COMMISSION ON REGIONS
REF: 1/11/29/8

TO: DR RENOSI MOKATE
COMMISSION ON REGIONS

FOR: PROF YVONNE MUTHIEN

FROM: LULU GWAGWA

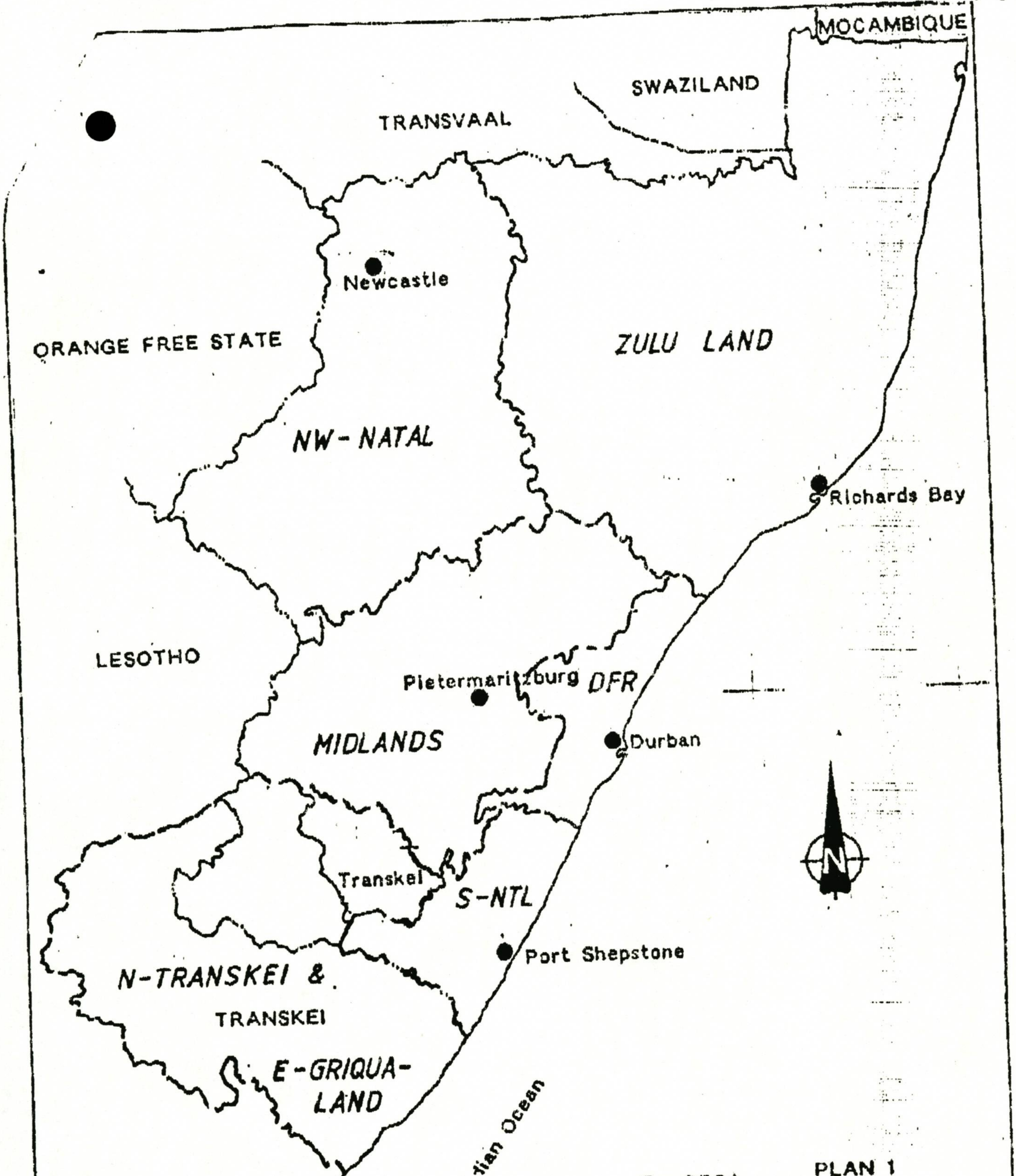
08/10/93

MESSAGE:

I hope this will help. I did ask Betty to call you with regard to your request. Work harder!

16 pages

Lulu



PLAN 1

SOURCE: Economic and Social Memorandum/Region E , DBSA

RDAC Economic Development Study	DATE MAY 1993	SCALE NTS
	DRAWN PG	DESIGNED
	DRWG NO D 6015/01	

REGION - E
Sub Regions

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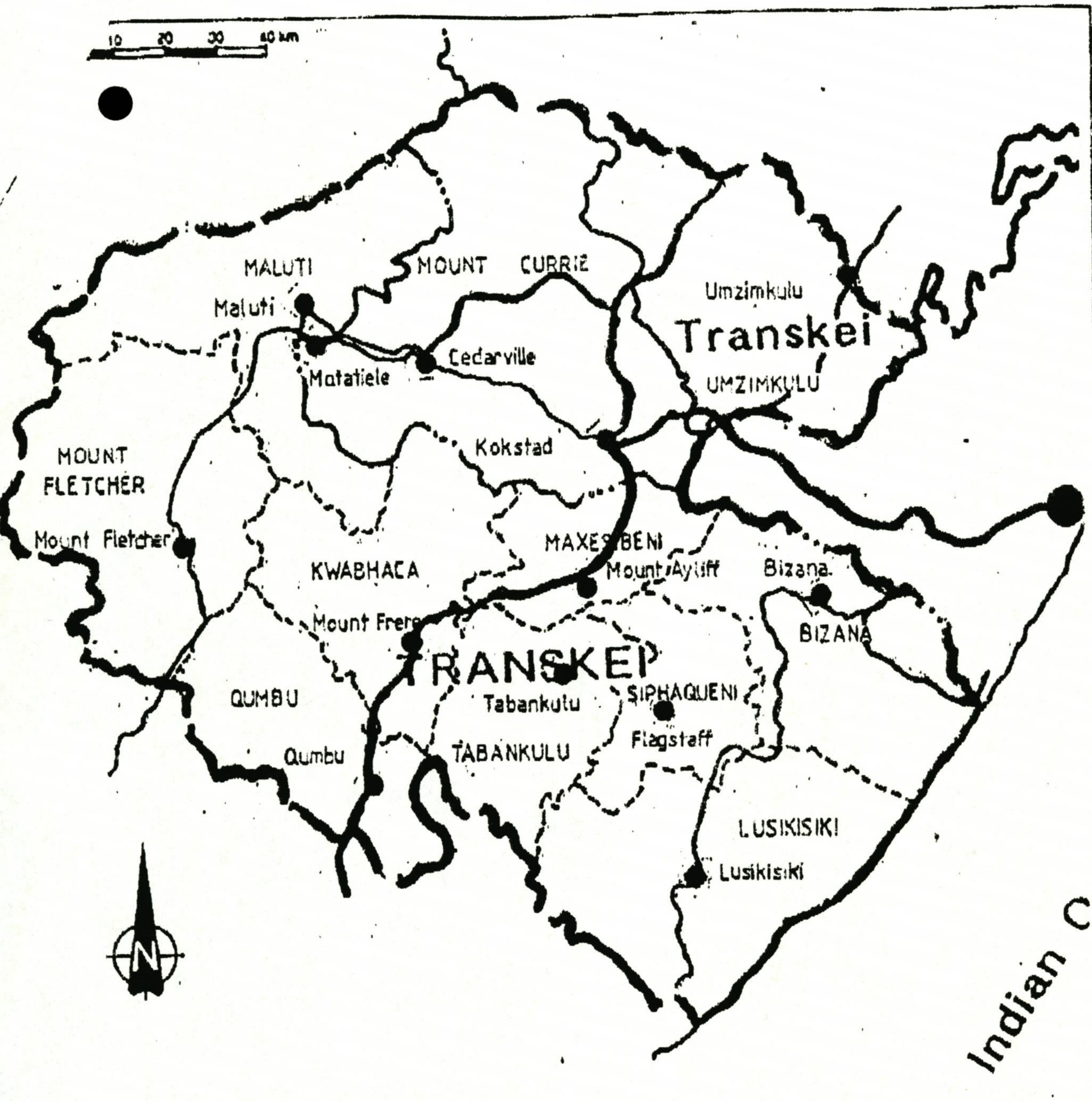
REF 247



SOURCE: Economic and Social Memorandum/Region E, DBSA

PLAN 2

LEGEND

MAIN ROAD

RAILWAY

N2

RDAC Economic Development Study	DATE MAY 1993	SCALE
	DRAWN PG	DESIGNED
	DRWG NO D 6015/02	

NORTHERN TRANSKEI & EAST GRIQUALAND REGION

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SCAN OF THE SUBREGION

1.1. Context

Region E compares poorly with the rest of South Africa - the population of the region is relatively poor, and social indicators often point to below average levels of social development, especially in rural areas. This is the context within which economic development strategies for the subregion will have to be formulated and evaluated.

At a subregional level, Northern Transkei and East Griqualand as a subregion is similar and comparable to other under-developed and poverty stricken areas such as Northern Zululand. These "outer periphery" areas (Erasmus, 1991), described as the areas within the six self governing as well as the TBVC countries, are under-developed and characterised by extreme levels of poverty and hardship due to the apartheid legacy. The subregion has been described as one of the most vulnerable subregions within the region.

Certain key features of the subregion are briefly listed below.

* The subregion comprises approximately 20,27% of the total area of Region E, and is home to 13,68% of the total population of the region.

* In comparison to the other subregions, the subregion has the second lowest percentage population growth rate (1%) and the lowest male to female ratio with a corresponding high male absenteeism rate (the highest in the region at 47,3%).

* The urbanization rate of the subregion at 3,2% is the lowest recorded in comparison to the other subregions.

* Given the low urbanization rate, the subregion has a high population density at 53,8 persons/km^2 implying possible high rural densities.

* The unemployment rate for the subregion is the highest of the six subregions at 25,3% - the subregion contributes approximately 6% to total employment for the region.

* The subregion had the lowest recorded contribution to GGP for the region in 1990, recorded at R935,5 million.

* The local economy is a highly concentrated one with an emphasis on the following sectors: agriculture, both subsistence and commercial; community services (the largest sector in 1990); and commerce.

* The subregion has close links with the broader South African economy: Mount Currie is dependant on Region E for the supply of infrastructure and social services, and Region E provides a market for its agricultural produce. The Transkeian economy is linked by way of the supply of labour to the South African economy - most migrant workers provide labour on the mines in the Transvaal,

while a considerable number of transfrontier commuters make daily trips to the Mount Currie district where job opportunities are better than in the Transkei. The Mount Currie district is a supplier of goods and services and has significant business and trade links with Lesotho and the Northern Transkei districts. Although the subregion is to a certain extent linked to the economy of Region D, it seems to have a stronger link to Region E, with strong economic gravitational forces exerted by Pietermaritzburg and Durban.

1.2. Physical Analysis

1.2.1. Natural Resources

Although a study by Hawkins Associates (1980 in VARA, 1992) shows that agriculturally, the study area has a high and diversified potential, with enough rainfall to allow for intensive or semi-intensive agriculture, this agricultural potential is reduced because most of the land has slopes of greater than 5%, and has been subject to soil erosion and veld degradation (Republic of Transkei, 1991 in VARA, 1992).

Transkei constitutes 10% of the surface area of South Africa and yet receives 20% of rainfall and surface run-off pointing to an abundance of water in the region. It has been estimated that in the year 2040, Transkei will only be utilising 20% of its water supply (VARA, 1992). It therefore seems surprising that the recurring priority in rural Transkei is for potable water. However what is lacking is the infrastructure to reticulate water supplies to rural communities. The possibility of utilising the excess water for economic uses, such as hydro-electric power, irrigation, fishing and recreation are being explored.

The Transkei coast is one of the few remaining undeveloped stretches of the South African coastline, with as much as 45% of the coastline having been protected for about 80 to 90 years as State Forest Reserves (Wildlife Society, 1977 in VARA, 1992). The physical features of the region have acted as a barrier to industrial and commercial development, but also account for the fact that tourism and recreation have such a high potential along the coast.

The region is not well endowed with mineral deposits of great value. Deposits of potential marketable ores include copper and nickel near Mt Ayliff, coal near Mt Fletcher, and titanium in the coastal dunesands, with a large deposit of silica north of Port St Johns which still needs to be fully explored - the environmental impact of this proposed mining venture, as well as it's economic viability is an issue that needs further research.

1.2.2. Settlement Patterns

In general, the northern areas of Transkei are less densely populated and there are fewer towns per capita population than the southern areas. The towns are relatively evenly distributed serving the majority of the population in a twenty kilometre radius. Most of the towns in the Transkei were established over a hundred years ago for administrative ɜLE 1: POPULATION CHARACTERISTICS BY MAGISTERIAL DISTRICT, 1990

agisterial strict	Population ('000)	Growth Rate 1985-90	Density persons/km^2	% Males (15-64)	Urban Population (% of total)	% Youth
umbu	103,9	2,0	69,2	32,0	1,8	51,5
waBhaca	117,2	2,0	65,9	32,4	2,6	50,6
ısikisiki	168,2	0,0	80,5	35,1	0,9	48,8
ıbankulu	88,1	0,0	59,0	34,3	1,3	46,1
phaqueni	2,3	-1,6	69,0	36,2	2,1	48,6
zana	142,7	0,2	72,3	35,5	0,8	45,8
axesibeni	69,8	2,6	74,5	34,1	2,7	49,5
mzimkulu	132,8	1,4	48,7	33,2	4,3	47,7
lt Flethcher	113,4	2,2	47,6	31,9	1,3	48,7
laluti	147,6	2,6	66,5	33,7	0,4	49,2
orthern ranskei	1155,7	1,2	63,7	33,9	1,7	*
lount Currie	41,0	-1,0	10,0	46,9	44,6	34,1
ubregion	1196,7	1,0	53,85	34,5	3,2	48,1
egion E	8748,1	2,0	79,8	44,7	34,8	*

ırce: adapted from Erasmus, 1991:21, 23.
ıot calculated

Extended Page

TABL

Ma Dis	Qu	Kw	Lus	Tal	Sip	Biz	Ma	Un	Mt	Ma	No Tra	Mc	Su	Re

Sour

* no

males to migrate. In comparison to the Transkei districts of the subregion, the Mount Currie district has a higher percentage of adult males at 46,9% (Table 1).

In comparison to other subregions Northern Transkei and East Griqualand and Northern Zululand were the main net suppliers of male migrant workers with male absenteeism ratios of 47,3% and 44,0% respectively in 1990 (Erasmus , 1991:43-44). Male absenteeism rates in other subregions ranged from 14,9% in north western Natal to 29,3% in Zululand (ibid). The exception within the subregion is Mount Currie with a male absenteeism ratio of 11,5%, as compared to other districts within the subregion that range from 43,35 in Siphaqeni to 53,2% in Mount Fletcher (ibid).

Studies on migrancy in the Transkei indicate that almost one third of internal migrants (that is workers migrating within Transkei) are women. Migrant women working outside of the Transkei usually do not have official contracts, and in 1983 it was estimated that 65% of them were "illegally" in South Africa. It was also estimated that 45% of external female migrants work close to the Transkei border, in Natal and the Eastern Cape, the majority of whom are "unmarried, remitting and working in domestic service" (Osmond Lange Inc., 1983:16). More than half of the internal migrants worked in Umtata and Butterworth.

It has been estimated that over half of Transkei households depend on migrant remittances for almost 72% of their total income (Osmond Lange Inc., 1983:17). Pension payments also account for a major portion of their annual income.

Data on commuter flows is scarce. It has been estimated that approximately 2 000 commuters come into Kokstad everyday from the surrounding Transkeian districts (Lynas et al, 1987).

The South African economy employs two thirds of Transkei's male labour force, with one quarter of the total South African mining labour force originating from the Transkei (Transkei-DBSA, 1991). It has been estimated that the total earnings of Transkeian labour employed in the South African economy in the 1980's was approximately R1 850 million a year at 1985 prices, and that of this only R750 million flowed back into Transkei in remittances sent or brought back home. The profits earned from the product of the Transkeian labour force working in the South African economy accrue to the RSA, while the social costs of that labour, public expenditure on education, health services, social security payments for the families of the labour force, have to be met in Transkei. Public sector transfers from the RSA do not adequately cover this. (Transkei, 1991).

At present the general trend is for the more marginal mines to retrench their workforce. This has implications for migrants from the Transkei since, as mentioned above one quarter of the total South African mining labour force originates from the Transkei. The present trend of retrenching miners will contribute to formal unemployment.

1.5.5. Rates of Unemployment

Table 5 shows that the subregion is one of the worst-hit areas with an unemployment rate of 25,3% in 1990, second to Zululand with a rate of 26,2% (Erasmus, 1991:52), while the unemployment rate for the region as a whole was 19,2%.

At a district level, the worst hit districts in the subregion in 1990 were Umzimkulu, Tabankulu and KwaBhaca, followed by Maxesibeni, Qumbu and Bizana with unemployment rates calculated to be 64,5%, 57,3%, 48,0%, 29,5%, 26,0% and 20,1% respectively. Lusikisiki and Mount Currie had the lowest unemployment rates of 11,1%. One reason for the increase in unemployment could be the inability of the formal economy to keep up with the rapid population growth. Another reason is the general decline of the RSA economy.

With reference to Table 6, it has been estimated that only 14,5% of the potential labour force of the subregion could be absorbed by the formal economy in 1990 - the absorption capacity of the formal sector declined by 3,7% points between 1980 and 1990. 33,8% of the potential labour force of the subregion found employment outside of the subregion (i.e. migrants) while 51,7% were forced into the peripheral/subsistence/informal sector or were unemployed.

The magnitude of surplus supply of labour over demand is astounding in the subregion. This is evident from the high unemployment figures, the low absorption capacity of the formal economy, and the high migrancy rate. This inevitably has led to socio-economic disruption.

1.6. Indicators of Need

1.6.1. GGP per Capita

The TBVC countries generate only 3% of national GGP. GGP per capita at 1988 prices in South Africa amounted to an estimated R4 404, compared with an average of R626 in the case of the TBVC countries. In the PWV area, it is estimated that the GGP per capita amounted to R8 280 in 1986 (Erasmus,1991).

1.6.2. Income per Capita

In 1985, per capita expenditure of white households in the region amounted to R8 200 compared with just below R987 for blacks in the Natal portion of the region and between R640 and R660 for people in KwaZulu and Transkei (ibid, 1991:S-5)

TABLE 10: CHANGE IN PERCENTAGE CONTRIBUTION OF THE ECONOMIC SECTORS TOWARDS GGP (AT CONSTANT 1985 PRICES), 1970-1990

Economic Sector	% contribution towards GGP 1970		% contribution towards GGP 1980		% contribution towards GGP 1990	
	Region E	Subregion	Region E	Subregion	Region E	Subregion
Agriculture	6,8	30,8	5,8	24,2	7,5	20,9
Mining	5,2	0,6	3,6	0,1	2,2	0,1
Manufacturing	30,6	6,4	33,8	4,5	31,4	4,0
Electricity	4,1	0,5	2,2	4,6	1,8	4,7
Construction	5,7	3,2	4,8	2,1	3,4	3,5
Commerce	11,3	16,2	10,5	23,2	11,5	19,3
Transport	10,5	6,9	13,1	4,8	12,6	3,8
Finance & Business Services	8,0	4,3	9,6	4,0	10,9	4,7
Community & Social Services	17,6	31,2	16,7	32,6	18,6	39,0

Source: adapted from Erasmus, 1991:82.

2. SECTORAL ANALYSIS AND SPECIFIC AREAS OF CONCERN

2.1. Sectoral Analysis: Agriculture and Income transfers

2.1.1. AGRICULTURE & FORESTRY

The general spatial distribution of agricultural activity for the entire subregion is as follows: industrial crop farming near the coast, dairy and cattle farming in the interior, and forestry as well as crop cultivation in some of the higher-lying areas (Erasmus, 1991:15). An analysis of land use patterns in the Mount Currie district shows that 85,66% of the land is used for natural pasture, with 11,33% used for cultivation, 1,74% for forestry and the remaining 1,27% for other use. In comparison, in the Transkei districts a larger amount of land falls under cultivation (18,13%), with 75,74% of land used as natural pasture, and forestry taking up 2,07%, and finally 4,06% of land is used for other purposes. What is evident from the above is the subregion is essentially a pastoral farming area. This is discussed in more detail under the section on pastoral farming.

Looking at Transkei as a whole, and considering the contribution of various economic sectors towards Transkei's GDP, agriculture and forestry has made either the second or third highest contribution to GDP over the period 1980-1985. Meat products, crop production, milk products, hides and skins, wool and mohair have been the agricultural production groups that made the highest contribution to the agricultural sector in the period up to 1985. It is important to note that the value of the non-market (subsistence) agricultural sector in relation to the market agricultural sector contributes more than 80% towards total agricultural production (Transkei-DBSA, 1987). This is an indication of the form of agriculture that is most widely practised, that is subsistence agriculture.

Analyses of various socio-economic surveys confirms the findings of Bembridge (1982 cited in Transkei-DBSA, 1991) that only a small group of farmers (about 10%) in the tribal areas take a commercial approach to their crops and produce considerable yields, while about 30% put in little or nothing and get no crops at all, and that most farmers (60%) are marginal farmers who invest only moderately to achieve worthwhile yields. In 1985 there were 40 511 commercial farmers active in Transkei mainly engaged in the production of maize and sorghum. In the Transkei Community gardens are established with the primary purpose of training and assisting mainly women in the rural areas in the cultivation of fruit and vegetables for consumption by their specific communities. The community gardens project is run by the Department of Agriculture and Forestry. In 1985 there were approximately 500 community gardens in operation involving 18 720 participants. In comparison there were approximately 360 662 home gardens in operation.

The above trends probably hold true for the northern districts that are part of the subregion. Transkei's agricultural sector must be analyzed within the context of the reality of the situation which is that despite agriculture being one of the main sectors, Transkei is heavily reliant on the South African economy for its food supply - this holds true for the rural areas too, where more than half of the household expenditure on consumer goods is spent of food, beverages, alcoholic and soft drinks. Only one tenth of the food purchased by Transkeians households is from local production. Agriculture in the Transkei has supplied 30% of the food consumption in the country in the 1980's, mostly from rural households meeting a part of their requirements from their own production.

In terms of the institutional arrangements, in the Transkei there exists the Department of Agriculture and Forestry, Transkei Agricultural Corporation (TRACOR), and various other institutions such as marketing organisations, institutions providing financial assistance and private consultants who are employed by the government. There is also the Transkei Agricultural Marketing Board which was established in 1985 (Marketing Act 1985).

TRACOR is specifically orientated to initiating the financing, establishment and management of agricultural projects that will hopefully create employment opportunities as well as offering training to various local agricultural communities. TRACOR manages most of the agricultural projects in the Transkei. Both TRACOR and the Department are involved in providing training and extension services at varying levels. TRACOR is presently involved in a decentralisation programme of tractor services and maintenance. It is proposed that TRACOR be privatised. This proposal is currently receiving serious consideration.

In terms of financial institutions, TRACOR provides production loans, the Masibambane Central Co-operative provides credit facilities, the Department of Agriculture and Forestry finances various rural development schemes, and the Transkei Agricultural Marketing Board deals with matters relating to the production, manufacture, processing, sale and distribution of agricultural products, as well as the grading and standardization of agricultural products. If one were to measure TRACOR by it's stated objectives, as outlined above, for the 1984/1985 financial year; approximately 15 000 individual farmers were established on projects with about 6 000 permanent and 3 000 occasional workers - against the backdrop of a large rural population engaged in agriculture.

The official policy on agricultural development (Transkei-DBSA, 1991) advocates some fundamental changes in land policy with a view to increasing agricultural productivity and creating employment opportunities through small scale commercial farming. The most significant recommendations are summarized as follows:

* "the introduction of freehold title for residential land in selected rural villages;

* the renting of rural plots to farmers for agricultural purposes (initially by those who move off their plots to the rural villages, but later by the local authority);

* a reduction in livestock numbers by charging an 'economic' grazing fee;

* monies raised by the above policies to be retained for local use;

* the decentralisation of administrative and financing functions to a local government structure parallel to the present tribal authority system;

* the fragmentation of state farms to individual farmers;

* joint venture programmes with the private sector for accessing finance and expertise, through existing para-statals perhaps in the area of, inter alia, forestry and tea production" (VARA, 1992:27-28).

The sugar plantations near Mkambati and Mfolozi, which have been in existence for many years has expanded to include a total of 4 000ha, taking into account smallholder plots of 10ha and 20ha each. There are proposals for extension south of the Mzamba river. The subregion is reliant on Natal for processing and marketing. As a result vested interests in Natal dictate production output and influence competition.

The Magwa tea plantation is located 13km from Lusikisiki comprising a 3 000ha tea estate and factory providing employment for 2 500 people is situated here. Small-holding production is envisaged for expansion to get the local farmers involved. According to VARA (1992) the Magwa Tea Corporation at Magwa and Majola have experienced financial difficulties and efforts at converting it into smallholder schemes are meeting with resistance it is not sure what is the cause of the resistance.

The point to note with regard to both tea and sugar production is that the crops are being produced for the protected South African market. There are other high value crops that could be grown for the domestic/subregional urban market, and this would serve to diversify the agricultural base.

In terms of stock/pastoral farming, East Griqualand is historically well known for its contribution to pastoral output. Livestock production is the largest component of the agricultural production in the Mount Currie district in terms of income generated. The market for livestock production in these areas extends into Transkei and Lesotho. Commercial production in the Transkei remains problematic for social reasons. Mount Currie and Matatiele together produce 50% of the Natal wool clip. In terms of spin-off industries, there may be potential for the establishment of dairies to service the Transkei districts taking into account the good market for milk in Transkei.

It has been estimated that the average herd and flock sizes are small with 5-6 cattle, about 13 sheep, 7 fowls and 3-4 goats per owner (Transkei-DBSA, 1991). The totals for cattle sheep and goats are very similar to those of the last forty years suggesting that all grazing land is fully stocked, or overstocked, and has been so for a long time. The reasons for the continuous heavy stocking are the type of commonage grazing system in practice, functional needs, and traditional values. Though much of the Transkeian veld has been mismanaged and overgrazed it would recover quickly if given a chance (Acocks, 1975 cited in Transkei-DBSA, 1991).

With regard to forestry, in Transkei the forestry branch of the Department of Agriculture and Forestry is not only involved in the production of timber, but is also concerned with conservation. A large part of all forests are indigenous. For the financial year 1984/1985 there were 121 plantations contributing approximately R8 million to total income, employing approximately 4 000 people on a permanent basis and approximately 2 500 people on an occasional basis. The Department of Agriculture and Forestry has a policy of only developing economically viable forestry projects - that is it excludes woodlots and supports the establishment and development of projects that are 100ha or mora in size. Tracor, DBSA and Mondi, together with the Department are the major actors in the forestry sector.

Woodlots are established at strategically located places to supply the local community with both firewood and wood suitable for building purposes, as well as to prevent deforestation. Although the government of Transkei encourages small woodlot programmes there is no direct involvement on their behalf - they believe that it should be left to non government organisations.

LEAF (Local Energy and Afforestation Programme) is a present initiative in which the Department of Agriculture and the Transkei Appropriate Technology Unit (TATU) co-operated which adopts agro-forestry techniques, multi-cropping a variety of trees, shrubs and plants which meets a variety of needs eg. food, shelter, fuel, fencing. The pilot phase was completed in 1990 however the programme is being held in limbo pending further funding.

Commercial forestry is concentrated in Umzimkulu which has a large sawmill. There are about 20 other smaller sawmills scattered throughout the subregion, many owned by Transkei Development Corporation. Timber plantations cover a total of 1 500ha of the Lusikisiki district. The commonage of Lusikisiki town accommodates a large portion of these plantations. The development of these resources for timber production, conservation and local fuel requirements represents an area of successful development.

2.1.2. Income Transfers

As mentioned in section 1.5.4. it has been estimated that the total earnings of Transkeian labour employed in the South African economy in the 1980's was approximately R1 850 million a year at 1985 prices (Republic of Transkei, 1991). As previously noted welfare expenditures are necessary to maintain households in the Transkei. There is therefore, clearly a need to begin formulating redistributive policies that take the above into account. The context in which these policies should be formulated will also have to take into account the history of the Transkei.

2.1.3 Commerce

In general, it is the towns or service centres in the Mount Currie district that are the main commercial nodes, with the towns in the Transkeian districts offering lower order commercial services.

A significant part of retail business in towns in the Mount Currie district is drawn from neighbouring Transkei. The implication for the retail sector in Mount Currie is that there is a strong possibility that commerce will collapse if similar retail outlets were to open in Transkei. However, this is unlikely to happen in the short to medium term. The infrastructural requirements to facilitate the establishment of commercial nodes offering higher order services does not exist in the northern Transkei districts. Furthermore it is difficult to access capital investment for infrastructural upgrading, and the development is by its very nature a long term project.

The point to note is that there is a functional link in the form of mutual dependency that exists between the service centres in the Mount Currie district and the market in the northern Transkei districts. This has recently been highlighted by the consumer boycotts and restrictions on cross-border movements that threatened the collapse of retail business in the service centres in the Mount Currie district. This points to the need to diversify into new areas of economic activity which will also provide additional employment opportunities and a wider range of locally produced goods and services.

2.1.4. Industry

Except for a few towns in the subregion where there has been a deliberate state initiated attempt to establish industry, there are very few industries operating. Certain Transkei towns such as Umzimkulu and Lusikisiki have been the recipients of the Regional Industrial Decentralisation Programme (RIDP) and have as a result been artificially developed as industrial development points. The result of implementing the RIDP has been negative as illustrated below.

It has been estimated that 100 medium sized manufacturing concerns had been established in Transkei by 1988. Aside from the sawmills, these manufacturing concerns employed 15 000 Transkeian workers in 1988 at an average wage of R175 a month, amounting to a total of R30 million. The annual cost in cash payments and in the subsidies on interest payments on loans, on rental for factory buildings and for staff housing mainly to non-Transkeians was considerably in excess of R 30 million mentioned above. This then translates into a negative income for the Transkei economy, except so far as it is financed by RSA funds, which might however been put to better use.

There is a need to broaden the economic base. A number of studies have alluded to this (see Lynas et al, VARA, etc). There is a need to assess tourist activities and intensive types of agricultural products for feasibility in this respect. There is also the possibility for the development of raw material sources for the building industry now that low income housing programmes, such as the Kokstad Housing Forum, have been initiated

in certain parts of the Mount Currie district. The potential for this type of industry will be increased when and if local housing programmes are initiated. There is indication that this is likely to happen in the short to medium term. Local housing programmes are increasingly becoming the recipients of funds from institutions such as the Independent Development Trust and the Development Bank of Southern Africa.
There is also a proposal that additional new manufacturing industries could be based on import substitution considerations (Lynas et al, 1987). Other proposals to broaden the economic base include the development of inland nature resort facilities (nature trails, trout fishing, holiday farms), and the establishment of a training centre capable of assessing and meeting the training and vocational needs of urban business, industrial and farming requirements for the subregion.

2.2. Specific Areas of Concern

2.2.1. Potential for Further Development of Commercial Agriculture and Tourism

The potential for further development of commercial agriculture is dependent on addressing:-

* marketing constraints such as the inefficient rural infrastructure since there is a ready local market;
* constraints inhibiting the production of higher crop yields;
* the development of additional irrigation schemes;
* the negative attitudes of most rural people towards agriculture;
* the reduction of stock numbers;
* the improvement of agricultural support services;
* the potential for inland fisheries;
* the targeting of marginal farmers as receivers of extension services and training;
* the lack of farming tools and equipment;
* access to land for farming;
* the lack of and inappropriateness of rural institutions;
* resource degradation;
* ways to improve the crop yields of the small group of commercial farmers;

With regard to tourism potential, it should be noted that significant public investment in infrastructure would be a prerequisite for expansion. Most of the benefits of investment would ultimately accrue to the investor. It has been estimated that labour's share of the benefits will probably only amount to one fifth of the money spent by tourists (Transkei-DBSA, 1991). The tourism potential therefore requires careful examination if returns are to accrue to the inhabitants of the region.

2.2.2. The Future Development of the Forestry Sector

Much of Transkei was originally forested. The potential for the re-afforestation of substantial parts of the area is therefore likely to be good. The forestry potential put at some 880 000ha is actually about 300 000ha since some of the land is better suited to other purposes. The area around Matatiele has been identified as good for commercial afforestation since it is well adapted for commercial timbers, pine and poplar and moderately well adapted for wattle and gum. There is a ready market in South Africa, as well as the international economy.

2.2.3. Infrastructural and Service Requirements

There is definitely a need to improve the rural infrastructure and address the issue of service requirements in an underdeveloped area such as the subregion. Any attempt to ignore the issue will further contribute to exacerbating the situation of structural poverty so evident in the subregion. Perhaps the best way to do this is through an integrated rural development plan.

2.2.4. Possibilities of Land Reform

The system of land tenure in most of the rural areas of Transkei is still the traditional tribal system. Other legal forms of land tenure such as freehold, quitrent, certificate of occupation, etc. do exist. The point is that the tribal system has been strongly and adversely modified as a result of past history (as explained in section 1.3) and increasing population pressure. Nevertheless, the system has retained the basic features of individually allocated residential plots (now often in a Betterment Village), individual arable allotments and commonage grazing.

The result is that only some 60% of households now have access to arable land, and arable allotments are small with the most common size in the 2-3ha range. Furthermore, only about 50% of households now have cattle on the commonage grazing, although a few more have small stock and no cattle. An increasing trend that has recently been noticed is for increasing private lease arrangements between individuals (Transkei-DBSA, 1991).

The issue of access to land is not only an issue at the subregional level. It is one of the key issues that have received national attention. It is commonly recognised that besides the issue of the rights to own land, access to land is considered as an important basis for socio-economic wellbeing.