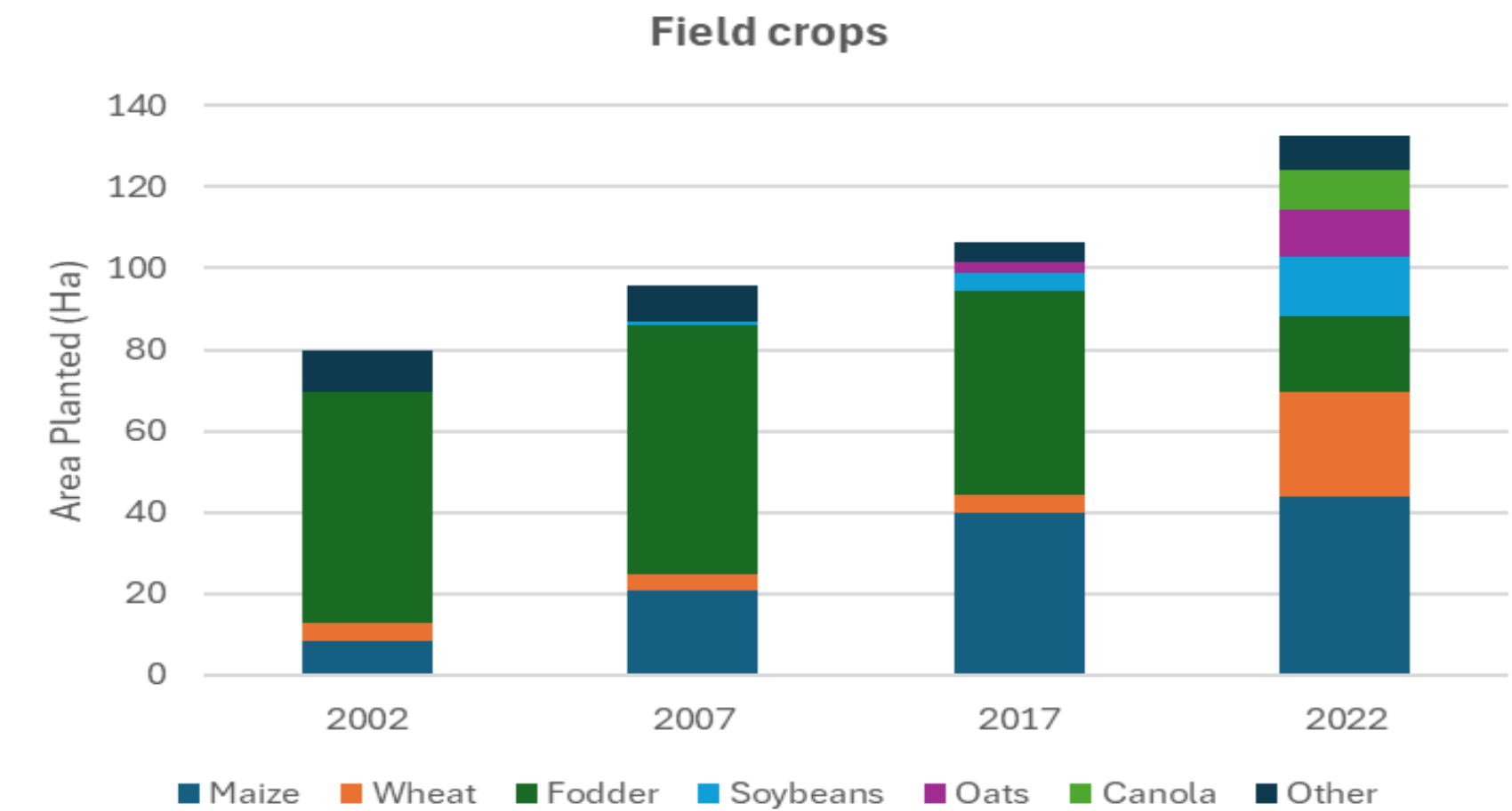
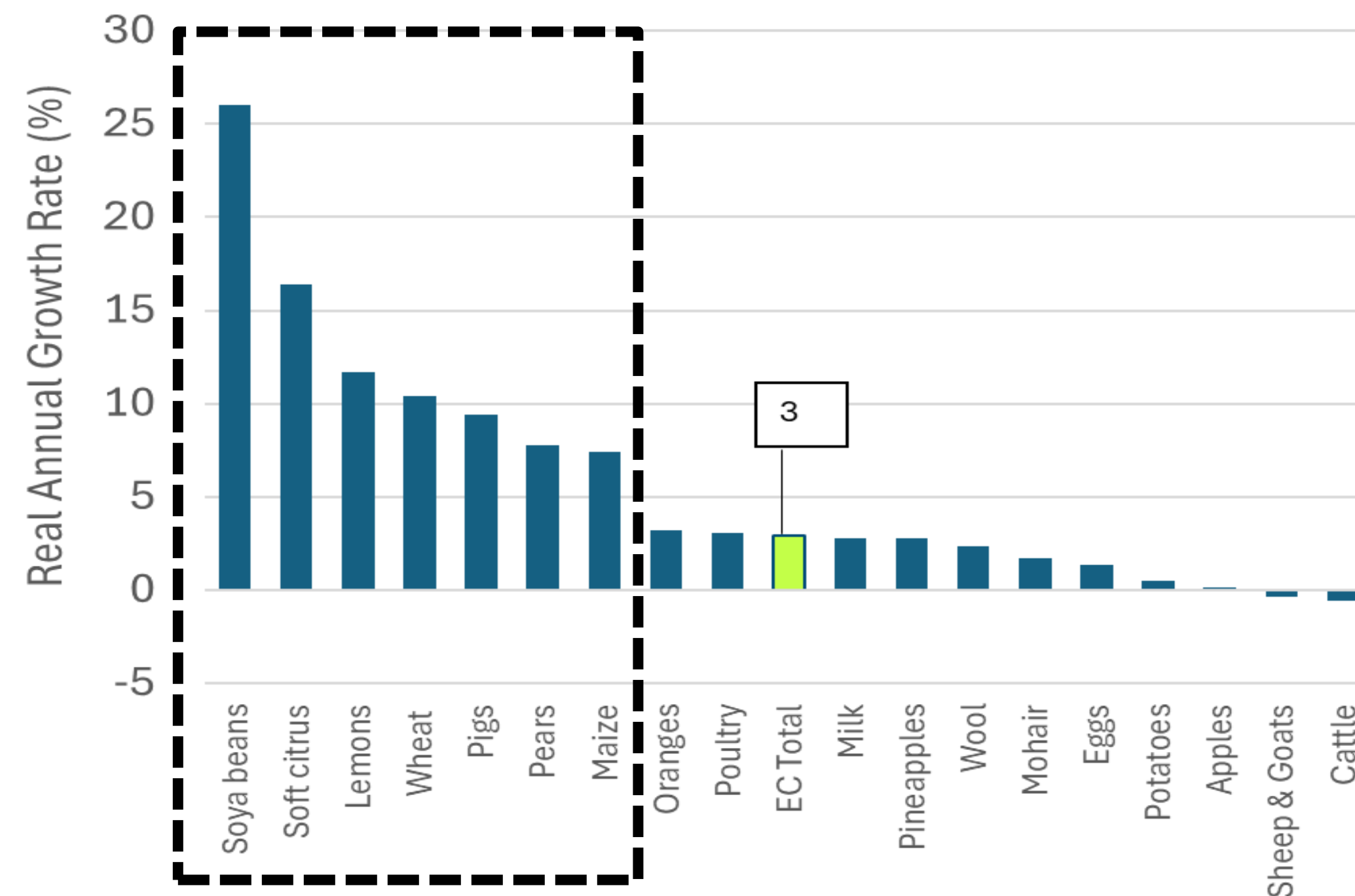
The Eastern Cape Agriculture Sector Development Strategy

Sector Outcome	Key enablers	Desired Impact	How will we measure the difference
Agriculture Commercialisation and Food Security • Increase export-oriented Production	• Land - 100 farms, aggregated traditional land • Access to development finance • Trade agreements; • Agro-processing • Transport and logistical infrastructure; • Human capital development • Partnership with commodity, private • Strengthen biosecurity for trade compliance • International trade food safety compliance	• Increase in number of households that are food secure from 26% to 36% • Increase employment in the agriculture sector from 100 000 to 122 000 • Increase in investments from 30% to 50% over the period of 5 years. Attract an estimated R3 billion	• Reduction in number of households experiencing severe food insecurity • Rand value of export revenue for the province • Increase in number of people employed in the agriculture value chains • Increase in production targets

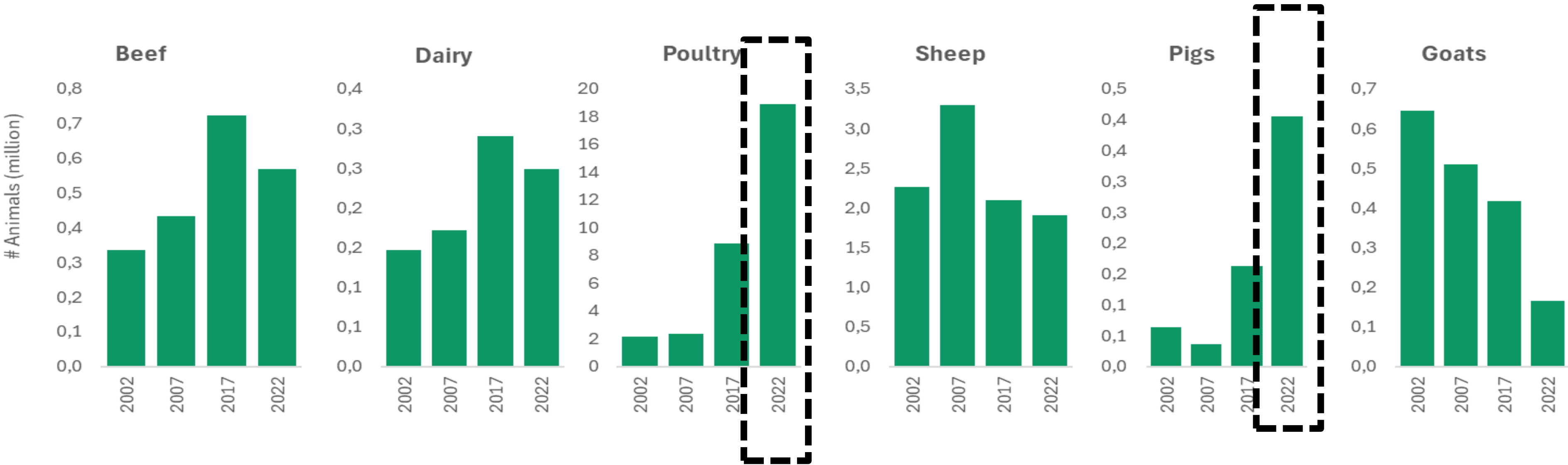


Eastern Cape Sector Review

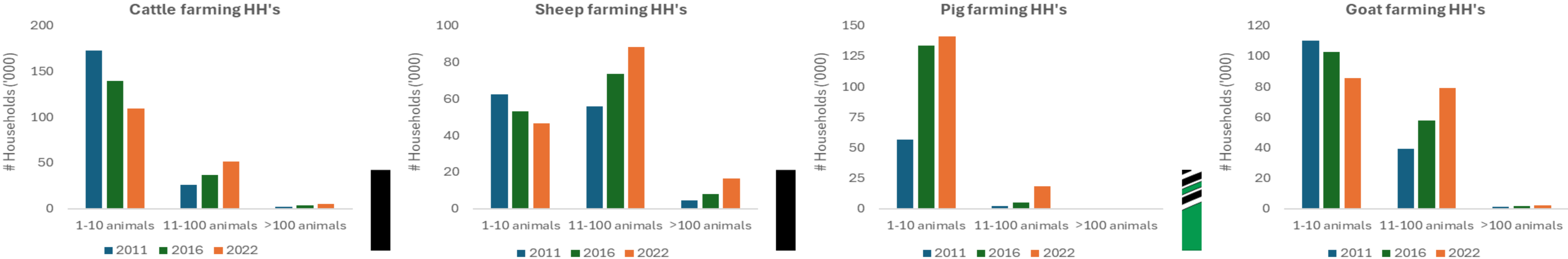
Fastest growing industries between 2022 and 2024 in real income and structural changes



Livestock Emerging Structural Transformation



- Top graphs are commercial agriculture
- Bottom graphs includes all Households owning cattle
- Some industries have grown and general consolidation taking place
- Implications for intensive feed industries and grazing capacity



Beef Production in the Province

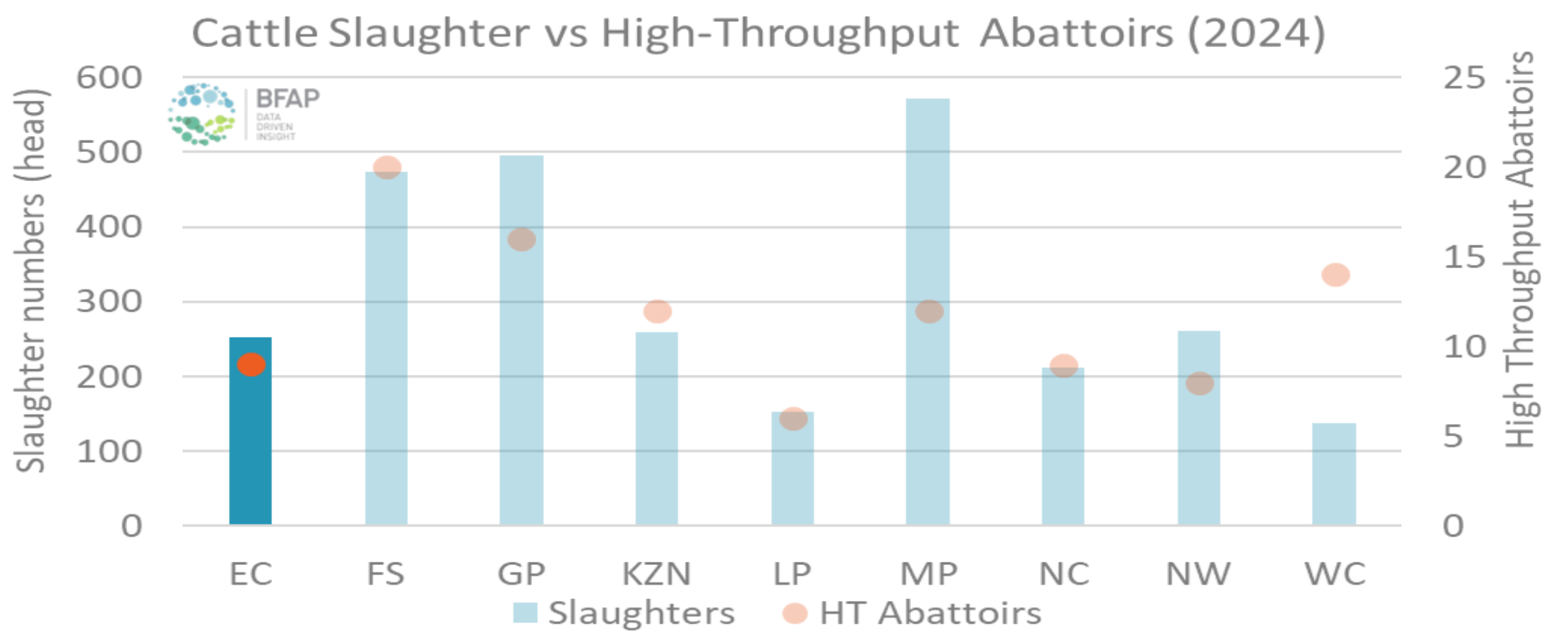
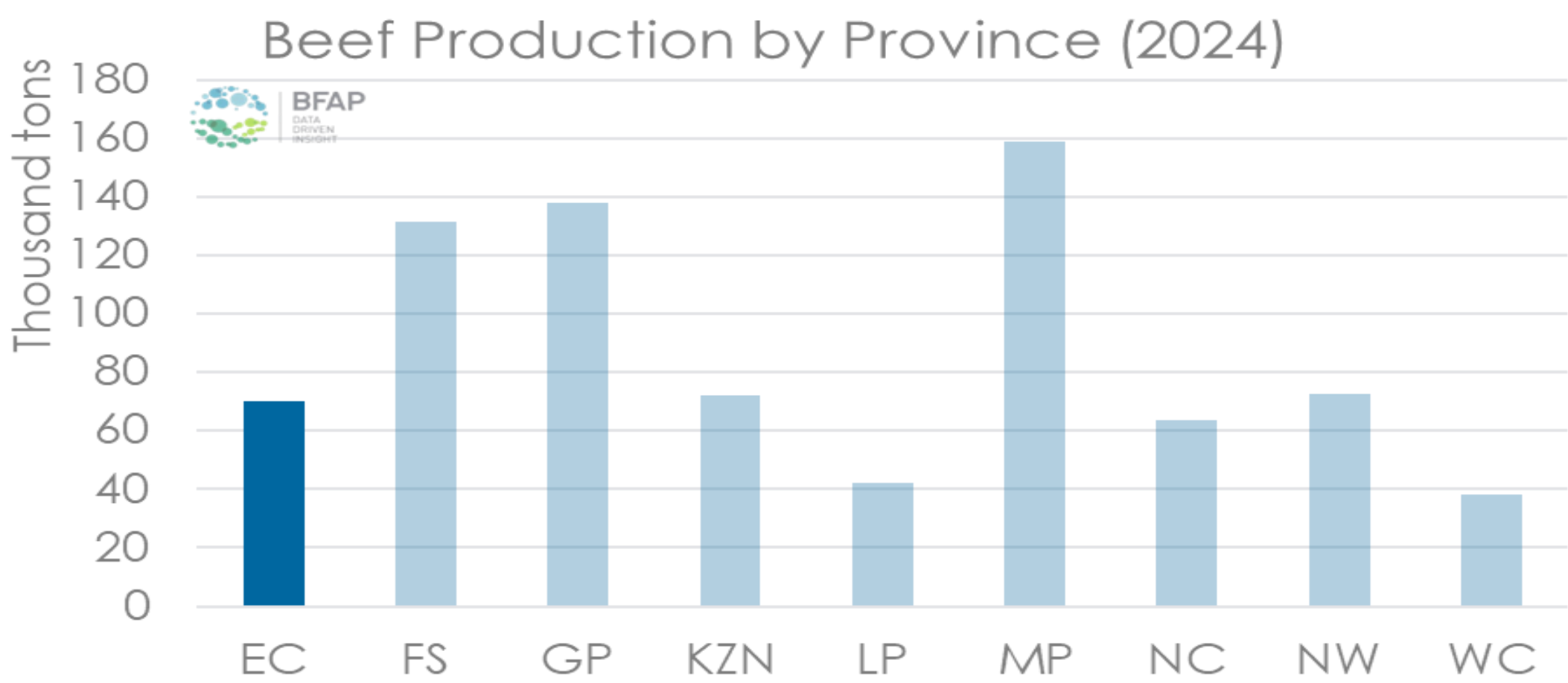
Low production volumes a result of low provincial processing capacity

- In 2024, the Eastern Cape's beef production was an estimated 70 thousand tons, accounting for only 8.9% of national production, despite having over 32% of the national herd.
- However, beef production increased by 194% from 2010 to 2024, rising from 36.2 thousand tons to 70.2 thousand tons.
 - Between 2019 and 2024, beef production volumes grew at an annual average rate of 2.1%.
- This expansion was partly driven by a 1.9% annual increase in slaughter volumes between 2019 and 2024.

The Eastern Cape has a low number of cattle feedlots (4) and high-throughput beef abattoirs (9) compared to other major producing provinces like the Free State (20 abattoirs) and Gauteng (16 abattoirs).

The province's distance from major grain-producing regions increases feed and transport costs, making feedlot operations less economically viable.

The lack of in-province finishing and processing capacity severely curtails local demand for weaner calves, hindering value addition within the province.



Sheep Production in the Province

Low production volumes a result of low provincial processing capacity

- Sheep meat production in 2024 was under 8 thousand tons, representing just 8.1% of national output, despite the province hosting nearly 58% of the national sheep flock.

- Sheep meat production in the Eastern Cape decreased by 31% between 2016 and 2024, falling from 11.5 thousand tons to 7.9 thousand tons.

- From 2019 to 2024, sheep meat production volumes in the province decreased at an annual average rate of 5.6%.

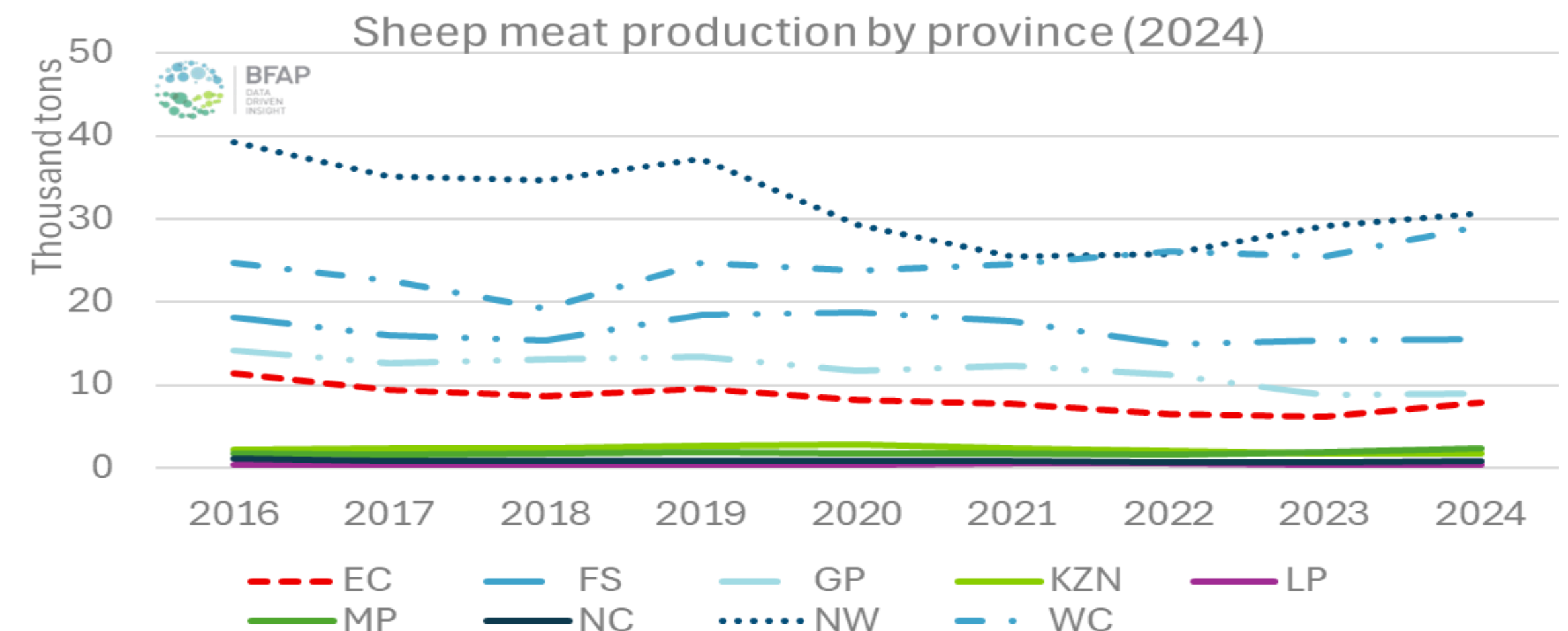
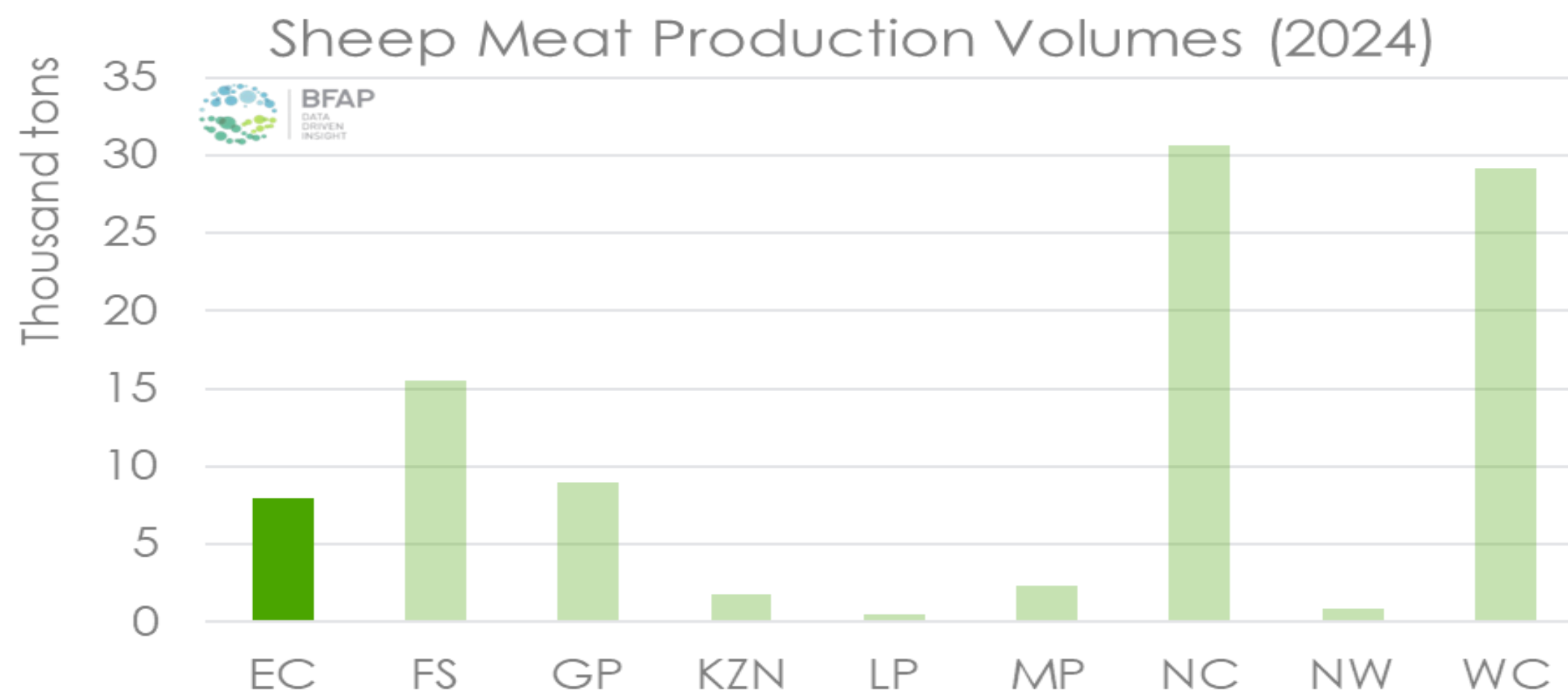
- Nationally, sheep slaughter volumes remained mostly flat, increasing by only 0.7% annually between 2019 and 2024.

- Most provinces, including the Eastern Cape, saw decreasing sheep slaughter volumes between 2019 and 2024, with only Limpopo, Mpumalanga, and the Northern Cape showing growth.

- The Eastern Cape's sheep abattoir sector is dominated by Rural Throughput (RT) and Low Throughput (LT) facilities.

- RT abattoirs, capable of slaughtering two or fewer animals daily, account for 59% of the province's abattoirs.

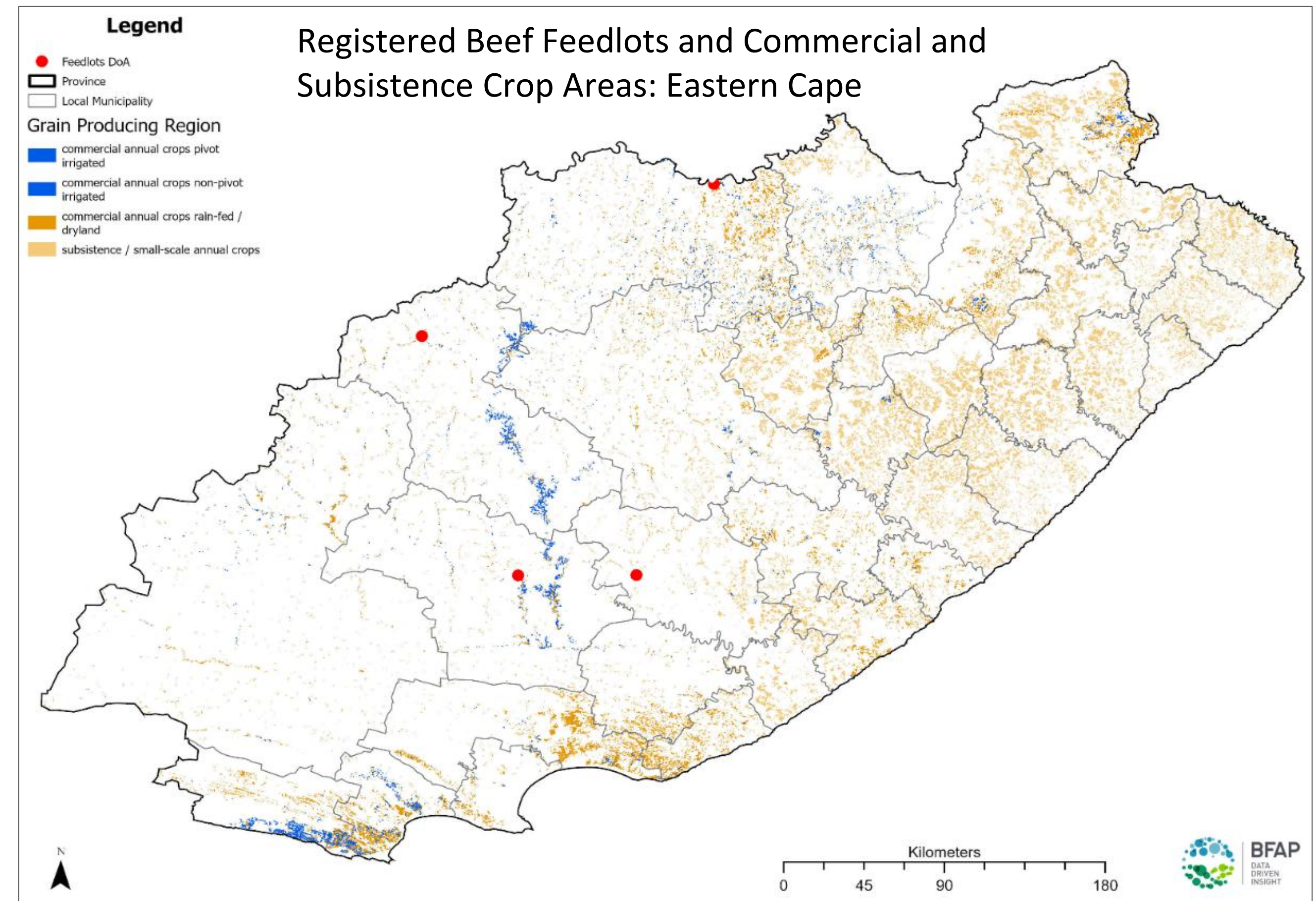
- The province has only 9 high-throughput abattoirs for sheep, contributing to lower commercial processing capacity.



Value Addition Potential Within Eastern Cape

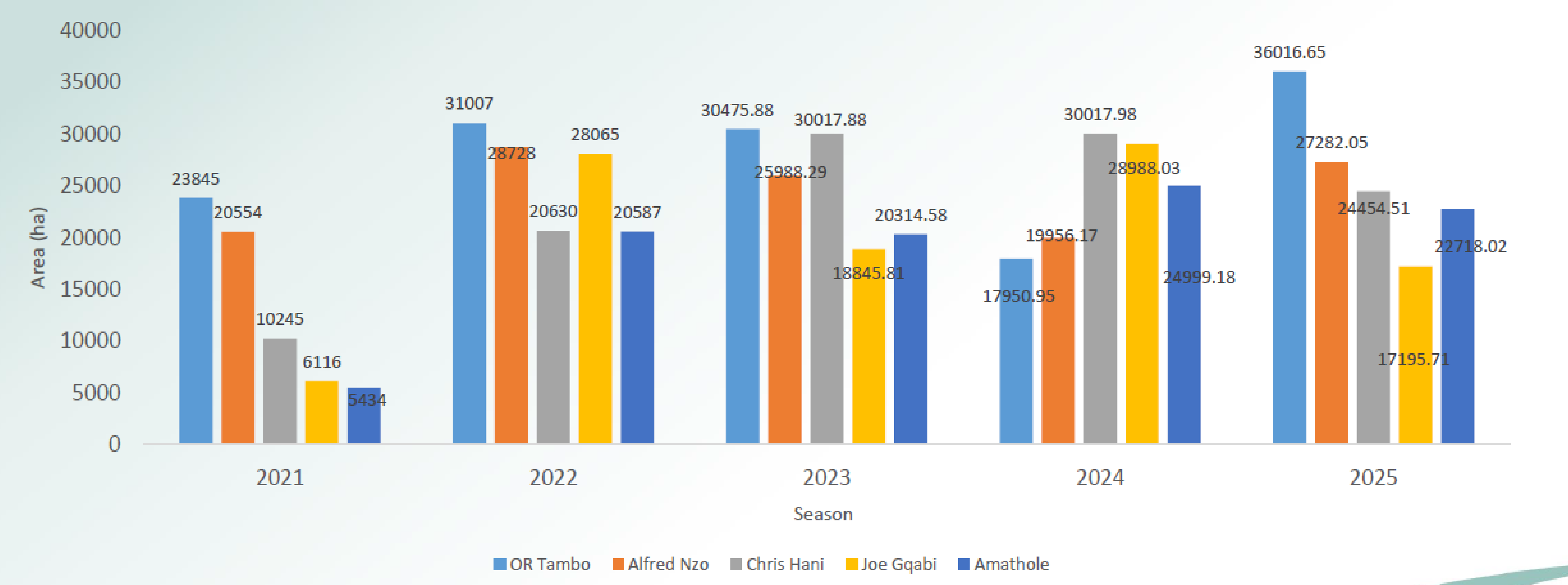
Longer distances from the major grain producing regions limit feedlot profitability

- The Eastern Cape currently holds limited potential for increased value addition (through feedlots and abattoirs) given the relative distance to major grain producing regions. This puts the Eastern Cape at a disadvantage when it comes to feed costs, limiting feedlot profitability.
- Limited commercial crop production and large areas of degraded land are currently hampering the potential for value addition in the Eastern Cape.
- However, **improving veld conditions and leveraging the large livestock populations** offers the potential for increased primary production and 'exporting' of live animals to other provinces – at least until finishing becomes more profitable through increased crop production in the Eastern Cape.

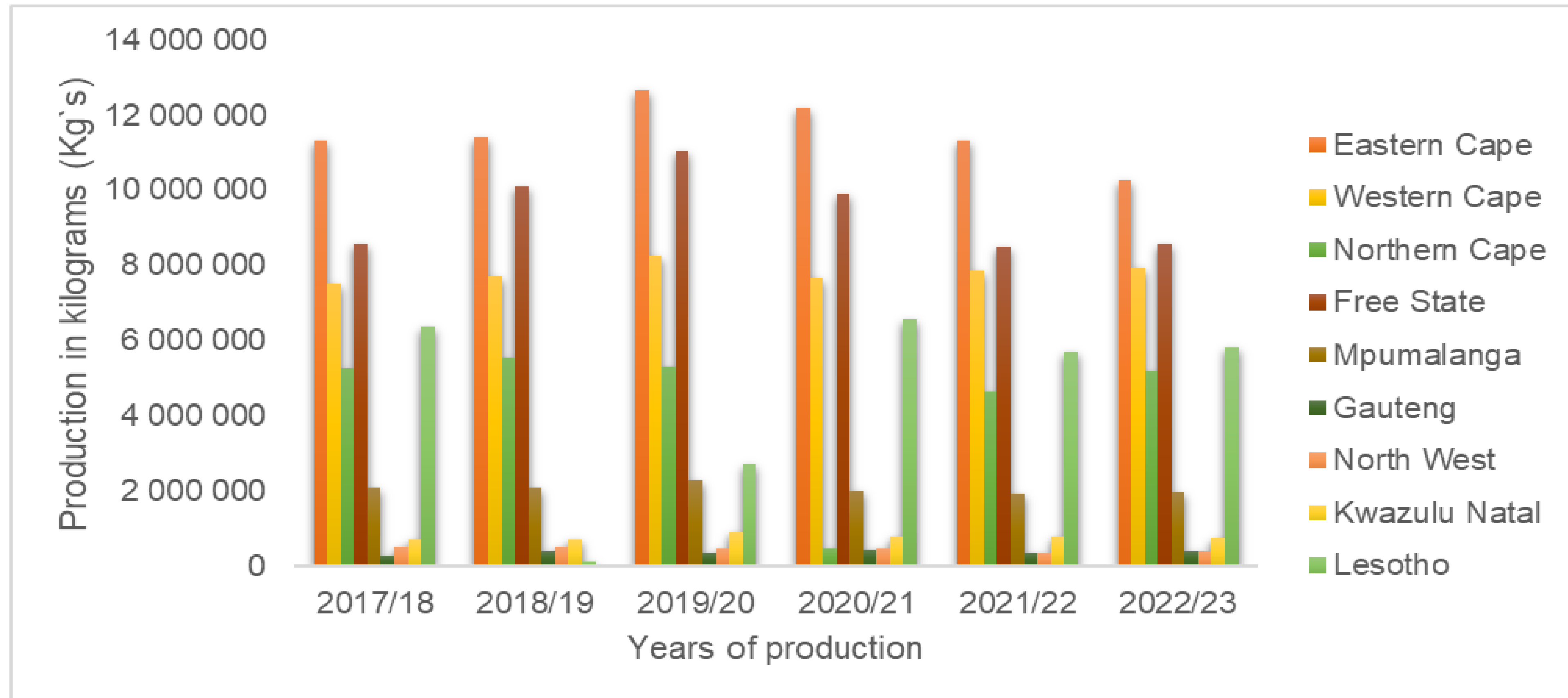


Grain Production Results: Non-Commercial Sector

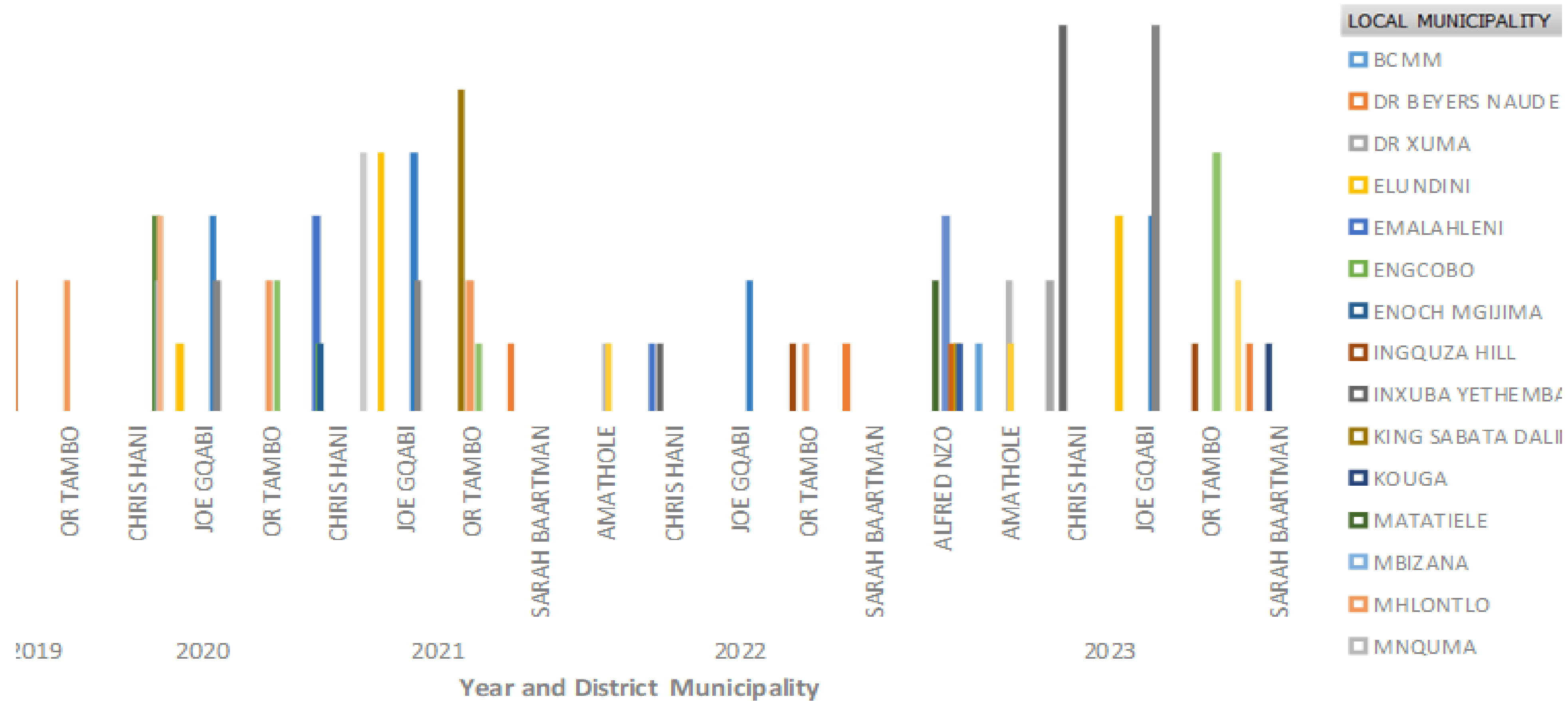
Comparison Maize planted area over time in ha



Wool production in South Africa; 2017-2023



Wool Production in the Province; 2017-2023



KEY TAKEOUTS FROM BEEF AND MUTTON ANALYSIS

- Although the prices obtained by producers appear to be lower than those received by farmers abroad, **the local production systems seem to be more cost-efficient, leading to domestic competitiveness.**
- Nevertheless, with a range of animal disease outbreaks, domestic biosecurity remains a matter of concern, with only a compartmentalisation and traceability approach to biosecurity a solution to containment and international market access.

Commercialisation of Agriculture

AAMP Theory of Change

Sector Problem: Low levels of Investment
Sluggish and non-inclusive Agricultural Growth

AAMP Vision: Globally competitive agriculture and agro-processing sectors drive market-oriented and inclusive production to develop rural economies, ensure food security, and grow decent and inclusive employment and entrepreneurial opportunities for all participants in agriculture and agro-processing value chains



Value Proposition for Commercialisation of Agriculture

To increase smallholder productivity and value-chain integration in selected commodities and areas of the Eastern Cape

Inclusive agriculture has the greatest potential to raise incomes and create jobs for many in the rural areas, given that agriculture is the mainstay for the livelihoods of over 65% of the population in the province.

Inclusive agriculture would only happen through deliberate acts of policy, strategy, or programs.

Multiple Dimensions of Benefits



Increased income and jobs



Localisation of value chains



Increased agro-export revenue



Import substitution



Sustainable natural resource utilization

WHAT IS COMMERCIALISATION?

THE WORKING DEFINITION

Commercialisation in the Eastern Cape is the structured progression of farmers and rural enterprises from production for own use, through productivity gains and market participation, into vertically integrated commercial operations linked to formal value chains — with public investment retreating in step as private capital and offtake markets take over.

COMMERCIALISATION IS NOT

- ✗
- Conflated with farm size or hectarage alone — commercialisation is about market readiness, not scale
- Reserved for export-oriented farmers — domestic and regional markets are the larger commercialisation prize
- A graduation from “small” to “big” — it is a graduation from “subsidised” to “self-financing”
- A substitute for food security — commercialisation and food security are sequenced, not opposed

Key Principles of Commercialisation:



Productivity

Yield-per-hectare
and yield-per-input
gains



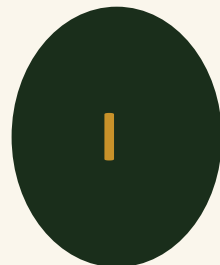
Market
participation

Formal offtake, contracts,
traceability, food-safety
certification



Sustainable
Natural
Resources
Utilisation

Optimal utilization of
natural resources, climate
resilient farming
techniques



Inclusion

Black, women and youth
participation in
ownership and value



Value
addition

Movement up the value
chain into processing,
branding, exports



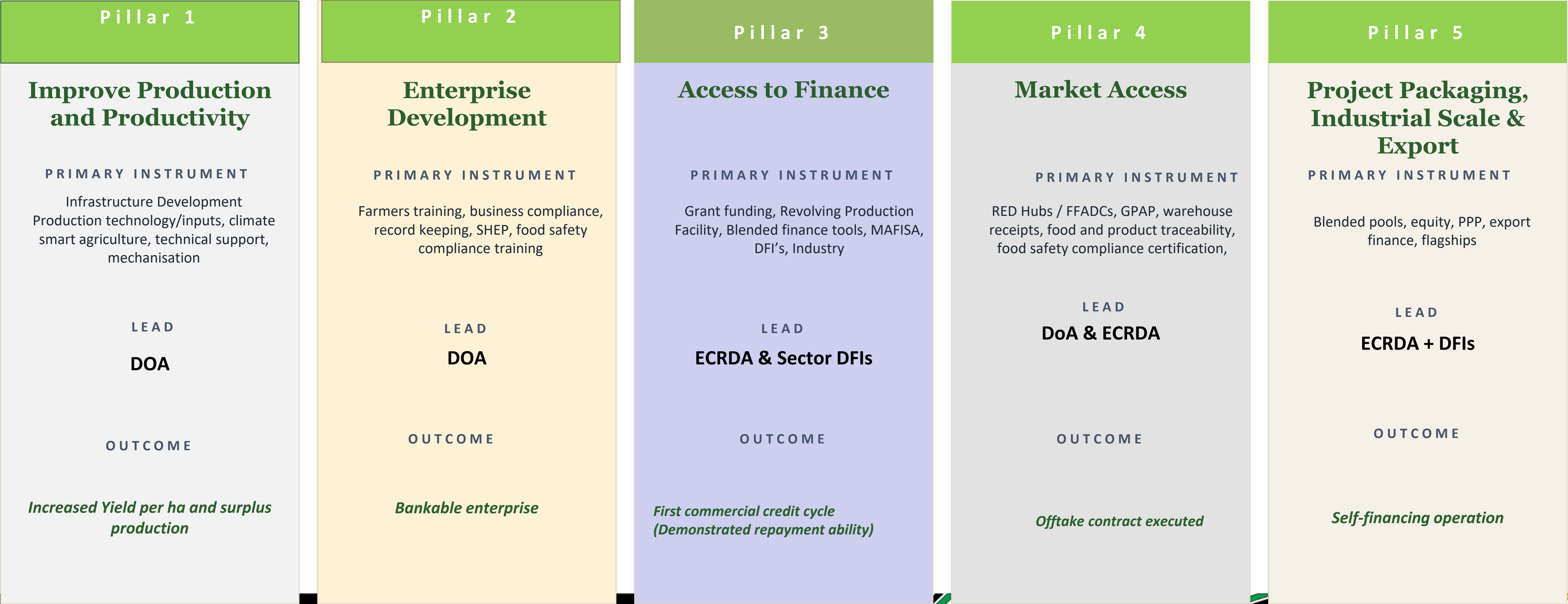
Self-financing

Migration from grants to
blended finance to
commercial credit

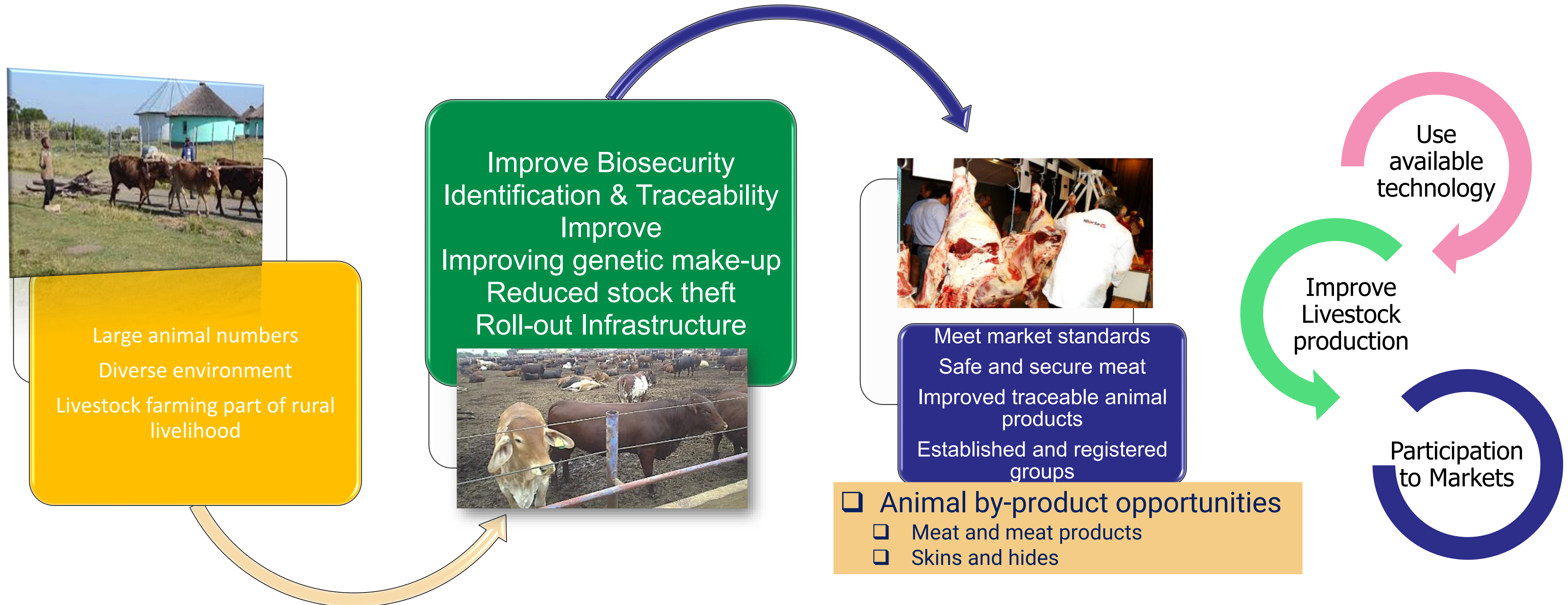


The Five-Pillar Commercialisation Journey

The Commercialization its a Journey has Pillars that support a progression through the journey.



Livestock Development Approach



Eastern Cape has embarked on improving infrastructure, Livestock branding, recording and implementation of LITS tap into the potential it has to support beef producers

Provincial Strategic Focus Areas

- **Improve grain production in high potential areas:** this will address the access to high quality grains to increase finishing of animals and thus reducing transport cost associated with feed;
- **Strengthen Biosecurity and Infrastructure Development:** Ensure that essential biosecurity infrastructure and resources are available, and that practices and policies are effectively applied within each compartment, particularly in traditional farming areas.
- **Address Slaughtering Capacity Deficit:** Investigate the reasons behind the shortage of slaughtering capacity and lack of value-add development and develop business cases for investment to enhance meat production volumes.
- **Combat Land Degradation and Improve Herds:** Find and implement solutions for land degradation in grazing areas, coupling improved management practices with efforts to enhance the genetic quality of livestock herds.
- **Provision of Specialized Extension Service:** Facilitate the benchmarking of producers against both domestic and international competitors, and model representative production systems to guide policy development and responsiveness.
- **Identify and Access Priority Export Markets:** Launch an investigation into priority export markets for Eastern Cape beef and lobby national authorities to open these markets by establishing the necessary Sanitary and Phytosanitary (SPS) protocols.

THANK YOU

