



ALFRED NZO

DISTRICT MUNICIPALITY

Integrated Development Plan 2020 – 2021

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THE MUNICIPAL SYSTEMS ACT, 2000

“Each municipal council, within a prescribed period after the start of its elected term, must adopt a single, inclusive and strategic Integrated Development Plan...”

Core components of integrated development plans

According to *Section 26 of the Local Government Municipal Systems Act, 2000*, an integrated development plan must reflect-

- a) The municipal council's vision for the long-term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;
- b) An assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to basic municipal services;
- c) The council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
- d) The council's development strategies which must be aligned with any national or provincial sectoral plans and planning requirements binding on the municipality in terms of legislation;
- e) A spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;
- f) The council's operational strategies;
- g) Applicable disaster management plans;
- h) A financial plan, which must include a budget projection for at least the next three years; and
- i) The key performance indicators and performance targets determined in terms of section 41.

ALFRED NZO DISTRICT MUNICIPALITY STRATEGIC AGENDA

VISION

**A District whose
communities are self-
sustaining and enjoy a
good quality life,
equitable access to basic
services and socio -
economic opportunities**

MISSION

**To be a responsive and capable institution that effectively
delivers basic services and innovative development
programmes with a strong orientation to rural development
in
Partnership with its communities and other
social partners**

STRATEGIC GOALS 2017-22

- 1. Inclusive Growth and Development**
- 2. Basic Services Delivery and Community Empowerment**
- 3. Effective Public Participation, Good Governance and Partnerships**
- 4. A capable and financially viable institution**

Foreword from the Executive Mayor

Outstanding

Message from the Municipal Manager

Outstanding

1. Introduction and Background

1.1. Process plan document – how this IDP was drawn up

This IDP was drawn up in terms of an **IDP Process Plan** to ensure the proper management of the planning process. The ANDM IDP/PMS and Budget Process Plan 2020 – 2021 was adopted by Council on the 30th of August 2019.

This plan outlined:

- Structures to manage the planning process;
- How the public could participate and structures to ensure this participation;
- A time schedule for the planning process;
- Who is responsible for what; and
- How the process would be monitored.

At District Council level, a framework was developed in consultation with all our local municipalities. This ensured co-ordination, consultation and alignment between the district council and local municipalities. The framework also guides the development of an IDP process plan for each local municipality.

The process undertaken to produce this IDP consisted of 5 phases:

Phase 1: Analysis

During this phase information was collected on the existing conditions within the municipality. It focused on the types of problems faced by people in the area and the causes of these problems. Identified problems were assessed and prioritized. This phase allowed the municipality to provide:

- An assessment of the existing level of development
- Details on priority issues and problems and their causes
- Information on available resources

Phase 2: Strategies

During this phase, the municipality worked on finding solutions to the problems assessed in phase one.

This entailed:

- **Developing a vision**

The vision is a statement of the ideal situation the municipality would like to achieve in the long

term once it has addressed the problems outlined in phase one. The following is an example of a vision statement:

“An economically vibrant municipality with citizens living in a secure, healthy and comfortable environment”

- **Defining development objectives**

Development objectives are clear statements of what the municipality intends to achieve in the medium term to deal with the problems outlined in phase one.

For example: *Provide access to clean water for all residents living in informal settlements*

- **Development strategies**

Once the municipality worked out where it wanted to go and what we needed to do to get there, we worked out how to get there. Our development strategies are about finding the best way for the municipality to meet its development objectives. For example: *Co-operate with the Department of Water Affairs to provide one water stand pipe for every 20 households.*

- **Project identification**

Once we had identified the best methods to achieving our development objectives we went on to the identification of specific projects.

Phase 3: Projects

During this phase the municipality worked on the design and content of projects identified during Phase 2. Clear details for each project had to be worked out in terms of:

- Who is going to benefit from the project?
- How much is it going to cost?
- How will it be funded?
- How long will it take to complete?
- Who is going to manage the project?

Clear targets were set and indicators worked out to measure performance as well as the impact of individual projects.

Phase 4: Integration

Once all projects had been identified, the municipality checked again that they contributed to meeting the objectives outlined in Phase 2. These projects provide an overall picture of our development plans.

All the development plans now had to be integrated. In addition, the municipality has also drawn up strategies for issues like poverty alleviation and disaster management. These are integrated with the overall IDP.

Phase 5: Approval

The IDP is then presented to the council for consideration, adoption and public comment, before approval of a finalized IDP.

The IDP Review took into consideration the MEC comments that were raised in the 2018/19 IDP. It is also one way of implementing the Council Resolutions. The Council further, made an invitation via the media for members of the public to register their interests to participate as organized interest groups.

ANDM Community Survey

In preparation for its IDP Situational Analysis, the District Municipality further undertook a process of a survey and this exercise targeted Community Development Workers (CWDs). The following are the key issues and challenges that were captured from the survey:

- Lack of water
- Lack of funding for SMMEs
- Lack of clinics or health facilities
- Evidence of mud schools in some wards i.e. Tembeni J.S.S ward 10 Umzimvubu
- Need for ABET programme
- Evidence of households without adequate shelter
- Evidence of child headed households
- Evidence of people living with disability
- Evidence of households without access to water and sanitation

Consideration of MEC's (CoGTA) Comments for IDP Review 2019/20

As required in terms of Section 32 (a) of the Municipal Systems Act of 2000, ANDM submitted its adopted IDP as reviewed for 2019/20 to the MEC CoGTA. The District municipality further participated in the IDP Assessment process which was facilitated by the Office of the MEC and subsequently comments were obtained. The results are not yet available; however, in summary for IDP 2019/20, it was declared to be credible as it was rated high in accordance with the Department's rating criteria. 2020/21 results will be incorporated in April 2021. The overall assessment scorings are summarized below:

| KPA | RATINGS 2015/16 | RATINGS 2016/17 | RATINGS 2017/18 | RATINGS 2018/19 | RATINGS 2019/20 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Spatial Development Framework | HIGH | HIGH | HIGH | HIGH | HIGH |
| Basic Service Delivery | HIGH | HIGH | HIGH | HIGH | HIGH |
| Financial Viability | HIGH | HIGH | MEDIUM | HIGH | HIGH |
| Local Economic Development | HIGH | HIGH | HIGH | HIGH | HIGH |
| Good Governance & Public Participation | HIGH | HIGH | MEDIUM | HIGH | HIGH |
| Institutional Arrangements | MEDIUM | MEDIUM | MEDIUM | MEDIUM | HIGH |
| OVERALL RATING | HIGH | HIGH | Medium | HIGH | HIGH |

2. National and Provincial Policy Context

Over the last few years there have been key changes in national and provincial policy that have reshaped the strategic environment. There is now a stronger commitment to ensuring harmony and alignment between the three spheres of government. The National Development Plan Vision for 2030, and other key national and provincial strategies are seen as primary mechanisms through which this will be achieved. This IDP document has been developed on the basis of critical reflection on the following key policy documents.

2.1. National Development Plan (NDP) - Vision For 2030

The National Development Plan (NDP) offers a long-term perspective. It defines a desired destination and identifies the role different sectors of society need to play in reaching that goal.

As a long-term strategic plan, it serves four broad objectives:

- Providing overarching goals for what we want to achieve by 2030.
- Building consensus on the key obstacles to us achieving these goals and what needs to be done to overcome those obstacles.
- Providing a shared long-term strategic framework within which more detailed planning can take place in order to advance the long-term goals set out in the NDP.
- Creating a basis for making choices about how best to use limited resources.

The Plan aims to ensure that all South Africans attain a decent standard of living through the elimination of poverty and reduction of inequality. The core elements of a decent standard of living identified in the Plan are:

- Housing, water, electricity and sanitation
- Safe and reliable public transport
- Quality education and skills development
- Safety and security
- Quality health care
- Social protection
- Employment
- Recreation and leisure
- Clean environment
- Adequate nutrition

The NDP aims to eliminate poverty and reduce inequality by 2030. South Africa can realize these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society. The NDP highlights the increasing levels of urbanization with approximately 70% of the country's population expected to live in cities by 2030.



NDP targets by 2030 include the elimination of income poverty (i.e. reduce the proportion of households

with a monthly income below R419 per person - in 2009 prices - from 39 percent to zero) and reduce the country's Gini coefficient from 0.69 to 0.6. In order to do this, a number of enabling milestones are detailed:

- Increase employment from 13 million in 2010 to 24 million in 2030.
- Raise per capita income from R50 000 in 2010 to R120 000 by 2030.
- Increase the share of national income of the bottom 40 percent from 6 percent to 10 percent.
- Establish a competitive base of infrastructure, human resources and regulatory frameworks.
- Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup.
- Broaden ownership of assets to historically disadvantaged groups.
- Increase the quality of education so that all children have at least two years of preschool education and all children in Grade 3 can read and write.
- Provide affordable access to quality health care while promoting health and wellbeing.
- Establish effective, safe and affordable public transport.
- Produce sufficient energy to support industry at competitive prices, ensuring access for poor households, while reducing carbon emissions per unit of power by about one-third.
- Ensure that all South Africans have access to clean running water in their homes.
- Make high-speed broadband internet universally available at competitive prices.
- Realise a food trade surplus, with one-third produced by small-scale farmers or households.
- Ensure household food and nutrition security.
- Entrench a social security system covering all working people, with social protection for the poor and other groups in need, such as children and people with disabilities.
- Realise a developmental, capable and ethical state that treats citizens with dignity.
- Ensure that all people live safely, with an independent and fair criminal justice system.
- Broaden social cohesion and unity while redressing the inequities of the past.
- Play a leading role in continental development, economic integration and human rights.

Critical actions that may affect ANDM include the need for a strategy to address poverty through broadening access to employment, strengthening the social wage, improving public transport and raising rural incomes. Investment should be increased in labor-intensive areas.

2.2. National Government's Outcomes - Role of Local Government

National Government has agreed on 14 outcomes which have been expanded into high-level outputs and activities. These in turn form the basis of a series of performance agreements between the President and relevant ministers.

All of the outcomes can to some extent be supported through the work of local government, but Outcome 9 (A responsive, accountable, effective and efficient local government system) is particularly important. ANDM aims to comply with the following 14 outcomes by taking them into consideration in this IDP process:

- Improve the quality of basic education;
- Improve health and life expectancy;
- All people in South Africa protected and feel safe;

- Decent employment through inclusive growth;
- A skilled and capable workforce to support inclusive growth;
- An efficient, competitive and responsive economic infrastructure network;
- Vibrant, equitable and sustainable rural communities and food security;
- Sustainable human settlements and improved quality of household life;
- A responsive, accountable, effective and efficient local government system;
- Protection and enhancement of environmental assets and natural resources;
- A better South Africa, a better and safer Africa and world;
- A development-orientated public service and inclusive citizenship;
- An inclusive and responsive social protection system

2.3. Medium-Term Strategic Framework (MTSF) 2014-19

The central focus of the 2014-2019 MTSF is on ensuring sustainable and reliable access to basic services, particularly in weaker municipalities which have the highest unmet demand for basic services.

The NDP proposes that by 2030 the proportion of people with access to the electricity grid should rise to at least 90%, with non-grid options available for the remainder of households. Full access to affordable and reliable water and sanitation is envisaged before 2030. Where municipalities lack technical capacity, regional utilities or alternative institutional mechanisms should be used so that basic services are not compromised. Key targets for the MTSF include:

- Increase in the percentage of households with access to a functional water service from 85% in 2013 to 90% by 2019.
- Increase in the percentage of households with access to a functional sanitation service from 84% in 2013 to 90% by 2019, including elimination of bucket sanitation in the formal areas.
- 1.4 million Additional households to be connected to the grid between 2014 and 2019, and 105 000 additional non-grid connections.
- Income support to the unemployed through expansion of the Community Work Programme to reach 1 million participants in 2019.
- An increase in the level of public trust and confidence in local government from 51% in 2012 to 65% in 2019, as measured by the IPSOS survey.
- An improvement in overall municipal audit outcomes, with at least 75% of municipalities receiving unqualified audits by 2019.

Some of the targets that should be realized by 2030 are summarized below:

ANDM INTEGRATED DEVELOPMENT PLAN 2020-2021

| |
|---|
| Infrastructure development |
| South Africa's infrastructure is seeing a major boost with the upgrading of major roads and the building of power stations |
| Dams are receiving priority from government, while rail infrastructure has not been left behind, with the Gautrain linking OR Tambo International Airport with the two major cities in Gauteng (Johannesburg and Pretoria). |
| The Passenger Rail Agency of South Africa is also introducing a new fleet of trains. About 3 600 trains, valued at R51 billion are expected to be delivered over a 10-year period from 2015. |
| Job creation |
| The NDP suggests the creation of 11 million jobs, increased infrastructure development, using mineral resources to benefit everyone while at the same time making sure that such resources can be used in the long-term. |
| Improving Education and Training |
| For South Africa to realize Vision 2030, education should take a central role. A lot of work has been done in ensuring that access to education is improved and more still needs to be done. |
| The NDP sets out what should be done in the next years to ensure that the country achieves its goals. Among others, there should be an increase in teacher training output by expanding the bursary scheme "Funza Lusaka", which means to educate the nation, to attract learners into teaching, especially those with good passes in mathematics, science and languages. |
| Teachers should also be regularly tested in the subjects they teach to determine their level of knowledge and competence, while teacher pay should be linked to learner performance |
| Quality Health Care |
| At the center of achieving all the plans of a thriving nation is a healthy nation. The NDP sets out what should be done to ensure quality health care for all South Africans. Coverage of anti-retroviral treatment to all HIV-positive people should be increased. |
| Community specialists should be trained in medicine, surgery including anesthetics, obstetrics, pediatrics and psychiatry, while between 700 000 and 1,3 million community health workers should be recruited, trained and deployed to implement community-based health care. |
| Working Together |
| The NDP is a plan for the whole country. Government will engage with all sectors to understand how they are contributing to implementation, and particularly to identify any obstacles to them fulfilling their role effectively. |
| The NDP sets out ambitious goals for poverty reduction, economic growth, economic transformation and job creation. The private sector has a major role to play in achieving these objectives. |
| Long-term planning and investment in the future is just as important for the private as the public sector. Government is clearly stating its commitment to the NDP, and it is important that the <u>private sector does the same</u> . |
| Where the private sector faces obstacles, sectoral dialogues will take place to identify how these obstacles can be addressed within the parameters laid out by the NDP. |

Citizen participation in local government processes will continue to be promoted. Cooperative governance arrangements will be strengthened to better support and empower municipalities. A long-term approach will be taken to skills development and capacity building for the local government sector. Institutional problems will be addressed to improve the quality of municipal administrative and management practices including human resources and recruitment practices, supply chain and financial management, and anticorruption initiatives.

2.4. Back to Basics Local Government Programme

Our National Development Plan makes it clear that meeting our transformation agenda requires functional municipalities and capable machinery at a local level that can create safe and healthy and economically sustainable areas where citizens and people can work, live and socialize. Our goal is to improve the functioning of municipalities to better serve communities by getting the basics right. The Department of Cooperative Governance is tasked to build and strengthen the capability and accountability of municipalities.

The Building Blocks for the Back-to-Basics approach are:

Basic services: Creating decent living conditions Municipalities must:

Develop fundable consolidated infrastructure plans. They should ensure infrastructure maintenance and repairs to reduce losses with respect to:

- Water and sanitation.
- Human Settlements.
- Electricity.
- Waste Management.
- Roads.
- Public Transportation.
- Ensure the provision of Free Basic Services and the maintenance of Indigent register.

Good governance

Good governance is at the heart of the effective functioning of municipalities. Municipalities will be constantly monitored and evaluated on their ability to carry out the following basics:

- The holding of Council meetings as legislated.
- The functionality of oversight structures, S79 committees, audit committees and District IGR Forums.
- Whether or not there has been progress following interventions over the last 3 – 5 years:
 - The existence and efficiency of anti-corruption measures.
 - The extent to which there is compliance with legislation and the enforcement of by- laws.
 - The rate of service delivery protests and approaches to address them.

Public participation

Measures will be taken to ensure that municipalities engage with their communities. Municipalities must develop affordable and efficient communication systems to communicate regularly with communities and disseminate urgent information. The basic measures to be monitored include:

- The existence of the required number of functional Ward committees.
- The number of effective public participation programmes conducted by Councils.
- The regularity of community satisfaction surveys carried out.

Financial management

Sound financial management is integral to the success of local government. Performance against the following basic indicators will be constantly assessed:

- The number of disclaimers in the last three to five years.
- Whether the budgets are realistic and based on cash available.
- The percentage revenue collected.
- The extent to which debt is serviced.
- The efficiency and functionality of supply chain management

Institutional capacity

There has to be a focus on building strong municipal administrative systems and processes. It includes ensuring that administrative positions are filled with competent and committed people whose performance is closely monitored. Targeted and measurable training and capacity building will be provided for councilors and municipal officials so that they are able to deal with the challenges of local governance as well as ensuring that scarce skills are addressed through bursary and training programmes. The basic requirements to be monitored include:

- Ensuring that the top six posts (Municipal Manager, Finance, Infrastructure Corporate Services, Community development and Development Planning) are filled by competent and qualified persons.
- That the municipal organograms are realistic, underpinned by a service delivery model and affordable.
- That there are implementable human resources development and management programmes.
- There are sustained platforms to engage organised labour to minimise disputes and disruptions.
- Importance of establishing resilient systems such as billing.

2.5. The Eastern Cape Provincial Development Plan

Based on the National Development Plan (NDP), the Provincial Development Plan (PDP) seeks to outline a development path for the province. Vision 2030 sets the development agenda and priorities for the next 15 years (2015-2030), building on the Provincial Growth and Development Plan (PGDP) of 2004-2014. The plan proposes key programmes and projects for implementation up to 2030 and suggests arrangements for implementation of the plan, tracking and accountability.

The diagnostic phase centered on the nine key challenges identified by the National Planning Commission's *Diagnostic Report*. Many of these challenges reflect the multi-generational underdevelopment and alienation that is both a legacy of our colonial / apartheid past and a neo-colonial present that focuses on the comforts of a few rather than a concern for the well-being of the

many. At the root of South Africa's and the province's developmental struggle is the structural legacy of under-development and deprivation inherited from colonialism and apartheid - the dispossession of land and property, the disruption of families and social institutions, the undermining of opportunities for the majority of the population, the disruption of organic intellectualism and self-determination, and a systematic destruction of self-worth that is replicated across generations for the majority of citizens.

The key challenges highlighted in the NDP and the PDP are:

- Too few people work.
- The standard of education for most black learners is poor.
- Infrastructure is poorly located, under-maintained and insufficient for fostering higher growth and spatial transformation.
- Spatial patterns exclude the poor from the fruits of development.
- The economy is overly and unsustainably resource intensive.
- A widespread disease burden is compounded by a failing public health system.
- Public services are uneven and often of poor quality.
- Corruption is widespread.
- South Africa remains a divided society.

Unemployment in the former Bantustan areas is much higher than the rest of the province. A basic services index, constructed using Census 2011 data, provides scores for RDP level access to water and sanitation, as well as the use of electricity for lighting. The areas that make up the OR Tambo and Alfred Nzo districts show very low access in the majority of wards. The NDP characterizes these areas of deprivation as "poverty traps" to be eliminated by 2050.

PDP Vision and conceptual framework

The 2030 vision for the Eastern Cape is of "flourishing people in a thriving province". This vision will be achieved by development in each of three areas of focus, namely: (i) *human development*, (ii) *economic opportunity and rights* and (iii) *institutional capabilities*. The PDP seeks to achieve "human flourishing and a thriving province" through strengthening the positive interactions between human, economic and institutional development. The framework is illustrated below.



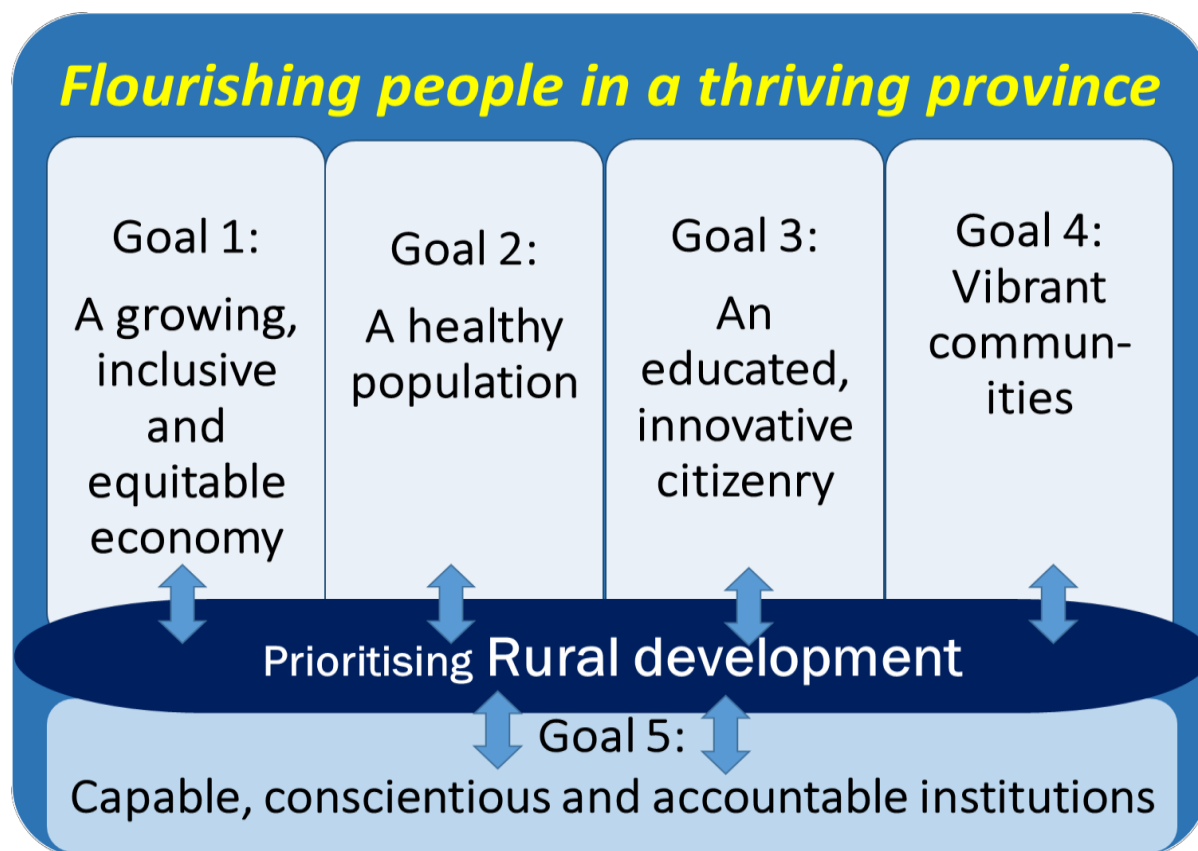
Principles and assumptions of the PDP

The provincial plan starts from the premise that key structural features hobble the provincial economy and social progress. The plan therefore strives for social and economic justice. It places particular emphasis on transforming the apartheid spatial geography. The plan promotes cultural development, inclusion and respect for diversity. It further encourages citizen participation and co-responsibility for development. It promotes ethical, integrated multi-agent action predicated on relative strengths of institutional partners. This is not a plan for government alone, but for the entire province. Accountability is one of the most important principles of the plan – and must be the basis for renewed social partnerships. The plan and its proposals should be based on objective evidence and critical deliberation.

Vision 2030 is a strategic plan for the province rather than a detailed master plan. The plan outlines strategic departures from current practice and identifies “game-changers” to set the province on a necessarily different development path. However, the plan also argues for continuation and strengthening of current practice in some areas. The focus of the plan is on issues of implementation and execution. Hence it proposes new instruments to be designed, where budgets must be aligned and institutional capabilities re-modelled to implement the plan. Vision 2030 has put more emphasis on planning among strategic partners (government structures, enterprises, communities, civil society organizations etc.) and locating agency for implementation outside of the state. The plan proposes spatially targeted interventions.

To set the Eastern Cape on a new development trajectory, the plan is organized around five goals:

Goal 1: A growing, inclusive and equitable economy



This goal emphasizes a larger and more efficient provincial economy, more employment, and reduced inequalities of income and wealth. This proposals deal with: rural development; economic infrastructure; land reform; industry and enterprise support; and economic sector development. Proposals for priorities and interventions are district-specific.

Goal 2: A healthy population

This goal targets a healthy population through an improved healthcare system. The system should move from being hospital-centric to focusing on a primary care system that is integrated across primary, secondary, and tertiary levels. The proposals deal with: primary health care and strengthening of district health systems; improvement of leadership across the sector; infrastructure and facility improvement; health workforce planning and the social determinants of health.

Goal 3: An educated, innovative citizenry

This goal seeks to ensure that people are empowered to define their identity, are capable of sustaining their livelihoods, living healthy lives and raising healthy families, developing a just society and economy, and playing an effective role in the politics and governance of their communities. The proposals deal with: access to and quality of early childhood development; basic education and training, including foundation phase literacy and numeracy, mother- tongue education, teacher development,

improved leadership, management and governance and infrastructure. For the post school education and training sector, it addresses adult education and training, community colleges, technical and vocational education training, universities as well as research and innovation.

Goal 4: *Vibrant communities*

This goal seeks to generate a shift from a focus on state-driven housing delivery to one that enables people to make own decisions, build their own liveable places and transform spatial patterns. The proposals deal with transformed human settlements, spatial planning and land use management, regional development, social infrastructure and community safety.

Goal 5: *Capable, conscientious and accountable institutions*

This goal seeks to build capable, resilient and accountable institutions to champion rapid inclusive development. The proposals deal with the creation of capable provincial and local government; leadership renewal across society; citizen-centered development and multi- agency partnerships.

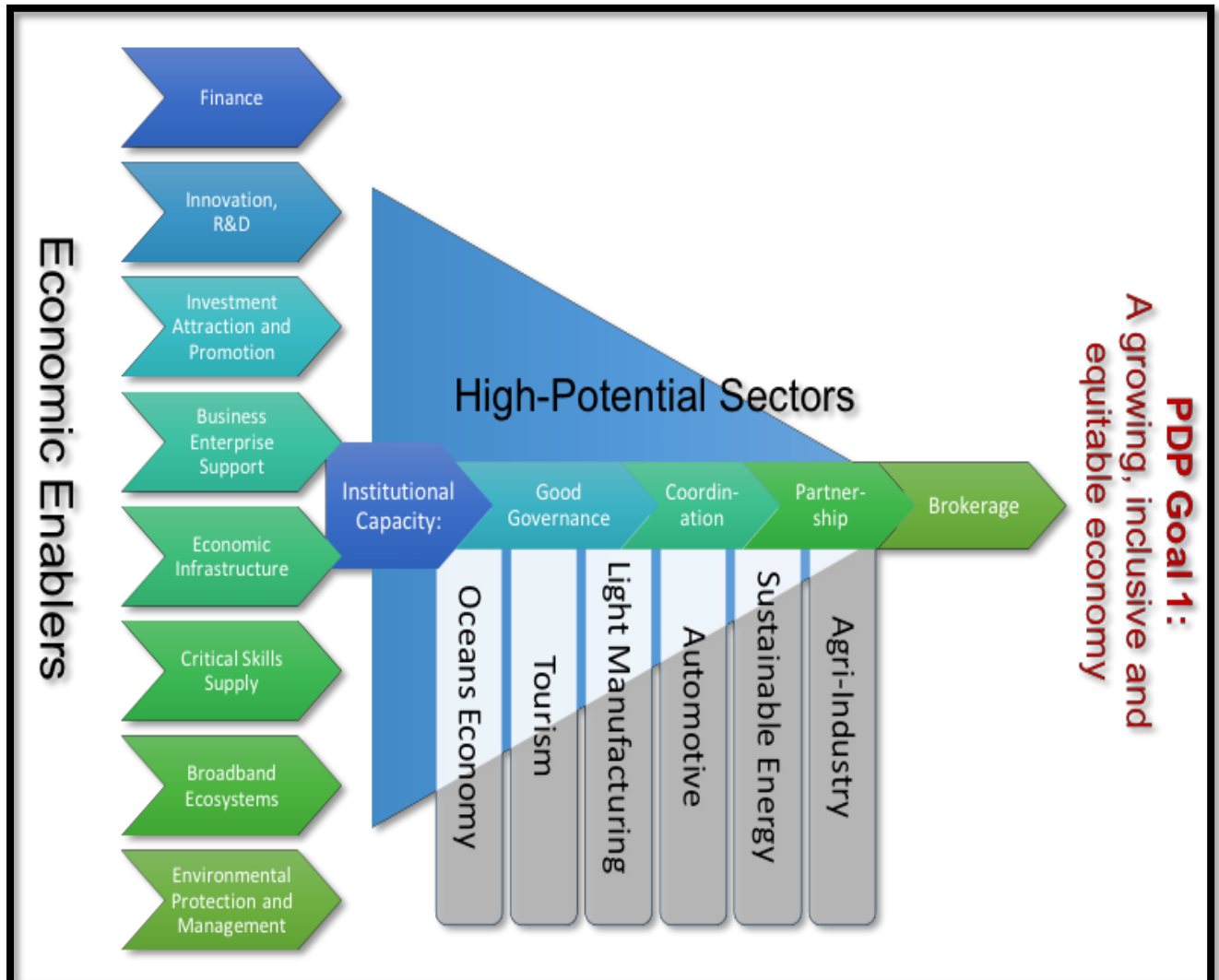
Achievement of the vision is impossible without concurrent, systemic and continuous interaction between an inclusive and equitable economy, a healthy population, an educated, innovative citizenry, vibrant communities and capable, conscientious and accountable institutions. There are complex interrelations between the goals, as well as the objectives and strategic actions proposed in this plan.

Prioritising rural development

Given that over 70% of the population is rural, the fortunes of the province are inherently bound up with the future of its rural areas. While urbanization is an undeniable trend, we estimate that the majority of the population will still be outside of the metropolitan areas in 2030. The Eastern Cape is set to remain a rural province for the foreseeable future and this situation demands appropriate development and support measures. Therefore rural development is a key priority and has been integrated into all the goal areas.

2.6. EC Provincial Economic Development Strategy (PEDS) Strategic Framework

The diagram below synthesises neatly the framework for the strategy. The Economic Goal and Objectives of the PEDS is built upon the growth pillars of six 'high-potential sectors' and eight 'economic enablers'. All of these hinge critically upon institutional capacity – this is elaborated on below in “making the strategy work”.



2.7. Eastern Cape Infrastructure Plan 2030 (ECIP)

The overall purpose of the Eastern Cape Infrastructure Plan (ECIP) is to articulate the infrastructure priorities for the province between 2016 and 2030 and outline key programmes and interventions.

In addition to this the ECIP:

- Supports the realisation of the Eastern Cape development priorities that are in the National Development Plan and the Eastern Cape Development Plan
- Complements the National Infrastructure Plan (2012) in the Eastern Cape
- Aims to derive more value from the large public expenditures on infrastructure assets through improved infrastructure planning and infrastructure delivery management.

Major infrastructure challenges in the province include:

- Spatial inequalities of infrastructure provision inherited from our colonial and apartheid history.
- Social infrastructure backlogs still persist especially in the eastern part of the Eastern Cape
- Disconnect between the economic development strategy of the Eastern Cape and the infrastructure programme
- Absence of central planning of infrastructure in the EC to ensure integrated planning, rational project prioritization
- Premature announcement of infrastructure projects before completion of feasibility studies and resource allocations.
- Under expenditure of major grants and CAPEX allocations
- Capacity, skills and system required are inadequate

The ECIP has four goals:

1. Infrastructure investment must respond to spatial aspects of future infrastructure demand and undo apartheid geography
2. Accelerate eradication of social infrastructure backlogs
3. Ensure effective infrastructural support for economic development
4. Improve infrastructure planning, delivery, operations and maintenance.

The goals are to be achieved through the implementation of Eleven Provincial Strategic Projects (PSPs):

1. Strategic catalytic projects;
2. Small Town Development;
3. Urban Settlements Infrastructure
4. Water & Sanitation
5. Energy and Electricity;
6. Agro-logistics;
7. Education Infrastructure
8. Health Infrastructure;
9. Transport infrastructure;
10. ICT Infrastructure; and
11. Enabling interventions

An implementation matrix has been developed that identifies lead agents; strategic risks; proposed interventions for the period 2016-2021; and immediate action required. The ECIP contains a summary of priorities per district. For Alfred Nzo district these are:

- Household electrification
- Completion of five regional bulk water schemes

- Reticulation infrastructure for Ludeke Dam
- Infrastructure for Mbizana peri-urban area
- Small-scale irrigation schemes
- Matatiele Agri-park

2.8. Eastern Cape Agriculture Economic Transformation Strategy

Between 95% and 99% of agricultural output in the Eastern Cape is produced by commercial farmers. Commercial farmers have however declined in numbers both nationally and provincially (SA: 60 000 to 37 000, EC: 6 000 to 4 000). Only about one to five per cent of agricultural output now comes from smallholder farmers whose practices are deeply rooted in former homeland subsistence farming practices.

The Eastern Cape has the smallest commercial agricultural sector. The document argues that the strength of EC agriculture lies in the untapped potential of the smallholder and communal sector. The challenge is to make smallholder and communal farmers commercially viable and derive real economic value from their land.

The strategy documents suggests treating agriculture as a business and enabling the private sector to intervene and invest alongside government. Smallholder/communal farmers should be developed into agro-entrepreneurs who partner with businesses that are willing to invest for reasons beyond short-term profit. Partnerships will focus on expansion, market access, creating more value through appropriate funding, technology development, skills development, innovation and job creation.

The point is to stimulate both public and private procurement directly from primary producers. Government should put in place appropriate policies and regulations to strengthen these partnerships and drive investment in infrastructure. The goal is to increase agriculture's contribution to GDP by at least 2% and create 10 000 (direct and indirect) job opportunities annually.

Critical success factors include:

- The expansion of production
- Market access and off-take agreements
- Training and development of farmers
- Value addition and local beneficiation
- Increased employment, especially for unemployed graduates
- Increased farm income
- Increased opportunity and business for SMMEs
- Increased total investment into industry
- Increased transformation within the industry.

2.9. State of the Nation Address (SONA)

During his 2020 State of the Nation Address in Parliament, President Cyril Rmaphosa, among other things, announced Agriculture presents one of the greatest opportunities to significantly grow our economy and create jobs. Agriculture made the largest contribution, by a significant margin, to the improved growth of our economy in the second and third quarters of 2019. This year, we will take decisive action to realise the enormous economic potential of agriculture. We will accelerate our land redistribution programme not only to redress a grave historical injustice, but also to bring more producers into the agricultural sector and to make more land available for cultivation. Tourism is another

area which provides our country with incredible opportunities to, quite literally, shine.

In response to the State of the Nation Address, the ANDM Municipality has made tremendous contribution towards the provision of infrastructure (particularly water and sanitation), economic development, development of our rural areas, poverty alleviation, provision of ICT infrastructure in our rural areas (particularly Thusong Centres) and improving health and healthy communities through our Municipal Health Services (MHS) Unit. The municipality also responds to youth development and further ensures rural development in ANDM.

2.10. State of the Province Address

The ANDM acknowledges the issues highlighted in the State of the Province Address. The ANDM's IDP implementation will assist in realising the development agenda of the Province. The provincial address confirmed the priorities of the province as outlined below:

- The importance of growing the economy of Eastern Cape, which remains one of the country's poorest provinces and with a high unemployment rate as well as huge infrastructure backlogs.
- The level of unemployment in the province – especially among the youth, was too high, therefore the Eastern Cape Provincial Government will implement various programmes aimed at creating thousands of job opportunities in the coming year.
- The identification of opportunities for off-take agreements will also be prioritised to ensure that our target of sourcing 50% of goods and services locally is achieved.

The re-engineering of Primary Health Care, which is one of the corner stones of the National Health Insurance (NHI), remains our key driver to achieve universal health coverage.

2.11. Powers and functions of the municipality

The Alfred Nzo District Municipality executes amongst others the following functions and powers:

- Integrated Development Planning of the district as a whole including the Framework Plan for IDPs for local municipalities within its area of jurisdiction.
- The district is a Water Service Authority (WSA) and Water Provision Authority, and therefore provides Bulk and Potable water supply as well as both rural and urban sanitation
- Municipal Health Services
- Fire and Rescue Services as well as Disaster Risk Management
- The implementation of Expanded Public Works Programme (EPWP).
- Environmental Management
- Financial Management and Revenue Collection through services it renders to communities, business and government departments and distribution of grants to local municipalities.
- Promotion of Local Tourism for the district.
- Promotion of Local Economic Development.

Functions not yet provided by the district are:

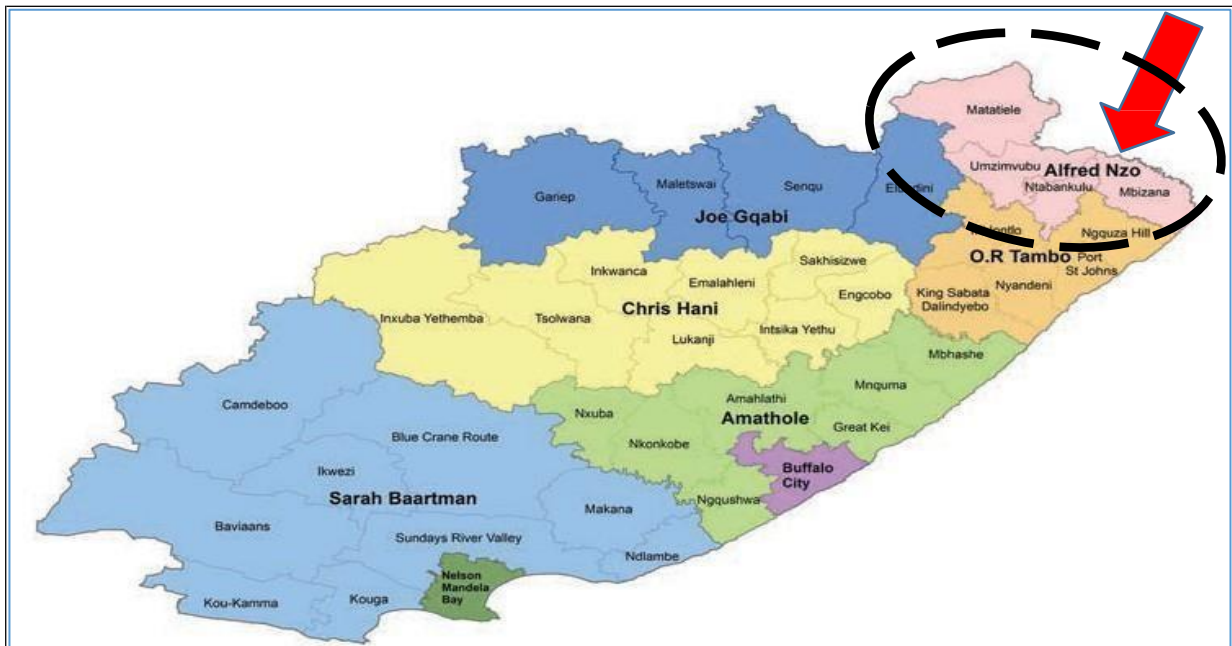
- Municipal Abattoirs
- Municipal Public Transport
- Municipal Airport Services

The transformation model:



3. District Situational Review

3.1. Socio-economic Overview



Source: ECSECC, 2016

3.1.1. General Overview of Alfred Nzo District Municipality

Alfred Nzo District Municipality was historically part of the Transkei homelands. As such the district is characterized by high levels of poverty, based on both income inequality and low level of development. In response to this deprivation, the Alfred Nzo District was one of the presidential poverty nodes identified in the Integrated Sustainable Rural Development Programme (ISRDP), and has been a subject of different forms economic intervention through time.

The District is largely rural in nature, with village settlements defined by the district's geographical footprint through mountain ranges and river systems. Agriculture and tourism make up core components of the local economy. Matatiele municipality is close to the Lesotho/South Africa national border and has two urban nodes – the towns of Matatiele and Cedarville. Matatiele acts as a service node to the agrarian based economy of the area, while Cedarville serves as a secondary service center. Umzimvubu municipality hosts the district's administrative capital in Mt Ayliff and the district's largest economic node in Mt Frere. The N2 traverses the course of the Umzimvubu municipality, and can be seen as its most prominent defining trait.

Ntabankulu municipality has small urban settlements at Ntabankulu town and Cacadu. Ntabankulu has a strong rural presence and is geographically defined by several mountain ranges. Mbizana municipality is the district's gateway to the Wild Coast and has a medium sized town at Bizana. The district has a very mountainous terrain. The land form of the district is generally rugged, with parts of it characterized by steep slopes and high elevations. The topography has implications on the district's natural, social and economic environment. The district is characterized by a high level of biodiversity, and natural resources include river systems, indigenous forests and rich soils. Socially, settlement patterns are determined by the courses of rivers, valleys and hills. The interaction between people and nature also means that the terrain either exacerbates or ameliorates human impacts on the environment.

Economically, a mountainous terrain provides opportunities and challenges not found in other areas. Opportunities include potential for scenic tourism and forestry activity. Challenges include high costs of

doing business, given the implications of mountains and hills for the provision of infrastructure such as roads, electricity and telecommunications.

3.1.2. Total Population

Population statistics is important when analysing an economy, as the population growth directly and indirectly impacts employment and unemployment, as well as other economic indicators such as economic growth and per capita income.

TOTAL POPULATION - ALFRED NZO, EASTERN CAPE AND NATIONAL TOTAL, 2008-2018
[NUMBERS PERCENTAGE]

| | Alfred Nzo | Eastern Cape | National Total | Alfred Nzo as % of province | Alfred Nzo as % of national |
|------|------------|--------------|----------------|--------------------------------|--------------------------------|
| 2008 | 798,000 | 6,580,000 | 49,500,000 | 12.1% | 1.61% |
| 2009 | 803,000 | 6,620,000 | 50,300,000 | 12.1% | 1.60% |
| 2010 | 809,000 | 6,680,000 | 51,100,000 | 12.1% | 1.58% |
| 2011 | 815,000 | 6,740,000 | 52,000,000 | 12.1% | 1.57% |
| 2012 | 821,000 | 6,800,000 | 52,900,000 | 12.1% | 1.55% |
| 2013 | 828,000 | 6,870,000 | 53,700,000 | 12.1% | 1.54% |
| 2014 | 836,000 | 6,930,000 | 54,600,000 | 12.1% | 1.53% |
| 2015 | 844,000 | 7,010,000 | 55,500,000 | 12.1% | 1.52% |
| 2016 | 853,000 | 7,080,000 | 56,400,000 | 12.1% | 1.51% |
| 2017 | 862,000 | 7,150,000 | 57,200,000 | 12.0% | 1.50% |
| 2018 | 870,000 | 7,220,000 | 58,100,000 | 12.1% | 1.50% |

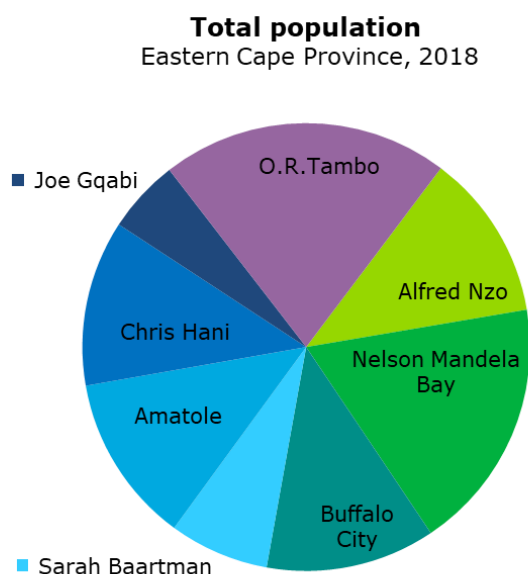
Average Annual growth

| | | | |
|-----------|--------------|--------------|--------------|
| 2008-2018 | 0.87% | 0.94% | 1.61% |
|-----------|--------------|--------------|--------------|

Source: IHS Markit Regional eXplorer version 1803

With 870 000 people, the Alfred Nzo District Municipality housed 1.5% of South Africa's total population in 2018. Between 2008 and 2018 the population growth averaged 0.87% per annum which is about half than the growth rate of South Africa as a whole (1.61%). Compared to Eastern Cape's average annual growth rate (0.94%), the growth rate in Alfred Nzo's population at 0.87% was very similar than that of the province.

TOTAL POPULATION - ALFRED NZO AND THE REST OF EASTERN CAPE, 2018 [PERCENTAGE]



Source: IHS Markit Regional eXplorer version 1803

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When compared to other regions, the Alfred Nzo District Municipality accounts for a total population of 870,000, or 12.1% of the total population in the Eastern Cape Province, with the O.R.Tambo being the most populous region in the Eastern Cape Province for 2018. The ranking in terms of the size of Alfred Nzo compared to the other regions remained the same between 2008 and 2018. In terms of its share the Alfred Nzo District Municipality was very similar in 2018 (12.1%) compared to what it was in 2008 (12.1%). When looking at the average annual growth rate, it is noted that Alfred Nzo ranked fifth (relative to its peers in terms of growth) with an average annual growth rate of 0.9% between 2008 and 2018.

TOTAL POPULATION - LOCAL MUNICIPALITIES OF ALFRED NZO DISTRICT MUNICIPALITY, 2008, 2013 AND 2018 [NUMBERS PERCENTAGE]

| | 2008 | 2013 | 2018 | Average Annual growth |
|-------------------|----------------|----------------|----------------|-----------------------|
| Matatiele | 200,000 | 211,000 | 224,000 | 1.12% |
| Umzimvubu | 198,000 | 196,000 | 201,000 | 0.12% |
| Mbizana | 271,000 | 295,000 | 318,000 | 1.61% |
| Ntabankulu | 128,000 | 126,000 | 128,000 | -0.03% |
| Alfred Nzo | 797,940 | 828,037 | 870,367 | 0.87% |

Source: IHS Markit Regional eXplorer version 1803

The Mbizana Local Municipality increased the most, in terms of population, with an average annual growth rate of 1.6%, the Matatiele Local Municipality had the second highest growth in terms of its population, with an average annual growth rate of 1.1%. The Ntabankulu Local Municipality had the lowest average annual growth rate of -0.03% relative to the other within the Alfred Nzo District Municipality.

3.1.3 Population projections

Based on the present age-gender structure and the present fertility, mortality and migration rates, Alfred Nzo's population is projected to grow at an average annual rate of 0.9% from 870 000 in 2018 to 909 000 in 2023.

POPULATION PROJECTIONS - ALFRED NZO, EASTERN CAPE AND NATIONAL TOTAL, 2018-2023 [NUMBERS PERCENTAGE]

| | Alfred Nzo | Eastern Cape | National Total | Alfred Nzo as % of province | Alfred Nzo as % of national |
|------|------------|--------------|----------------|-----------------------------|-----------------------------|
| 2018 | 870,000 | 7,220,000 | 58,100,000 | 12.1% | 1.50% |
| 2019 | 879,000 | 7,290,000 | 59,000,000 | 12.0% | 1.49% |
| 2020 | 886,000 | 7,360,000 | 59,800,000 | 12.0% | 1.48% |
| 2021 | 894,000 | 7,430,000 | 60,600,000 | 12.0% | 1.47% |
| 2022 | 901,000 | 7,500,000 | 61,500,000 | 12.0% | 1.47% |
| 2023 | 909,000 | 7,570,000 | 62,300,000 | 12.0% | 1.46% |

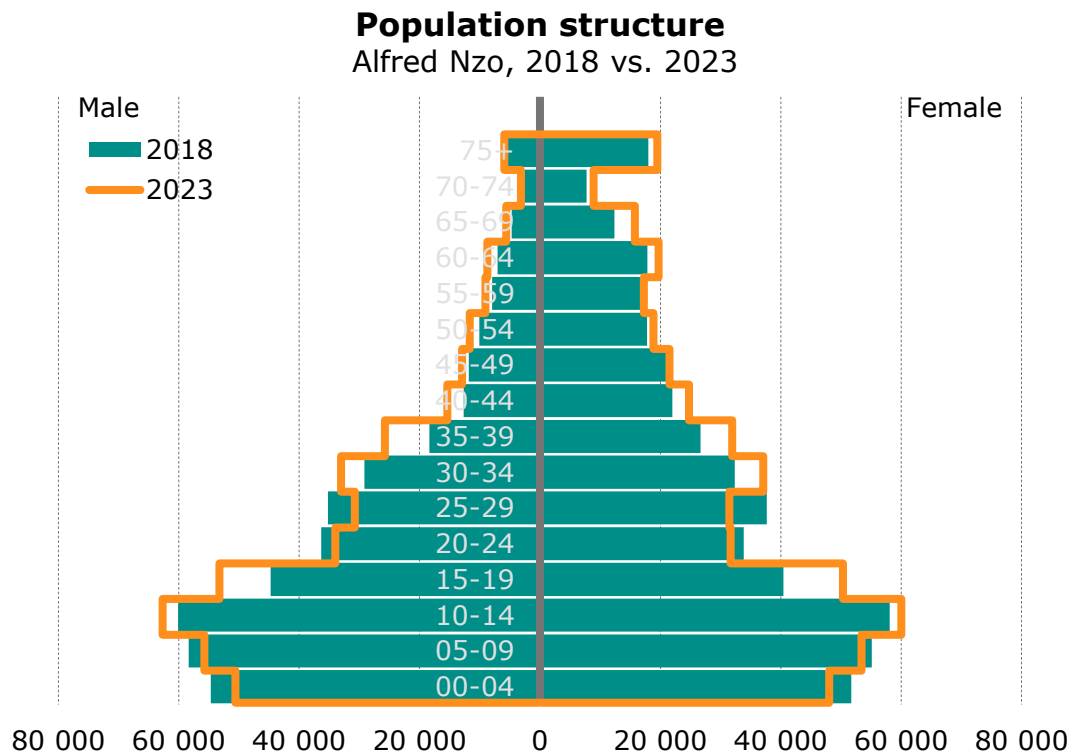
Average Annual growth

| | | | |
|-----------|--------------|--------------|--------------|
| 2018-2023 | 0.87% | 0.93% | 1.38% |
|-----------|--------------|--------------|--------------|

Source: IHS Markit Regional eXplorer version 1803

The population projection of Alfred Nzo District Municipality shows an estimated average annual growth rate of 0.9% between 2018 and 2023. The average annual growth rate in the population over the forecasted period for Eastern Cape Province and South Africa is 0.9% and 1.4% respectively. The Eastern Cape Province is estimated to have average growth rate of 0.9% which is higher than the Alfred Nzo District Municipality. The South Africa as a whole is estimated to have an average annual growth rate of 1.4% which is higher than that of Alfred Nzo's growth rate.

POPULATION PYRAMID - ALFRED NZO DISTRICT MUNICIPALITY, 2018 VS. 2023 [PERCENTAGE]



The population pyramid reflects a projected change in the structure of the population from 2018 and 2023. The differences can be explained as follows:

- In 2018, there is a significantly larger share of young working age people between 20 and 34 (23.5%), compared to what is estimated in 2023 (21.8%). This age category of young working age population will decrease over time.
- The fertility rate in 2023 is estimated to be significantly higher compared to that experienced in 2018.
- The share of children between the ages of 0 to 14 years is projected to be significant smaller (36.4%) in 2023 when compared to 2018 (38.8%).

In 2018, the female population for the 20 to 34 years age group amounts to 11.9% of the total female population while the male population group for the same age amounts to 11.6% of the total male population. In 2023, the male working age population at 10.8% does not exceed that of the female population working age population at 11.0%, although both are at a lower level compared to 2018.

3.1.3.1. Population by Population Group, Gender and Age

The total population of a region is the total number of people within that region measured in the middle of the year. Total population can be categorised according to the population group, as well as the sub-categories of age and gender. The population groups include African, White, Coloured and Asian, where the Asian group includes all people originating from Asia, India and China. The age subcategory divides the population into 5-year cohorts, e.g. 0-4, 5-9, 10-13, etc.

POPULATION BY GENDER - ALFRED NZO AND THE REST OF EASTERN CAPE PROVINCE, 2018 [NUMBER].

| | Male | Female | Total |
|---------------------|------------------|------------------|------------------|
| Alfred Nzo | 401,000 | 470,000 | 870,000 |
| Nelson Mandela Bay | 639,000 | 681,000 | 1,320,000 |
| Buffalo City | 424,000 | 460,000 | 884,000 |
| Sarah Baartman | 259,000 | 262,000 | 520,000 |
| Amatole | 416,000 | 464,000 | 880,000 |
| Chris Hani | 414,000 | 452,000 | 866,000 |
| Joe Gqabi | 183,000 | 200,000 | 383,000 |
| O.R.Tambo | 699,000 | 800,000 | 1,500,000 |
| Eastern Cape | 3,430,000 | 3,790,000 | 7,220,000 |

Source: IHS Markit Regional eXplorer version 1803

Alfred Nzo District Municipality's male/female split in population was 85.3 males per 100 females in 2018. The Alfred Nzo District Municipality has significantly more females (53.96%) than males, when compared to a typical stable population. This is most probably an area with high male out migration to look for work elsewhere. In total there were 470 000 (53.96%) females and 401 000 (46.04%) males. This is different from the Eastern Cape Province as a whole where the female population counted 3.79 million which constitutes 52.45% of the total population of 7.22 million.

POPULATION BY POPULATION GROUP, GENDER AND AGE - ALFRED NZO DISTRICT MUNICIPALITY, 2018 [NUMBER]

| | African | | White | | Coloured | | Asian | |
|--------------|----------------|----------------|--------------|--------------|--------------|--------------|------------|--------------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| 00-04 | 51,400 | 54,400 | 68 | 92 | 183 | 192 | 82 | 71 |
| 05-09 | 54,800 | 58,000 | 87 | 75 | 198 | 215 | 73 | 61 |
| 10-14 | 57,800 | 59,700 | 98 | 93 | 145 | 211 | 75 | 64 |
| 15-19 | 40,100 | 44,400 | 99 | 66 | 191 | 200 | 64 | 101 |
| 20-24 | 33,600 | 36,000 | 77 | 64 | 134 | 130 | 56 | 104 |
| 25-29 | 37,400 | 34,900 | 60 | 47 | 179 | 191 | 73 | 113 |
| 30-34 | 32,200 | 28,900 | 51 | 52 | 123 | 103 | 49 | 124 |
| 35-39 | 26,400 | 18,100 | 71 | 38 | 106 | 101 | 41 | 108 |
| 40-44 | 21,800 | 12,400 | 91 | 74 | 99 | 106 | 31 | 94 |
| 45-49 | 21,200 | 11,600 | 67 | 78 | 89 | 80 | 27 | 43 |
| 50-54 | 17,600 | 9,890 | 57 | 91 | 74 | 78 | 23 | 32 |
| 55-59 | 16,400 | 7,740 | 67 | 57 | 123 | 107 | 14 | 23 |
| 60-64 | 17,700 | 6,920 | 48 | 38 | 56 | 65 | 20 | 34 |
| 65-69 | 12,200 | 4,600 | 67 | 56 | 35 | 35 | 23 | 23 |
| 70-74 | 7,690 | 3,550 | 32 | 50 | 35 | 10 | 5 | 4 |
| 75+ | 17,900 | 5,680 | 60 | 43 | 71 | 34 | 22 | 9 |
| Total | 466,000 | 397,000 | 1,100 | 1,020 | 1,840 | 1,860 | 677 | 1,010 |

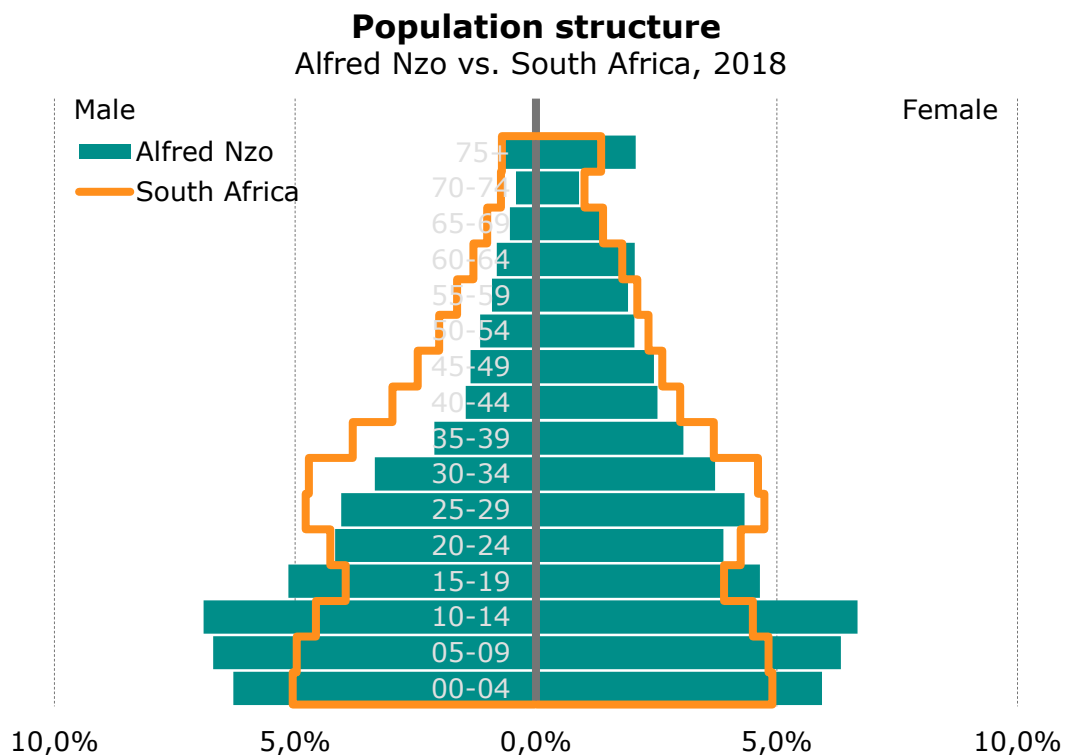
Source: IHS Markit Regional eXplorer version 1803

In 2018, the Alfred Nzo District Municipality's population consisted of 99.14% African (863 000), 0.24% White (2 110), 0.42% Coloured (3 700) and 0.19% Asian (1 690) people.

The largest share of population is within the babies and kids (0-14 years) age category with a total number of 338 000 or 38.8% of the total population. The age category with the second largest number of people is the young working age (25-44 years) age category with a total share of 24.6%, followed by the teenagers and youth (15-24 years) age category with 155 000 people. The age category with the least number of people is the retired / old age (65 years and older) age category with only 52 200 people, as reflected in the population pyramids below.

With the African population group representing 99.1% of the Alfred Nzo District Municipality's total population, the overall population pyramid for the region will mostly reflect that of the African population group. The chart below compares Alfred Nzo's population structure of 2018 to that of South Africa.

POPULATION PYRAMID - ALFRED NZO DISTRICT MUNICIPALITY VS. SOUTH AFRICA, 2018
[PERCENTAGE]



Source: IHS Markit Regional eXplorer version 1803

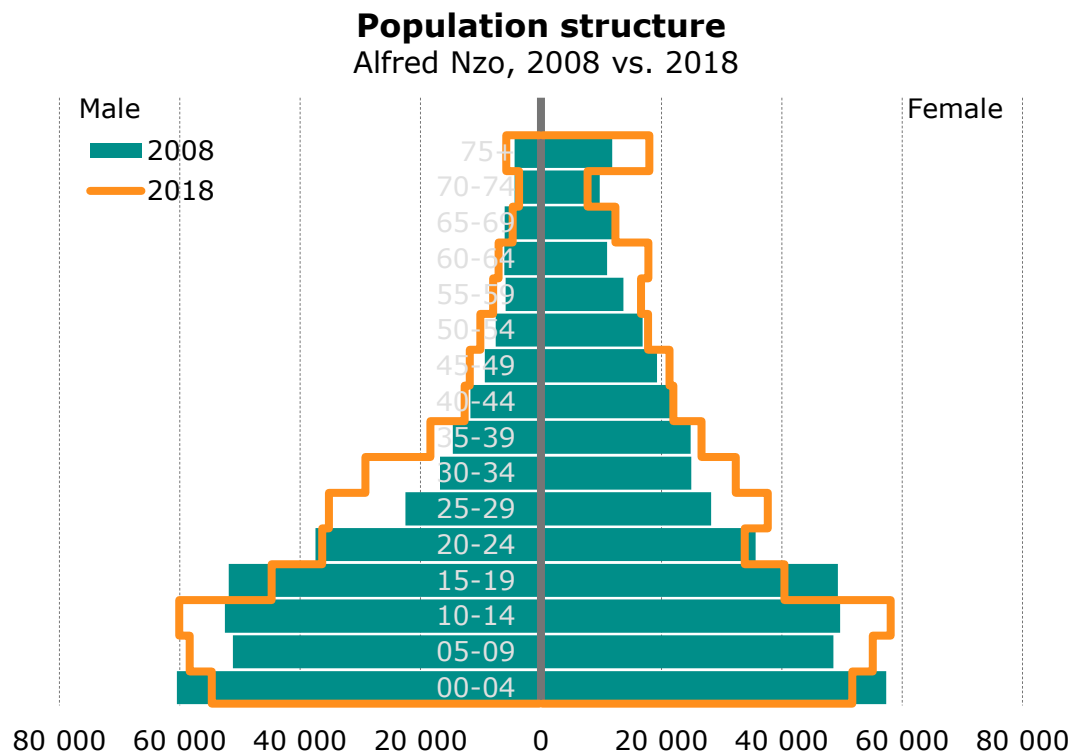
By comparing the population pyramid of the Alfred Nzo District Municipality with the national age structure, the most significant differences are:

- There is a significant smaller share of young working age people - aged 20 to 34 (23.5%) - in Alfred Nzo, compared to the national picture (27.4%).
- The area seems to be a migrant sending area, with many people leaving the area to find work in the bigger cities.
- Fertility in Alfred Nzo is significantly higher compared to South Africa as a whole.
- Spatial policies changed since 1994.

The share of children between the ages of 0 to 14 years is significantly larger (38.8%) in Alfred Nzo

compared to South Africa (28.8%). Demand for expenditure on schooling as percentage of total budget within Alfred Nzo District Municipality will therefore be higher than that of South Africa.

POPULATION PYRAMID - ALFRED NZO DISTRICT MUNICIPALITY, 2008 VS. 2018 [PERCENTAGE]



Source: IHS Markit Regional eXplorer version 1803

When comparing the 2008 population pyramid with the 2018 pyramid for the Alfred Nzo District Municipality, some interesting differences are visible:

- In 2008, there were a significant smaller share of young working age people - aged 20 to 34 (20.8%) - compared to 2018 (23.5%).
- Fertility in 2008 was significantly higher compared to that of 2018.
- The share of children between the ages of 0 to 14 years is significantly larger in 2008 (40.1%) compared to 2018 (38.8%).
- Life expectancy is increasing.

In 2018, the female population for the 20 to 34 years age group amounted to 11.1% of the total female population while the male population group for the same age amounted to 9.6% of the total male population. In 2008 the male working age population at 11.6% did not exceeds that of the female population working age population at 11.9%.

3.1.4 Number of Households By Population Group

A household is either a group of people who live together and provide themselves jointly with food and/or other essentials for living, or it is a single person living on his/her own. An individual is considered part of a household if he/she spends at least four nights a week within the household. To categorise a household according to population group, the population group to which the head of the household belongs, is used.

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If the number of households is growing at a faster rate than that of the population it means that the average household size is decreasing, and vice versa. In 2018, the Alfred Nzo District Municipality comprised of 198 000 households. This equates to an average annual growth rate of 1.41% in the number of households from 2008 to 2018. With an average annual growth rate of 0.87% in the total population, the average household size in the Alfred Nzo District Municipality is by implication decreasing. This is confirmed by the data where the average household size in 2008 decreased from approximately 4.6 individuals per household to 4.4 persons per household in 2018.

NUMBER OF HOUSEHOLDS - ALFRED NZO, EASTERN CAPE AND NATIONAL TOTAL, 2008-2018 [NUMBER PERCENTAGE]

| | Alfred Nzo | Eastern Cape | National Total | Alfred Nzo as % of province | Alfred Nzo as % of national |
|------|------------|--------------|----------------|-----------------------------|-----------------------------|
| 2008 | 172,000 | 1,650,000 | 13,500,000 | 10.4% | 1.27% |
| 2009 | 177,000 | 1,690,000 | 13,900,000 | 10.4% | 1.27% |
| 2010 | 177,000 | 1,710,000 | 14,100,000 | 10.4% | 1.26% |
| 2011 | 177,000 | 1,730,000 | 14,400,000 | 10.3% | 1.23% |
| 2012 | 179,000 | 1,750,000 | 14,700,000 | 10.3% | 1.22% |
| 2013 | 180,000 | 1,760,000 | 15,000,000 | 10.2% | 1.20% |
| 2014 | 181,000 | 1,780,000 | 15,300,000 | 10.2% | 1.19% |
| 2015 | 184,000 | 1,810,000 | 15,700,000 | 10.2% | 1.17% |
| 2016 | 188,000 | 1,850,000 | 16,100,000 | 10.2% | 1.17% |
| 2017 | 193,000 | 1,900,000 | 16,400,000 | 10.2% | 1.18% |
| 2018 | 198,000 | 1,940,000 | 16,700,000 | 10.2% | 1.19% |

Average Annual growth

| | | | |
|-----------|--------------|--------------|--------------|
| 2008-2018 | 1.41% | 1.64% | 2.13% |
|-----------|--------------|--------------|--------------|

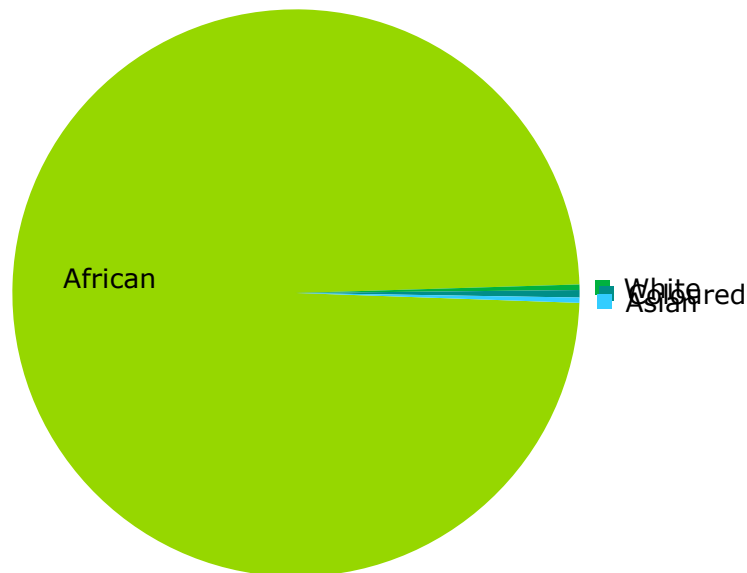
Source: IHS Markit Regional eXplorer version 1803

Relative to the province, the Alfred Nzo District Municipality had a lower average annual growth rate of 1.41% from 2008 to 2018. In contrast, the South Africa had a total of 16.7 million households, with a growth rate of 2.13%, thus growing at a higher rate than the Alfred Nzo.

The composition of the households by population group consists of 99.0% which is ascribed to the African population group with the largest amount of households by population group. The Coloured population group had a total composition of 0.4% (ranking second). The White population group had a total composition of 0.3% of the total households. The smallest population group by households is the Asian population group with only 0.3% in 2018.

NUMBER OF HOUSEHOLDS BY POPULATION GROUP - ALFRED NZO DISTRICT MUNICIPALITY,
2018 [PERCENTAGE]

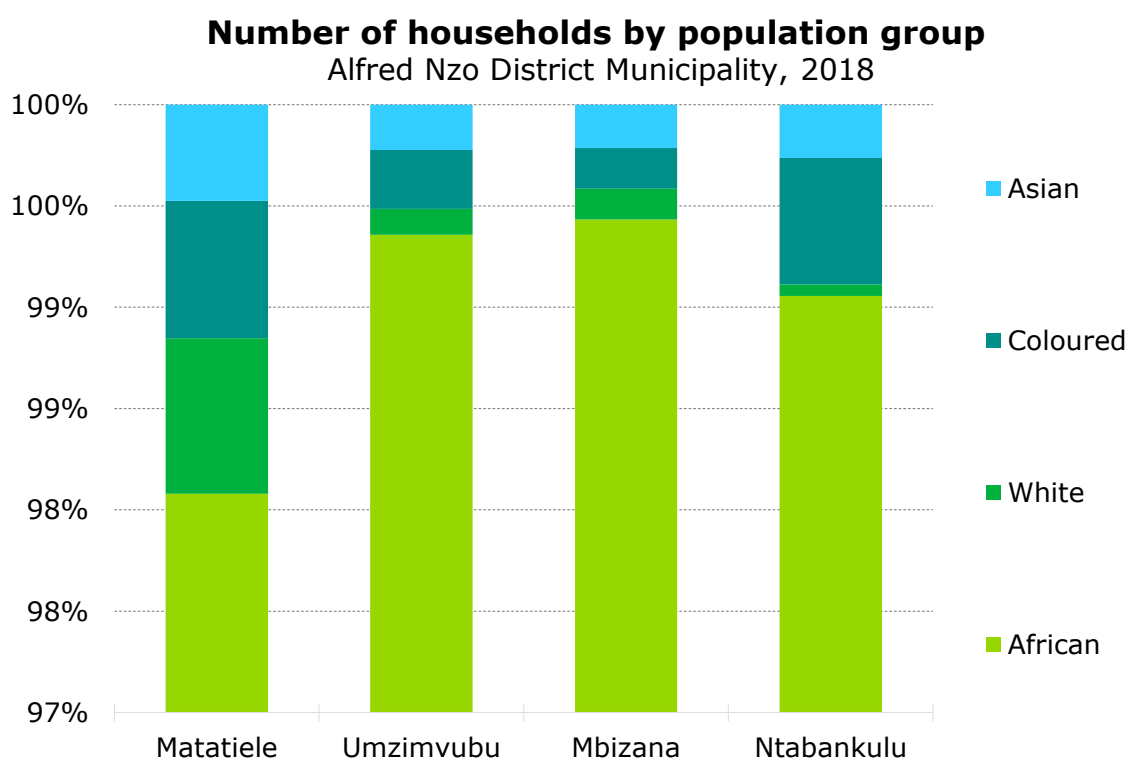
Number of Households by Population group
Alfred Nzo, 2018



Source: IHS Markit Regional eXplorer version 1803

The growth in the number of African headed households was on average 1.41% per annum between 2008 and 2018, which translates in the number of households increasing by 25 600 in the period. Although the Asian population group is not the biggest in size, it was however the fastest growing population group between 2008 and 2018 at 11.10%. The average annual growth rate in the number of households for all the other population groups has increased with 1.40%.

NUMBER OF HOUSEHOLDS BY POPULATION GROUP - LOCAL MUNICIPALITIES OF ALFRED NZO DISTRICT MUNICIPALITY, 2018 [PERCENTAGE]



Source: IHS Markit Regional eXplorer version 1803

3.1.4. HIV+ and AIDS estimates

HIV and AIDS can have a substantial impact on the growth of a particular population. However, there are many factors affecting the impact of the HIV virus on population progression: adult HIV prevalence rates; the speed at which the virus progresses; age distribution of the virus; the mother-to-child transmission; child treatment; adult treatment; and the percentage by which the virus decreases total fertility. ARV treatment can also prolong the lifespan of people that are HIV+. In the absence of any treatment, people diagnosed with HIV live for approximately 10 years before reaching the final stage of the disease (called AIDS). When patients reach this stage, recovery is highly unlikely.

HIV+ and AIDS estimates are defined as follows:

The HIV+ estimates are calculated by using the prevalence rates from the HIV/AIDS model built by the Actuarial Society of Southern Africa (ASSA-2008). These rates are used as base rates on a provincial level. IHS slightly adjusted the provincial ASSA-2008 data to more accurately reflect the national HIV Prevalence rate per population group as used in the national demographic models. The ASSA model in turn uses the prevalence rates from various primary data sets, in particular the HIV/AIDS surveys conducted by the Department of Health and the Antenatal clinic surveys. Their rates are further adjusted for over-reporting and then smoothed.

NUMBER OF HIV+ PEOPLE - ALFRED NZO, EASTERN CAPE AND NATIONAL TOTAL, 2008-2018
[NUMBER AND PERCENTAGE]

| | Alfred Nzo | Eastern Cape | National Total | Alfred Nzo as % of province | Alfred Nzo as % of national |
|------|------------|--------------|----------------|-----------------------------|-----------------------------|
| 2008 | 88,100 | 753,000 | 6,040,000 | 11.7% | 1.46% |
| 2009 | 89,700 | 769,000 | 6,190,000 | 11.7% | 1.45% |
| 2010 | 91,300 | 785,000 | 6,340,000 | 11.6% | 1.44% |
| 2011 | 93,200 | 803,000 | 6,520,000 | 11.6% | 1.43% |
| 2012 | 94,800 | 819,000 | 6,680,000 | 11.6% | 1.42% |
| 2013 | 96,100 | 833,000 | 6,820,000 | 11.5% | 1.41% |
| 2014 | 97,400 | 847,000 | 6,960,000 | 11.5% | 1.40% |
| 2015 | 98,700 | 861,000 | 7,110,000 | 11.5% | 1.39% |
| 2016 | 99,900 | 874,000 | 7,250,000 | 11.4% | 1.38% |
| 2017 | 101,000 | 890,000 | 7,420,000 | 11.4% | 1.37% |
| 2018 | 103,000 | 906,000 | 7,600,000 | 11.4% | 1.36% |

Average Annual growth

2008-2018 **1.58%** **1.87%** **2.32%**

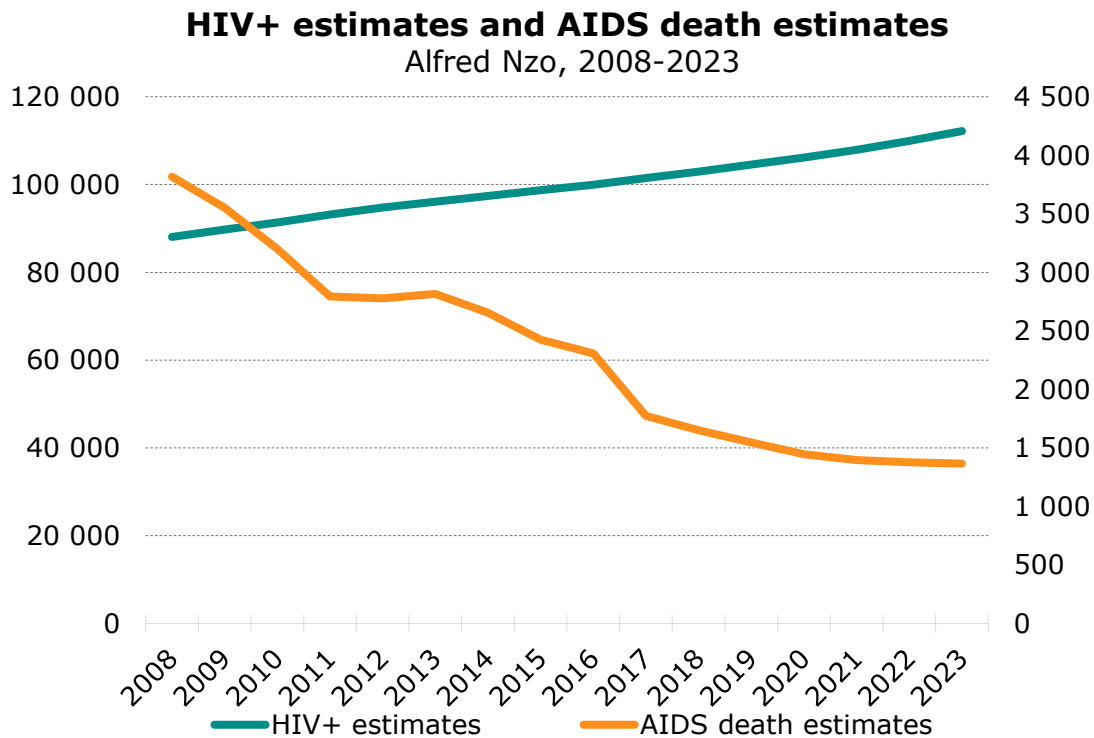
Source: IHS Markit Regional eXplorer version 1803

In 2018, 103 000 people in the Alfred Nzo District Municipality were infected with HIV. This reflects an increase at an average annual rate of 1.58% since 2008, and in 2018 represented 11.83% of the district municipality's total population. The Eastern Cape Province had an average annual growth rate of 1.87% from 2008 to 2018 in the number of people infected with HIV, which is higher than that of the Alfred Nzo District Municipality. When looking at the South Africa as a whole it can be seen that the number of people that are infected increased from 2008 to 2018 with an average annual growth rate of 2.32%.

The lifespan of people that are HIV+ could be prolonged with modern ARV treatments. In the absence of any treatment, people diagnosed with HIV can live for 10 years and longer before they reach the final AIDS stage of the disease.

AIDS PROFILE AND FORECAST - ALFRED NZO DISTRICT MUNICIPALITY, 2008-2023

[NUMBERS]



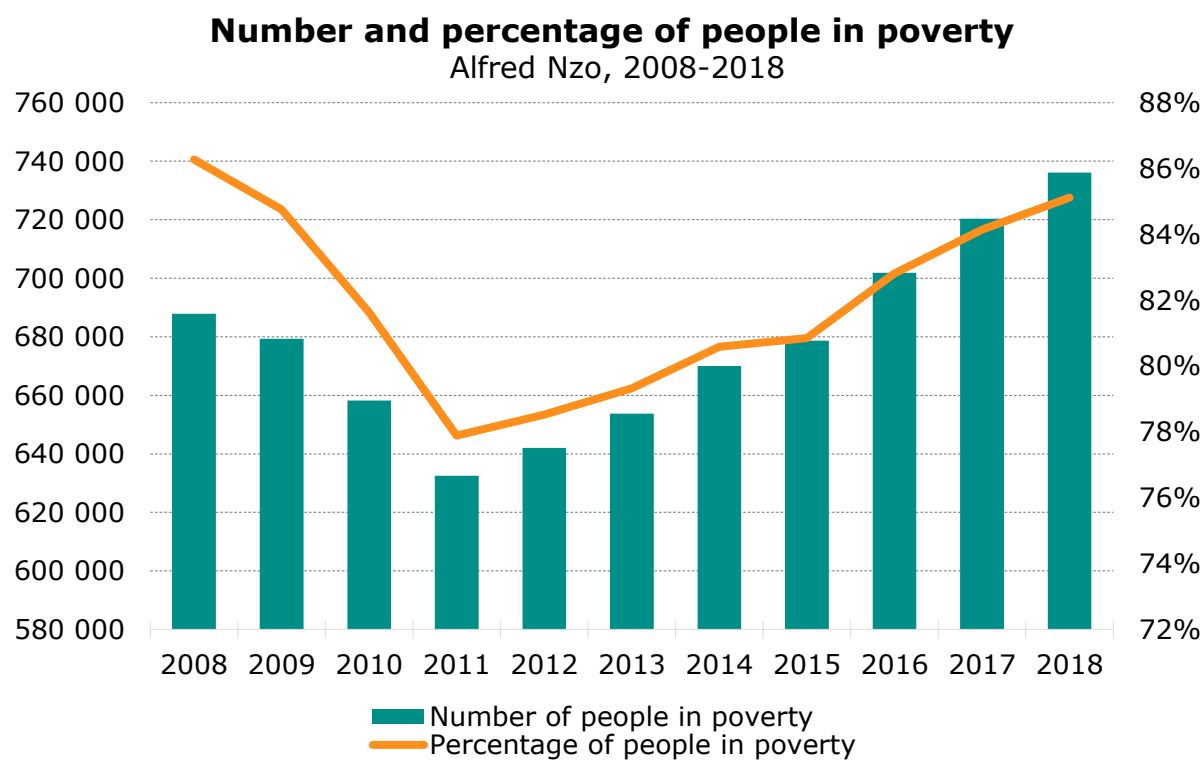
Source: IHS Markit Regional eXplorer version 1803

Presenting the number of HIV+ people against the number of people living with AIDS, the people with AIDS added up to 3820 in 2008 and 1650 for 2018. This number denotes an decrease from 2008 to 2018 with a high average annual rate of -8.04% (or -2170 people). For the year 2018, they represented 0.19% of the total population of the entire district municipality.

3.1.5. Poverty

The upper poverty line is defined by StatsSA as the level of consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other. This variable measures the number of individuals living below that particular level of consumption for the given area, and is balanced directly to the official upper poverty rate as measured by StatsSA.

NUMBER AND PERCENTAGE OF PEOPLE LIVING IN POVERTY - ALFRED NZO DISTRICT MUNICIPALITY, 2008-2018 [NUMBER PERCENTAGE]



In 2018, there were 736 000 people living in poverty, using the upper poverty line definition, across Alfred Nzo District Municipality - this is 7.02% higher than the 688 000 in 2008. The percentage of people living in poverty has decreased from 86.27% in 2008 to 85.12% in 2018, which indicates a decrease of 1.15 percentage points.

PERCENTAGE OF PEOPLE LIVING IN POVERTY BY POPULATION GROUP - ALFRED NZO, 2008-2018 [PERCENTAGE]

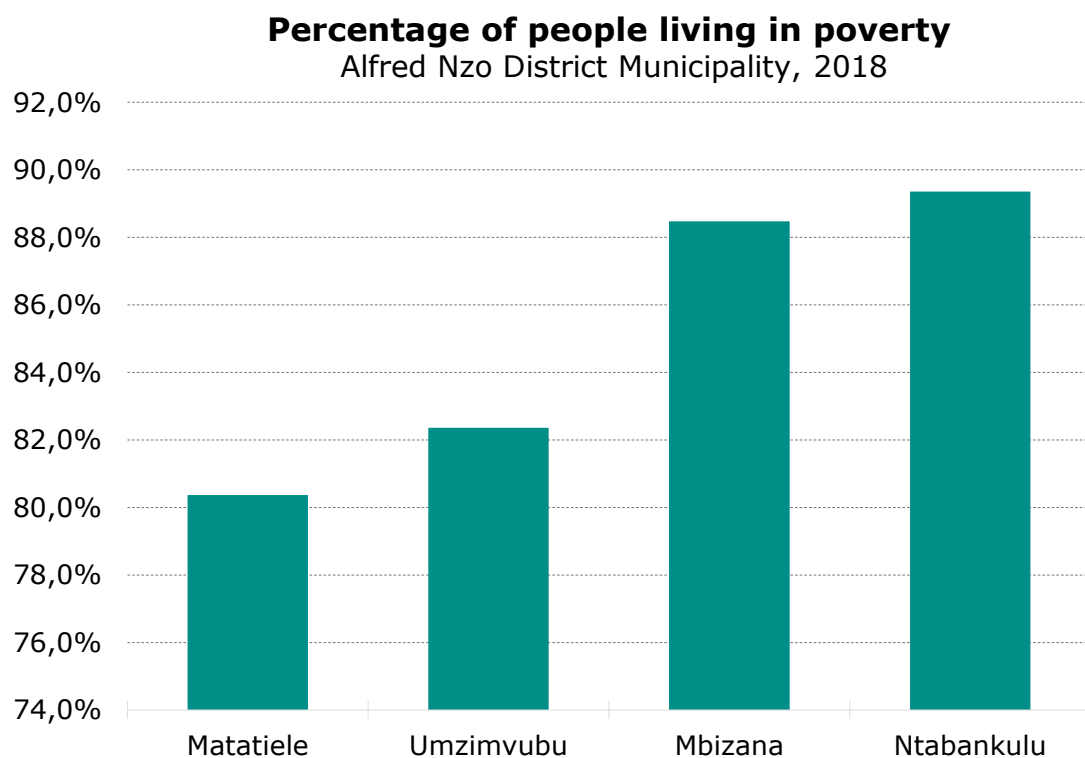
| | African | White | Coloured | Asian |
|------|---------|-------|----------|-------|
| 2008 | 86.6% | 3.5% | 57.7% | 22.9% |
| 2009 | 85.1% | 4.5% | 54.0% | 22.9% |
| 2010 | 82.0% | 3.8% | 50.7% | 19.0% |
| 2011 | 78.3% | 2.9% | 47.8% | 13.8% |
| 2012 | 78.9% | 3.1% | 49.8% | 14.4% |
| 2013 | 79.7% | 3.2% | 51.8% | 14.9% |
| 2014 | 81.0% | 4.2% | 54.3% | 15.0% |
| 2015 | 81.3% | 6.6% | 55.6% | 14.9% |
| 2016 | 83.2% | 10.4% | 57.6% | 19.5% |
| 2017 | 84.5% | 13.4% | 59.1% | 23.1% |
| 2018 | 85.5% | 14.4% | 59.6% | 26.1% |

Source: IHS Markit Regional eXplorer version 1803

In 2018, the population group with the highest percentage of people living in poverty was the African population group with a total of 86.6% people living in poverty, using the upper poverty line definition. The proportion of the African population group, living in poverty, decreased by 1.13 percentage points, as can be seen by the change from 86.64% in 2008 to 85.52% in 2018. In 2018 14.40% of the White

population group lived in poverty, as compared to the 3.51% in 2008. The Coloured and the Asian population group saw a decrease in the percentage of people living in poverty, with a decrease of -1.9 and -3.19 percentage points respectively.

PERCENTAGE OF PEOPLE LIVING IN POVERTY - LOCAL MUNICIPALITIES AND THE REST OF ALFRED NZO DISTRICT MUNICIPALITY, 2018 [PERCENTAGE]



Source: IHS Markit Regional eXplorer version 1803

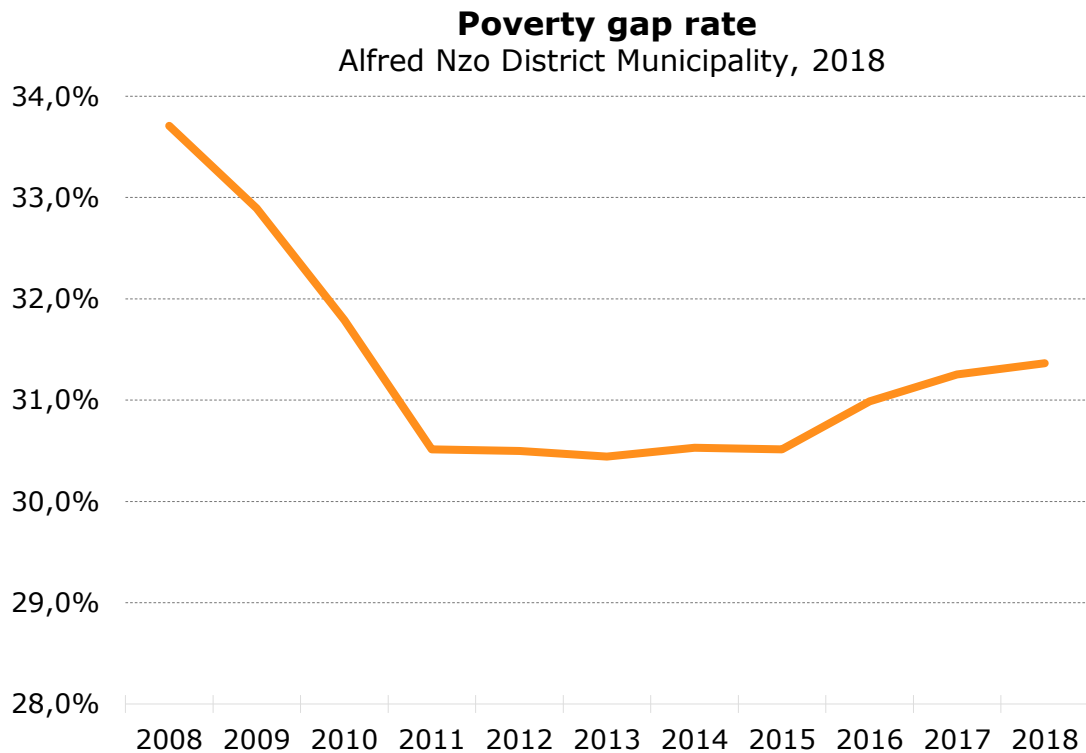
In terms of the percentage of people living in poverty for each of the regions within the Alfred Nzo District Municipality, Ntabankulu Local Municipality has the highest percentage of people living in poverty, using the upper poverty line definition, with a total of 89.4%. The lowest percentage of people living in poverty can be observed in the Matatiele Local Municipality with a total of 80.4% living in poverty, using the upper poverty line definition.

3.1.6. Poverty Gap Rate

The poverty gap is used as an indicator to measure the depth of poverty. The gap measures the average distance of the population from the poverty line and is expressed as a percentage of the upper bound poverty line, as defined by StatsSA. The Poverty Gap deals with a major shortcoming of the poverty rate, which does not give any indication of the depth, of poverty. The upper poverty line is defined by StatsSA as the level of consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other.

It is estimated that the poverty gap rate in Alfred Nzo District Municipality amounted to 31.4% in 2018 - the rate needed to bring all poor households up to the poverty line and out of poverty.

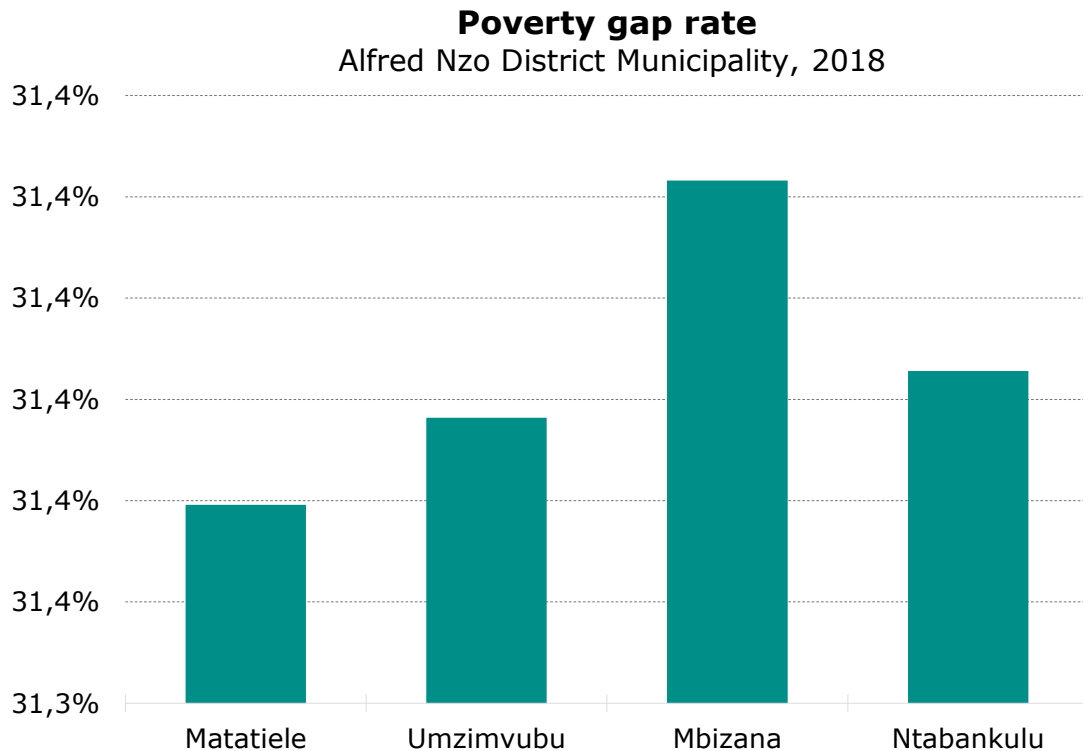
POVERTY GAP RATE BY POPULATION GROUP - ALFRED NZO DISTRICT MUNICIPALITY, 2008-2018 [PERCENTAGE]



Source: IHS Markit Regional eXplorer version 1803

In 2018, the poverty gap rate was 31.4% and in 2008 the poverty gap rate was 33.7%, it can be seen that the poverty gap rate decreased from 2008 to 2018, which means that there were improvements in terms of the depth of the poverty within Alfred Nzo District Municipality.

POVERTY GAP RATE - LOCAL MUNICIPALITIES AND THE REST OF ALFRED NZO DISTRICT MUNICIPALITY, 2018 [PERCENTAGE]



Source: IHS Markit Regional eXplorer version 1803

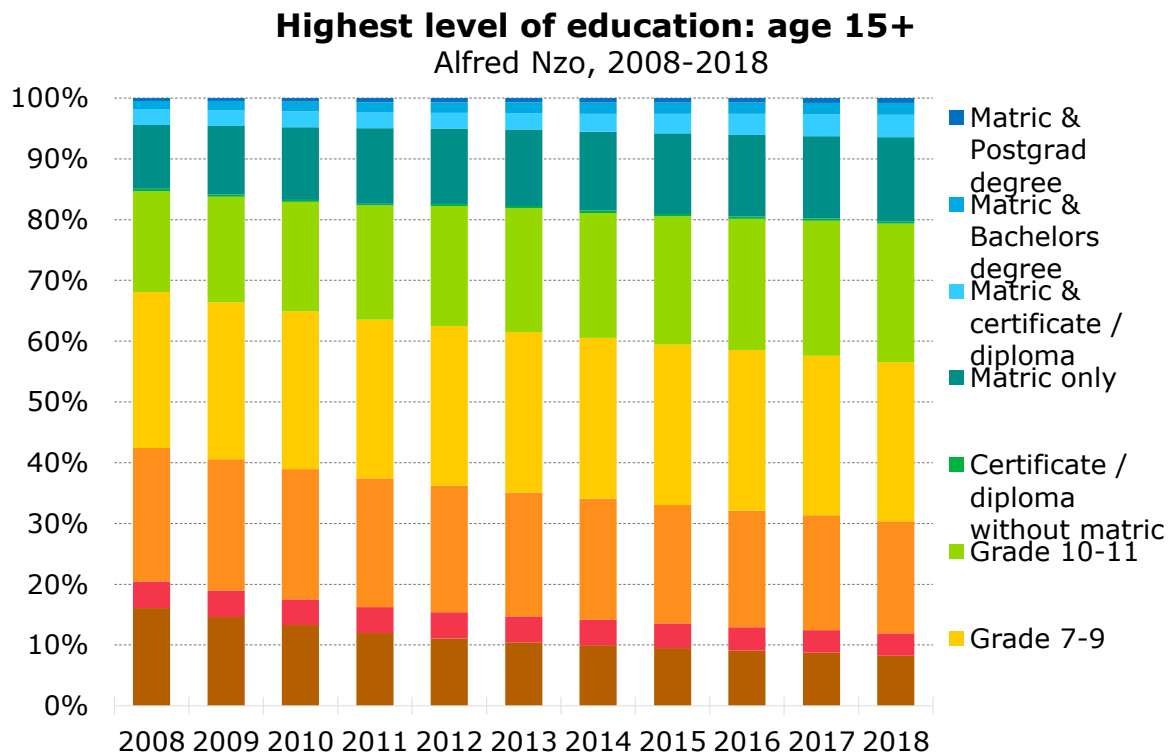
In terms of the poverty gap rate for each of the regions within the Alfred Nzo District Municipality, Mbizana Local Municipality had the highest poverty gap rate, with a rand value of 31.4%. The lowest poverty gap rate can be observed in the Matatiele Local Municipality with a total of 31.4%.

3.1.7. Education

Educating is important to the economic growth in a country and the development of its industries, providing a trained workforce and skilled professionals required.

The education measure represents the highest level of education of an individual, using the 15 years and older age category. (According to the United Nations definition of education, one is an adult when 15 years or older. IHS uses this cut-off point to allow for cross-country comparisons. Furthermore, the age of 15 is also the legal age at which children may leave school in South Africa).

HIGHEST LEVEL OF EDUCATION: AGE 15+ - ALFRED NZO DISTRICT MUNICIPALITY, 2008-2018
[PERCENTAGE]



Within Alfred Nzo District Municipality, the number of people without any schooling decreased from 2008 to 2018 with an average annual rate of -4.92%, while the number of people within the 'matric only' category, increased from 39,300 to 61,600. The number of people with 'matric and a certificate/diploma' increased with an average annual rate of 4.95%, with the number of people with a 'matric and a Bachelor's' degree increasing with an average annual rate of 5.86%. Overall improvement in the level of education is visible with an increase in the number of people with 'matric' or higher education.

HIGHEST LEVEL OF EDUCATION: AGE 15+ - ALFRED NZO, EASTERN CAPE AND NATIONAL TOTAL, 2018 [NUMBERS]

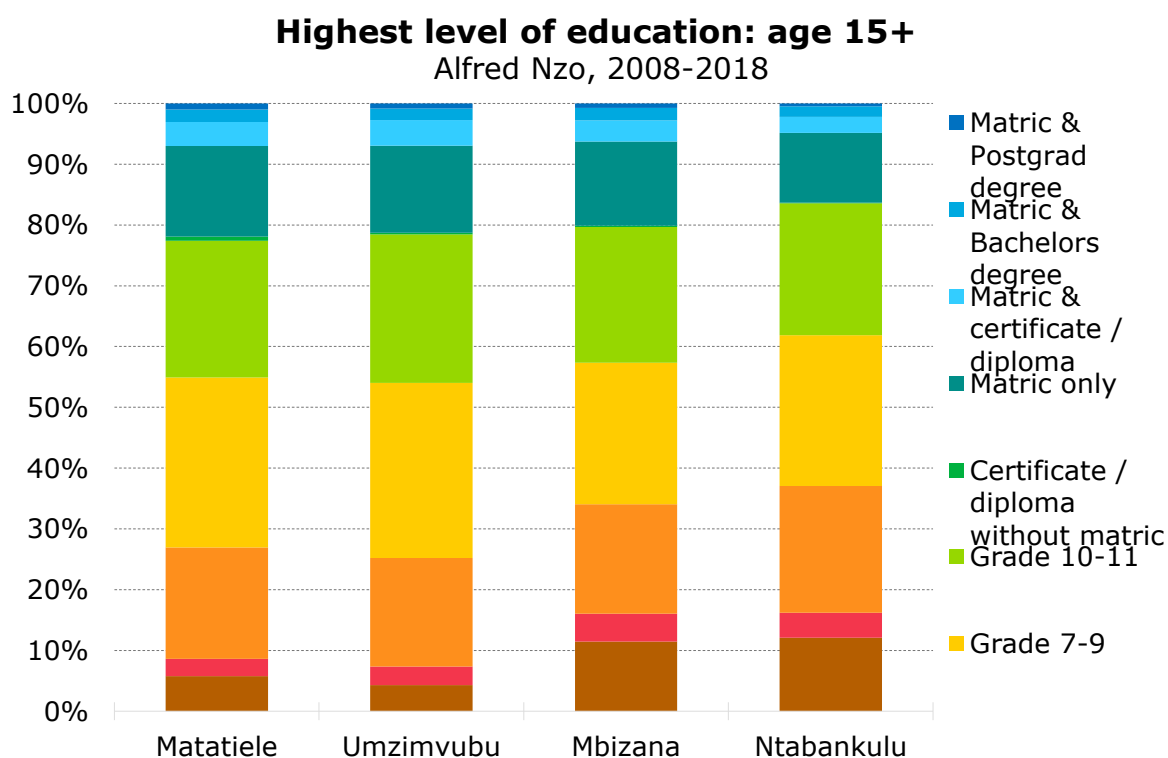
ANDM INTEGRATED DEVELOPMENT PLAN 2020-2021

| | Alfred Nzo | Eastern Cape | National Total | Alfred Nzo as % of province | Alfred Nzo as % of national |
|--------------------------------------|------------|--------------|----------------|-----------------------------|-----------------------------|
| No schooling | 36,500 | 301,000 | 2,180,000 | 12.1% | 1.68% |
| Grade 0-2 | 16,200 | 123,000 | 669,000 | 13.1% | 2.42% |
| Grade 3-6 | 81,900 | 568,000 | 3,080,000 | 14.4% | 2.66% |
| Grade 7-9 | 116,000 | 980,000 | 6,100,000 | 11.8% | 1.90% |
| Grade 10-11 | 101,000 | 1,070,000 | 8,840,000 | 9.4% | 1.14% |
| Certificate / diploma without matric | 1,520 | 14,300 | 180,000 | 10.6% | 0.84% |
| Matric only | 61,600 | 942,000 | 11,000,000 | 6.5% | 0.56% |
| Matric certificate / diploma | 16,200 | 230,000 | 2,270,000 | 7.0% | 0.71% |
| Matric Bachelors degree | 8,740 | 135,000 | 1,680,000 | 6.5% | 0.52% |
| Matric Postgrad degree | 3,480 | 58,600 | 788,000 | 5.9% | 0.44% |

Source: IHS Markit Regional eXplorer version 1803

The number of people without any schooling in Alfred Nzo District Municipality accounts for 12.14% of the number of people without schooling in the province and a total share of 1.68% of the national. In 2018, the number of people in Alfred Nzo District Municipality with a matric only was 61,600 which is a share of 6.54% of the province's total number of people that has obtained a matric. The number of people with a matric and a Postgrad degree constitutes 6.47% of the province and 0.52% of the national.

HIGHEST LEVEL OF EDUCATION: AGE 15+, LOCAL MUNICIPALITIES OF ALFRED NZO DISTRICT MUNICIPALITY, 2018 [PERCENTAGE]



Source: IHS Markit Regional eXplorer version 1803

3.1.8. Functional literacy

For the purpose of this report, IHS defines functional literacy as the number of people in a region that are 20 years and older and have completed at least their primary education (i.e. grade 7).