

## **Appendix 7**

### **Outcome 7: Comprehensive rural development and land reform**

#### **1. National Development Plan (NDP) 2030 Vision and Trajectory**

The NDP 2030 vision is rural areas which are spatially, socially and economically well integrated—across municipal, district and provincial and regional boundaries—where residents have economic growth, food security and jobs as a result of agrarian transformation and infrastructure development programmes, and have improved access to basic services, health care and quality education. By 2030 agriculture will create close to 1 million new jobs, contributing significantly to reducing overall unemployment.

Achieving this vision will require leadership on land reform, communal tenure security, financial and technical support to farmers, and the provision of social and physical infrastructure for successful implementation. It will also require capacity building to enable state institutions and private industries to implement these interventions. Improved coordination and integration in the planning and implementation of area-based and differentiated rural development plans will be needed over the medium-term to achieve the vision of an inclusive rural economy.

#### **2. Constraints and strategic approach**

The NDP states that since 1994, the main constraint for rural development has been marginalisation of the poor, with many rural areas and households trapped in a vicious cycle of poverty. Rural areas and communities require greater social, economic and political opportunities to overcome the legacy of marginalization and poverty. The strategic approach is for government stakeholders impacting on rural development working together to create an integrated and inclusive rural economy, starting with mutual acknowledgement of the following problems:

- That apartheid's spatial design (patterns) inevitably resulted in fragmented and segregated development planning, without viable economic, social and cultural linkages between the economically active and relatively prosperous commercial urban areas of the country and the rural hinterland. Chronic underdevelopment with its social, economic and cultural manifestations through poverty, unemployment, rural-urban income inequality still continues. Land ownership patterns are such that land is in the hands of a few, thus exacerbating inequalities given that the majority do not have means of production.
- That land reform has not yet translated into the establishment of sufficient numbers of sustainable new black farmers and restitution, in particular, has been quite slow. Generally there is under-utilisation of productive and communal land and this might threaten food security, especially at household level.
- That the economic growth of the agricultural sector has been constrained by insufficient progress in increasing production efficiency and accessing new markets and opportunities, the effect of globalisation on South Africa's competitiveness and policy uncertainty, resulting in job losses. Labour practices in the sector remain a concern with the conditions of farm workers not improving as intended. Transformation in terms of broad-based black economic empowerment is pro-urban and not happening at the desired pace and scale. The continued pressure on agriculture to increase output per

unit of land poses a different challenge of ensuring that the natural resource base is protected. In addition, climate change has massive impact across the sector.

Other challenges facing rural areas include:

- Under-utilization and unsustainable use of natural resources, inadequate or lack of access to socio-economic infrastructure and services, public amenities and government services, as well as low literacy and skills levels. Rural areas also struggle to attract sustainable enterprises and industries and are further characterised by weak rural-urban linkages, poor access to local markets and financial services.
- Weak coordination of planning and implementation of rural development across the spheres and within the various sectors of government

To address these challenges, a number of sectoral strategies have been developed; however, their impact has not yet accrued the intended benefits.

### **3. NDP output priorities to achieve the Vision**

The NDP identifies six policy imperatives, which will be the focus of the coming MTSF period:

1. Improved land administration and spatial planning for integrated development in rural areas
2. Sustainable land reform (agrarian transformation)
3. Improved food security
4. Smallholder farmer development and support (technical, financial, infrastructure) for agrarian transformation
5. Increased access to quality basic infrastructure and services, particularly in education, healthcare and public transport in rural areas
6. Growth of sustainable rural enterprises and industries characterised by strong rural-urban linkages, increased investment in agro-processing, trade development and access to markets and financial services– resulting in rural job creation

For subsequent MTSF cycles, the rural sector will focus on the following:

- Leveraging on established institutional arrangements and spatial planning tools and instruments to further advance effective urban-rural integration,
- Strengthening development planning based on effective spatial development frameworks at all three spheres to further unlock benefits in the agricultural and non-agricultural value chain,
- Sustainable management of natural resources,
- Up-scaling implementation towards achieving concrete targets.

### **4. Management of implementation**

Led by the Department of Rural Development and Land Reform (DRDLR), the implementation of the actions in the tables below will require dedicated involvement and collaboration by the Department of Agriculture, Forestry and Fisheries (DAFF), National Treasury (NT), Department of Trade and Industry (DTI), Department of Economic Development (EDD), Department of Cooperative Governance and Traditional Affairs (DCoG), Department of Water and

Sanitation (DWS), Department of Energy (DoE), Department of Environmental Affairs (DEA), Department of Labour (DoL), Department of Human Settlements (DHS), Department of Basic Education (DBE), Department of Health (DoH), Department of Higher Education and Training (DHEAT), Department of Tourism (DoT), Department of Science and Technology (DST), Department of Arts and Culture (DAC), Department of Telecommunications and Postal Services (DTPS), Department of Transport, Department of Small Business Development, Provincial Departments of Local Government and SALGA. The main coordination mechanism for rural development will continue to be the extended Rural Development MinMec. Support by organised formations in the rural and agricultural sector will add value to the successful implementation of the actions.

## 5. MTSF sub-outcomes and component actions, responsible ministry, indicators and targets

### Sub-outcome 1: Improved land administration and spatial planning for integrated development in rural areas

Apartheid's spatial design and patterns inevitably resulted in fragmented and segregated development planning, without viable economic, social and cultural linkages between the economically active and relatively prosperous commercial urban areas of the country and the rural hinterland. Chronic underdevelopment with its social, economic and cultural manifestations through poverty, unemployment, rural-urban income inequality and cultural backwardness still continues. Land ownership patterns are such that land is in the hands of a few, thus exacerbating inequalities given that the majority do not have means of production. Various departments, provinces and municipalities develop and implement own land use plans outside the context of spatial integrated long term development plans. The absence of a National Spatial Development Framework also hinders efforts to foster integrated planning across all the spheres of government. Given this scenario, the DRDLR in consultation with other sector departments (DCoG, DHS, DPW and NPC) will undertake the activities set out in the table below for achieving improvement in land administration and integrated development.

Poor coordination of development planning, resource allocation, implementation and monitoring comprise a major weakness in addressing challenges facing rural areas. There is inadequate capacity across district municipalities to implement development programmes, especially in the small rural Municipalities. Working with all stakeholders DRDLR will undertake the activities as tabulated below aimed at synchronizing rural development across government, giving priority to the 27 resource- poor district municipalities.

Table 1: Activities, indicators and targets for improved land administration and integrated spatial planning

<b>Sub-outcome 1: Improved land administration and spatial planning for integrated development in rural areas</b>				
<b>Actions</b>	<b>Minister</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Targets</b>
Develop and implement spatial development plans as the basis to guide land use planning and development and to	DRDLR Minister, supported by DCoG (Municipalities) DHS, Presidency and DPW	National Rural Spatial Development Plan developed and approved	75% of municipalities (local, district) with effective and current spatial development frameworks	National Rural Spatial Development Plan approved by March 2016

<b>Sub-outcome 1: Improved land administration and spatial planning for integrated development in rural areas</b>				
<b>Actions</b>	<b>Minister</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Targets</b>
address spatial inequities, prioritising the 27 resource-poor district municipalities		Number of provinces supported to develop SDFs	New indicator	9 provinces by 2019
Institutionalise the regulatory framework for land use to guide and support development initiatives	DRDLR Minister	% of municipalities implementing Spatial Planning and Land Use Management Act (SPLUMA)	New indicator	100% of municipalities implementing SPLUMA by March 2019
	DAFF Minister	Cabinet approval of Preservation and Development of Agricultural Land Framework Act (PDALFA)	New indicator	Implementation management of Preservation and Development of Agricultural Land Framework Act (PDALFA)
Strengthen coordination across the three spheres of government and external stakeholders to implement the Comprehensive Rural Development Programme (CRDP) in line with the spatial development plans	DRDLR Minister, supported by all line function departments, the Provincial Departments of Agriculture and Rural Development, and the District Municipalities	Intergovernmental Relations and Stakeholder Management Strategy developed and finalised	New indicator	Intergovernmental Relations and Stakeholder Management Strategy approved by March 2015
	DRDLR Minister, supported by all spheres of government; key sectors and external stakeholders	% of internal and external stakeholders contributing to the implementation of the rural development programme in line with the rural development plan (technical and financial resources)	New indicator	All three spheres of government (including outcome coordinating departments) and external stakeholders contribute to the implementation of the rural development programme in line with the spatial development plans by March 2019

### **Sub-outcome 2: Sustainable Land Reform contributing to agrarian transformation**

Since the inception of the Restitution programme in 1995, 79 696 claims were lodged, 77 334 (77 622) have been settled of which 59 758 33 were finalised. Land acquired by the State amounts to 4 000 land parcels, or 1, 443 million hectares. Again, since 1994 to the end March 2014, 5 015 farms in excess of 4 313 168 hectares have been transferred to black people and communities through the Redistribution programme. Inequality, poverty and unemployment remain endemic in the historically disadvantaged communities. This is an indication that agrarian reform has not yet translated into the desired strategic

objective of equitable ownership, establishing sufficient numbers of new black commercial farmers, as well as ensuring productive utilisation of newly allocated land. DRDLR will accelerate interventions in the implementation of all progress for the land reform as indicated in Table 2 below.

Table 2: Activities, indicators and targets for sustainable Land Reform

<b>Sub-outcome 2: Sustainable Land Reform contributing to agrarian transformation</b>				
<b>Actions</b>	<b>Minister responsible</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>
Establish Land administration structures to: <ul style="list-style-type: none"> <li>Independently value state-led land acquisitions to normalize the land market</li> <li>Coordinate the implementation of the key functions of land reform</li> <li>Effectively adjudicate land rights disputes</li> </ul>	DRDLR	<ul style="list-style-type: none"> <li>Functional Office of the Valuer-General</li> <li>Functional Land Commission – (LC)</li> <li>Functional Land Rights Management Board-LRMB, and Land Rights Management Committee – (LRMC)</li> <li>Functional District Land Committees</li> </ul>	New indicator	Established land administration structures by June 2019
Acquire and allocate strategically located land	DRDLR	Number of hectares of land acquired and allocated	To be determined	2 million hectares by March 2019
		% of acquired hectares of land allocated to smallholder producers	To be determined	50% (1 million) of acquired hectares by March 2019
Fast-track the development of tenure security policies and legislation in communal areas to address tenure insecurity	DRDLR	Communal land tenure policy and legislation in place and implemented	New indicator	Communal land tenure policy and legislation in place and implemented by March 2019
Create tenure security for people living and working on farms	DRDLR Minister supported by DoL	% of hectares of land allocated to people living and/or working on farms (Labour tenants, farm workers and farm dwellers)	To be determined	10% (200 000) of hectares allocated by March 2019

### Sub-outcome 3: Improved food security

Notwithstanding the development of Integrated Food Security Strategy (IFSS, 2002) to streamline, harmonize and integrate the diverse food security programmes, food insecurity still remains a challenge for the country especially at rural household level. Food security is also threatened by the under-utilisation of productive agricultural resources in communal lands and land reform projects. The National Development Plan makes reference to a number of interventions to be implemented to improve food security. These include the expanded use of irrigation, security of land tenure, especially for women, and the promotion of social protection including nutrition education. DAFF together with key contributing departments (DSD, DBE, DoH, DWAE, DEA, DTI, DRDLR, DoL and EDD) will implement the activities as set out in the table 3 below.

Table 3: Activities, indicators and targets for improved food security

Sub-outcome 3: Improved food security				
Action	Minister	Indicator	Baseline	Target
Implement the comprehensive food security and nutrition strategy	DAFF Minister, supported by DRDLR, DSD, DBE, DoH	Number of people benefiting from food security and nutrition initiatives	65.8 per cent of households Food Security and nutrition policy and Strategy 146 000 producers supported.	4,3 <sup>1</sup> million vulnerable people benefiting from food security and nutrition initiatives, translating to 1,6 million households by March 2019
Develop under-utilised land in communal areas and land reform projects for production	DAFF Minister, supported by DRDLR, DWS, DoL	Number of hectares of under-utilised land in communal areas cultivated for production	To be determined: underutilised land in communal areas  Land reform projects: 4 m ha (4860 farms)	1 million hectares by March 2019

### Sub-outcome 4: Smallholder producers' development and support (technical, financial, infrastructure) for agrarian transformation

The economic growth of the agricultural sector has been constrained by declining numbers of commercial producers, whilst seeing a simultaneous increase in the size of farming units and a resultant decline in employment. Between 1950 and the present, the number of commercial farming units in primary

<sup>1</sup> Targets 4,3 million of the 13.8 million people that are currently food insecure

agriculture has declined from almost 120 000 to around 38 000. The sector has ineffectively grown to the exclusion of smallholder farmers, and smaller commercial enterprises across the value chain. Growing the sector (commercial and smallholder producers) is a key issue highlighted in the Industrial Development Plan and the Agricultural Policy Action Plan.

After rebounding in 2011, prompted by the growth in income from field crops, the real gross income of the agricultural sector exceeded the 2008 peak level during 2012 by growing a further 8% (BFAP, 2013). However Agriculture's share of GDP has been steadily declining for many decades. From 1965 to 2009, agriculture's share of total GDP declined from over 9% to around 3% (which could also be a reflection of the continued diversification of the South African economy). Currently, primary agriculture contributes about 3% to South Africa's GDP and about 7% to formal employment. Employment in Agriculture is declining from 1.1 Million in 1992 to 706 000 in 2013. Reasons vary, including the vulnerability of the sector to global market fluctuations, the shrinking commercial agricultural sector as indicated above and the consolidation of small farm units into larger farms and mechanisation.

The unintended consequences of increased levels of consolidation within the sector has however led to skewed levels of transformation often presented as different forms of 'fronting' rather than broad based black economic empowerment. The expansion of small-scale production in agriculture, forestry and fisheries is essential to creating a dynamic rural economy in former homeland areas, and inclusivity. Given appropriate infrastructure and marketing support, primary production can provide a meaningful livelihood to many more people than it presently does, while under-pinning household-level and local food security through more robust local food networks.

Agricultural products represented R55 518.6 million or 7.8% of total exports and R53 620.8 million or 6.5% of total imports in 2012 (BFAP, 2013). South Africa was therefore a net exporter of agricultural products, with a positive trade balance of R1 897.8 million (BFAP, 2013). However South Africa's agriculture sector relies increasingly on imported agricultural inputs, not only industrial inputs such as chemical fertilisers, diesel and machinery, but also ingredients for animal feed. The value of imported inputs such as fertiliser, diesel and machinery, more than negates the surplus of agricultural exports over agricultural imports.

The continued pressure on agriculture to increase output per unit of land poses an additional challenge of ensuring that the natural resource base is protected. A major limitation in increasing output on agriculture, especially smallholder producers has been uncoordinated support across government. Support in this context entails extension services, training, financial support, market information and related forms of support to smallholder producers.

The Department of Agriculture, Forestry and Fisheries will lead the implementation of actions as tabulated below.

Table 4: Activities, indicators and targets for smallholder producers' development and support

<b>Sub-outcome 4: Smallholder producers' development and support (technical, financial, infrastructure) for agrarian transformation</b>				
<b>Action</b>	<b>Minister</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>
Develop and implement policies promoting the development and support of smallholder producers	DAFF Minister, supported by DRDLR, EDD, DTI	Policies promoting the development and support to smallholder producers in place and implemented	Food Security and nutrition policy and strategy	Smallholder producers policies implemented by March 2019

<b>Sub-outcome 4: Smallholder producers' development and support (technical, financial, infrastructure) for agrarian transformation</b>				
<b>Action</b>	<b>Minister</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>
			Draft Agricultural Action Plan Policy	
Expand land under irrigation	DAFF Minister, supported by DRDLR, DWS, DoE	Number of hectares under irrigation used by Smallholder producers	To be determined	An additional 1250 hectares under irrigation by March 2019
Provide support to smallholder producers in order to ensure production efficiencies	DAFF Minister, supported by DRDLR, EDD, DTI and DWS	Number of smallholder producers receiving support	To be determined	An additional 80 000 smallholder producers by March 2019

**Sub-outcome 5: Increased access to quality infrastructure and functional services, particularly in education, healthcare and public transport in rural areas**

Although household access to basic services (water, sanitation and energy) has improved much remains to be done to further improve the livelihoods of poor people who continue to receive no services, especially in the rural provinces. Throughout the period since 1994, government set very ambitious targets with regard to access to services, but universal access has been elusive the biggest constraint being the availability of infrastructure and the application of appropriate delivery technologies in remote rural areas.

In addition, access to education, health services, ICT, roads and transport continue to lag behind in rural areas when compared to urban areas. Well-functioning and supported communities will enable people to develop the capabilities to seek economic opportunities. Working with the departments impacting on rural education, health, ICT, roads and transport (DoE; DHS; DoH; DPW; Department of Transport; DCoG; DOC; DST), the Department of Rural Development and Land Reform should undertake the activities as set out in table 5 below. [Though actions aimed at improving access to water, sanitation, electricity, and refuse removal are covered under Outcome 9; extrapolation of the rural impact will be reported in Outcome 7. Access to rural education (basic and higher), rural health, rural roads, transport and ICT are covered under Outcome 7.] Affected departments will develop own strategies and mechanism to ensure targeting and disaggregation of data considering that rural areas are at a very low base and to ease performance monitoring.

Table 5: Activities, indicators and targets for increased access to quality infrastructure and functional services in rural areas

<b>Sub-outcome 5: Increased access to quality infrastructure and functional services, particularly in education, healthcare and public transport in rural areas</b>				
<b>Action</b>	<b>Minister</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>
Eradicate infrastructure backlog in rural schools	DBE Minister, supported by DRDLR and DPW	% eradication of infrastructure backlog in rural schools	To be determined	100% of rural schools by March 2019



<b>Sub-outcome 5: Increased access to quality infrastructure and functional services, particularly in education, healthcare and public transport in rural areas</b>				
<b>Action</b>	<b>Minister</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>
Eradicate infrastructure backlog in rural health facilities to meet national core standards	DoH Minister supported by DRDLR	% eradication of infrastructure backlog in health facilities	To be determined	100% for health facilities by March 2019
Provide rural communities with ICT infrastructure	DTPS Minister, supported by DRDLR and DST	Number of rural communities provided with functional ICT infrastructure	To be determined	300 communities by March 2019
		Number of rural schools provided with functional ICT infrastructure	To be determined	200 schools by March 2019
Provide access to piped water in rural areas (in the house, yard and 200m from the house)	Local Government supported by DWS and DCoG Ministers	% of rural households with access to safe drinking water	To be determined	90% of households by March 2019
Provide access to sanitation services in rural areas	DWS Minister supported by DRDLR and Local Government	% of rural households with access to sanitation services	To be determined	90% of households by March 2019
	DWS Minister, supported by DRDLR, DST and Local Government	% of bucket system eradicated in rural areas	To be determined	Zero bucket system by March 2019
Provide access to energy in rural areas	DoE Minister, supported by DRDLR and Local Government	Number of rural households linked to grid or micro scheme (electricity)	981 552 ( or 67,6 % of 1 452 000) rural households with access to electricity	1 089 000 grid connection of rural households by March 2019 (75% of 1 452 000 total grid target)
		Number of rural households connected with off- grid technology		78 750 non-grid connections of rural households by March 2019 (75% of 105 000 total non-grid target)
Integrated Energy Centres (IECs) establishment in rural areas to give access to petroleum and other energy carriers	DoE Minister supported by Local Government	Number of Integrated Energy Centres (IECs) newly established and operational	New indicator	7 IECs established by March 2019

<b>Sub-outcome 5: Increased access to quality infrastructure and functional services, particularly in education, healthcare and public transport in rural areas</b>				
<b>Action</b>	<b>Minister</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>
Improve transport infrastructure and public transport in rural areas	Minister of Transport supported by DCoG, DRDLR, DPW and Local Government	Access Road Development Plan for improving rural road infrastructure implemented	New indicator	40% by March 2019
		% of district municipalities implementing the Integrated Public Transport Network Strategy	New indicator	40% by March 2019

### **Sub-outcome 6: Growth of sustainable rural enterprises and industries – resulting in rural job creation**

Rural areas are characterised by greater poverty and inequality than urban areas. There is a need for an inclusive rural economy that promotes enterprise and industrial development. Unemployment in rural areas remains high and communal land un-productive. Unemployment in rural areas must be reduced and an opportunity exists in better use of communal land. Growth of sustainable enterprises and industries will be characterised by strong rural-urban linkages, in areas of greater potential (Mining, tourism), increased investment in agro-processing, trade development and access to local markets and financial services – resulting in rural job creation. The sector departments should undertake the activities as set out in the table 6 below.

Table 6: Activities, indicators and targets for growth of sustainable rural enterprises and industries

<b>Sub-outcome 6: Growth of sustainable rural enterprises and industries – resulting in rural job creation</b>				
<b>Action</b>	<b>Minister</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>
Promote sustainable rural enterprises and industries in areas with economic development potential	Small Business Development Minister, supported by DTI, EDD, DRDLR DAFF, Department of Tourism	Differentiated plans for economic development in targeted areas of economic potential in rural areas completed		Differentiated plan implemented for each rural district completed by March 2019
		Number of enterprises in rural district municipalities established	To be determined	An additional 60 formal enterprises per district municipality by March 2019 ( with 27 vulnerable district prioritised)
				An additional 120 informal enterprises per district municipality by March 2019 (with

Sub-outcome 6: Growth of sustainable rural enterprises and industries – resulting in rural job creation				
Action	Minister	Indicator	Baseline	Target
				27 vulnerable district prioritised)
		% of enterprises in rural district municipalities supported	To be determined	100% of the existing enterprises by March 2019
		Number of new industries in rural district municipalities established	No baseline	5 per district municipality by March 2019
		% of existing industries in rural district municipalities supported	To be determined	100% by March 2019
		Number of people employed in rural enterprises	To be determined	4140 by March 2019: • 1380 in formal enterprises • 2760 in informal enterprises
		Number of people employed in rural industries	To be determined	920 000 by March 2019
Create incentives to attract investment in rural areas for the development of rural enterprises and industries throughout commodity value chains	DTI Minister	A national rural investment incentive scheme in place and implemented	New indicator	National rural investment incentive scheme implemented by March 2019
		Number of investors participating in rural investment incentive scheme	27 enterprises approved for incentives	5 investors per district municipality by March 2019
Promote skills development in rural areas with economic development potential	DHET Minister supported by DRDLR Minister and relevant sector departments	Approved Rural Economic Development Plans for targeted rural economic development areas implemented		An approved Rural Economic Development Skills Plan per district municipality by March 2015
		Number of people equipped with rural economic development skills	To be determined	90 000 skilled people by March 2019

## 6. Impact Indicators

The table below reflects the key impacts on the lives of people living in rural areas, which are expected from the actions described above. A lack of improvement over time would point to a need for revisions to the plans so as to improve their impact.

Table 7: High Level Impact Indicators for Outcome 7

<b>Impact Indicator</b>	<b>Minister responsible for reporting on the indicator</b>	<b>Baseline</b>	<b>2019 Target</b>
Increase in % ownership of productive land by previously disadvantaged individuals	Rural Development and Land Reform	9.0% (7 392 116 ha) of total productive land by March, 2014	20% (or 16.2 m ha) by March 2019
Reduction in the number of ha of transferred land to previously disadvantaged individuals which is underutilised	Agriculture, Forestry and Fisheries	4 313 168 ha (5 015 farms) transferred by March, 2014 are underutilised	<3 million ha utilised by March 2019
Reduction in the % of households vulnerable to hunger	Agriculture, Forestry and Fisheries	11.4% in 2011 (From 23.8% h/holds in 2002. StatsSA GHS, 2013)	<9.5% by 2019 (10.5 % h/holds was achieved in 2007)
Reduction in the % of the population living below the lower bound poverty line (R443 in 2011 prices)	Agriculture, Forestry and Fisheries	32.3 % (or 16.3 million people) in 2011 (from 44.6% in 2009. StatsSA GHS, 2013)	<22% by 2019
Reduction in the rural unemployment rate	Rural Development and Land Reform	49.4% rural unemployment in 2013 (Based on broad definition StatsSA QLFS, 4th Quarter 2013)	40% rural unemployment by 2019