

TWENTY YEAR REVIEW

SOUTH AFRICA

1994 - 2014



BACKGROUND PAPER:
RURAL TRANSFORMATION



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The background papers are written by officials in the Presidency and other government departments using inputs from literature reviews, commissioned research, government reviews and reports and roundtable discussions with a range of stakeholders. The views reflected in the background papers do not represent those of the Presidency, but rather reflect authors' views on sector developments.

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Acronyms and Abbreviations

Agri-BEE	Agricultural Black Economic Empowerment
ANC	African National Congress
APRM	African Peer Review Mechanism
B-BBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
CASP	Comprehensive Agricultural Support Programme
CoS	Council of stakeholders
CPA	Communal property association
CRDP	Comprehensive Rural Development Programme
CRDS	Comprehensive Rural Development Strategy
CWP	Community Works Programme
DAFF	Department of Agriculture, Forestry and Fisheries
DBSA	Development Bank of South Africa
DMR	Department of Mineral Resources
DPME	Department of Performance Monitoring and Evaluation
DRDLR	Department of Rural Development and Land Reform
DSD	Department of Social Development
ECD	Early childhood development
EPWP	Expanded Public Works Programme
FAO	Food and Agriculture Organisation
FSDA	Free State Department of Agriculture
GDP	Gross domestic product
GHS	General Household Survey
HSRC	Human Sciences Research Council
ICT	Information and communication technology
IDP	Integrated development planning
Khanya-AICDD	Khanya-African Institute for Community-driven Development
LED	Local economic development
LM	Local municipality
LRAD	Land Redistribution for Agricultural Development
MAFISA	Micro-agricultural Financial Institutions of South Africa
MDG	Millennium Development Goal
MIG	Municipal Infrastructure Grant
MPI	Multidimensional Poverty Index
NARYSEC	National Rural Youth Service Corps
NDP	National Development Plan
NFCS	National Food Consumption Survey
NGO	Non-governmental organisation
NIDS	National Income Dynamics Study
NPC	National Planning Commission
NSDP	National Spatial Development Perspective
NSNP	National School Nutrition Programme
NUM	National Union of Mine Workers

RADP	Recapitalisation and Development Programme
RBN	Royal Bafokeng Nation
RDF	Rural Development Framework
RDP	Reconstruction and Development Programme
RECAP	Recapitalisation and Development Programme
REM	Retail Emerging Markets (division of the Land Bank)
SAMDA	South African Mining Development Association
SANHANES	South African National Health and Nutrition Examination Survey
SANParks	South African National Parks
SASSA	South African Social Security Agency
SLAG	Settlement/Land Acquisition Grant
SPLAG	Settlement and Production Land Acquisition Grant
SPLUM	Spatial Planning and Land Use Management Bill
Stats SA	Statistics South Africa
The dti	Department of Trade and Industry
VIP	Ventilated improved pit (latrine)

Policy Summary

In 1994, a majority of the South African population called rural areas their home, with some 17 million people living mainly in the areas of the former homelands. Furthermore, many people in urban areas had binding ties with the rural areas. Rural areas were characterised by poverty, joblessness, weak institutions and gross inequality. Some 70 percent of the rural population was poor, compared to 40.5 percent of the urban population. Employment levels were very low, with just one adult in four employed, compared to two in four in the metros. A quarter of rural households experienced food insecurity, contrasting self-sufficiency at national levels. Basic services, especially rural infrastructure, were beyond inadequate; yet, half of the black youth lived in these areas. Education levels were low, with less than 30 percent of adults of working age having primary education. Some 28.7 percent of children under five years old and those aged between four and six were undernourished. Economic and social deprivation resulted in significant rural migration in search of better economic opportunities in urban areas.

In 1994, the structure of South Africa's spatial environment was characterised by dysfunctional settlement patterns across the country, with weak spatial planning and governance capabilities, and densely populated rural areas. Most of the agricultural land was owned by white capital (83 percent) and only 17 percent of the land was available for black people. Apartheid policies had resulted in a dualism in agriculture, reflected in environmentally degraded under-utilised arable land, and a flourishing commercial sector.

As in the case of agriculture, the character of the non-farm rural economy showed strong differences between former homeland and commercial farming areas. Both the homelands and farm workers had poor access to services. A key priority for the democratic government was to end the marginalisation of black people living in rural areas and/or on farms as farm workers, or farm dwellers through land. Land reform would be addressed through restitution, redistribution and tenure for purposes of redress and equitable distribution. In order to transfer 30 percent of the 82 million hectares of agricultural land owned by whites to blacks, government approved the Restitution of Land Rights Act of 1994, which resulted in 80 000 claims lodged for restitution by 31 December 1998. Government further committed itself to ensuring that the country develops sustainable rural communities, and also introduced legislation to protect farmworkers from unfair evictions and labour practices.

Since 1994, the following progress has been made:

- Government has redistributed 11 million hectares of the 2014 target to redistribute 24.5 million hectares of the country's arable land to blacks. The number of hectares acquired under the Land Redistribution Programme has benefited rural communities. However, most settlements under restitution were

done through cash transfers, with limited fundamental impact on the structural ownership and settlement patterns of the country.

- Much progress has been made in putting in place a new policy and legislative environment aimed at accelerating land reform, while reversing apartheid settlement patterns and ensuring proper land use. Examples include the Spatial Planning and Land Use Management Act and the Property Valuation Bill, which established the Office of the Valuer-General.
- A gendered focus on reforms in access to land has created an enabling environment for women to access, own and use land, as well as access credit facilities.
- In 2004, the Comprehensive Agricultural Support Programme (CASP) was introduced for smallholder development. In 2009, the Department of Rural Development and Land Reform (DRDLR) was introduced as a champion for rural transformation. The DRDLR has introduced several rural development programmes, including the Comprehensive Rural Development Programme (CRDP), which successfully introduced innovative community-based approaches to rural development in its pilot phase, as well as a farm recapitalisation programme, the Recapitalisation and Development Programme (RECAP or RADP).
- In terms of food and nutrition security trends, the proportion of households experiencing hunger is declining, with percentage stunting having dropped from 16.4 percent in 2005 to 11.9 percent by 2012. Undernourishment declined from 28.7 percent in 1994 to 26.5 percent in 2012.
- With regard to rural education, the proportion of children attending school in rural areas has risen, and the proportion of people with no schooling has halved in commercial farming and former homeland areas, from 34 percent in 2001 to 17 percent in 2011.
- The Kha Ri Gude mass literacy programme rendered basic education accessible to adults in rural areas, resulting in an estimated two million adults achieving basic literacy at Grade 3 level.
- In terms of basic services, access to water, sanitation and electricity has improved in rural areas. However, backlogs in water, sanitation and electricity service delivery remain a challenge, with rural areas lagging behind national norms.

- Undoubtedly, the expansion of the social grant system has had a huge impact in improving household income in rural communities and meeting basic needs, including access to food and improved access to basic education.

However, key challenges prevail, calling for a refocusing of policy. These challenges are summarised below with specific recommendations:

- The inequities in the settlement patterns in South Africa are deeply entrenched and continue to define rural spaces as a terrible spatial legacy left by apartheid.
- Limited economic and social development in rural areas has resulted in significant rural outward migration in search of better economic opportunities.
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- The debate between constitutional rights and cultural rights has not been resolved with regard to accessing communal land by women in rural areas. While the Constitution guarantees equal recognition of the right to cultural practices, women continue to be denied their constitutional right to access land due to male dominance in traditional and cultural practices. These issues frame contestations on the Traditional Courts Bill, and should be speedily resolved.
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- The pace of land reform has been slow. The total amount of farmland transferred by means of restitution and redistribution is approximately 11 percent, well short of the original 30 percent target. In retrospect, the targets set in 1994 and the challenges of undertaking land and agrarian reform were severely underestimated and the target was overambitious. Lengthy processes of land transfer lead to a lack of investment by the former owner, resulting in the deterioration of infrastructure by the time of transfer. A realistic target, informed by baseline data on land available for redistribution, legislative frameworks and the institutional capability of the state to deal with land claims, should be considered.
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- A large number of land reform beneficiaries have not been able to use the land productively, partly due to inadequate infrastructure, inputs and technical support after finalising settlements. Questions abound regarding the effectiveness of financial support to small farmers. The provision of an effective post-settlement support service needs to be a crucial part of land and agrarian reform.
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- Land reform, in its entirety, has not yet unlocked the potential for dynamic economic growth and employment creation as envisaged, especially in the agricultural sector. Very few commercial farms are owned by blacks. There is a need to develop land reform in conjunction with land utilisation and increased productivity by new smallholders.

- Despite CASP and RECAP, there is insufficient involvement of the established commercial sector and agribusiness in developing emerging commercial farmers. A lack of transformation in the commercial agricultural sector, as well as crowding out of smallholder farmers, leads to limited access to agricultural markets and trade opportunities for blacks. There is a need to review and accelerate initiatives to strengthen agricultural support to black commercial farmers and beneficiaries of land reform, including the increased use of government procurement to create opportunities and jobs. Agricultural employment in traditional authorities' areas is very low, declining from 1.1 million in 1992 to 706 000 in 2013.
- A large percentage of South African households (21 percent) experience difficulty in accessing food. Of those, 25.5 percent comprise rural households and 18.8 percent comprise urban households. Only 24 percent of black households are involved in agricultural activities.
- Whereas rural areas are lagging behind national norms on basic service delivery, the rural municipalities do not appear to have fully developed the capacity to effectively coordinate development initiatives across sectors and communities. In most instances, rural municipalities have weak development plans and are unable to invest effectively in, and maintain rural infrastructure. Future effort should be dedicated towards strengthening the capacity and capability of the most distressed rural municipalities.
- The CRDP will be prohibitively expensive to take to scale across all rural areas. In addition, the project focus of the CRDP results in duplication of services between the DRDLR and other government departments and municipalities. There is insufficient coordination between the Department of Agriculture, Forestry and Fisheries (DAFF), the DRDLR and the Department of Trade and Industry (the dti) for agricultural development. Going forward, the DRDLR should be extending its focus to coordinate and facilitate economic development in the poorer rural municipalities, based on their particular competitive advantages.

Executive Summary

1 The journey since 1994

1.1 Historical endowment in 1994

The rural sector comprises a crucial area of historical marginalisation in South Africa. Although the tenets of apartheid had begun to disentangle before 1994, the essence of the apartheid system still remained in 1994 with its impact most visible in the rural spaces. A significant component of the rural space is traditional leadership, which, following a history of resistance, was incorporated as a political and administrative extension of the colonial and apartheid states. Traditional leaders control communal land on behalf of the state, and have, since 1994, positioned themselves as mediators between the people and the government on matters of the control and use of land, as well as the delivery of services.

In 1994, people living in rural areas faced structural limitations to access asset capital, as land was the property of the state and white capital. At that time, the structure of South Africa's spatial environment was characterised by dysfunctional settlement patterns across the country, with weak spatial planning and governance capabilities, and densely populated rural areas. The implementation of apartheid policies, especially the Natives Land Act of 1913, had resulted in massive, racially based dispossessions in land ownership rights, which in turn resulted in the highly inequitable distribution of land ownership. Most of the agricultural land was owned by whites (83 percent) and only 17 percent of the land was available for black people in 1994. Black people lived with circumscribed agency either on commercial farms (as farmworkers or farm dwellers), and/or in densely populated rural areas under the communal tenure systems as "subjects" to their traditional leaders.

Apartheid policies had resulted in a dualism in agriculture, reflected in environmentally degraded, underutilised arable land, and a flourishing commercial sector. As with agriculture, the character of the non-farm rural economy in 1994 showed strong differences between former homeland and commercial farming areas. However, both people in the homelands and farmworkers had poor access to services. These inequities in settlement patterns are deeply entrenched and continue to define rural spaces in South Africa as a terrible spatial legacy left by apartheid (National Planning Commission, 2012).

In 1994, a majority (60 percent) of the South African population called these rural areas their home, with some 17 million people living mainly in the areas of the former homelands, which had only just been incorporated into the new South Africa. Furthermore, many people in urban areas had binding ties with the rural areas. Rural areas, especially in the former homelands, were characterised by poverty, joblessness, weak institutions and gross inequality. Some 70 percent of the rural population was poor, compared to 40.5 percent of the urban population. Employment levels were very low, with just one adult in four being employed, compared to two in

four in the metros. In these areas, a quarter of households experienced food insecurity, contrasting self-sufficiency at national levels.

Basic services, especially rural infrastructure, were beyond inadequate. Schools were more likely than urban schools to lack buildings, books and administrative staff, and often had underqualified educators; yet, half of the black youth lived there. Education levels were low, with less than 30 percent of adults of working age having a primary school education.

Living conditions in the former homeland areas were undesirable – so much so that 10 years after democracy, 57 percent of the rural population still lived in income poverty or had a monthly income of less than R570, compared to R3 080 in the rest of the country (Argent et al., 2009). In 1994, 28.7 percent of children under five years old and those aged four to six were undernourished. In addition, continued economic and social deprivation resulted in significant rural migration in search of better economic opportunities in urban areas. In 1994, traditional structures had been mainstream governance structures in the former homelands. The “formal” institutions of governance were extremely fragmented.

1.2 Evolution since 1994

A key priority for the democratic government was therefore to end the marginalisation of impoverished rural people in the former homelands, improve the lives of farmworkers and restore people’s dignity through land reform, and do so in a situation of very weak rural institutions. Land and agrarian reform thus became a “single issue” of note capable of driving transformation in a democratic and developmental state (Hall, 2009). Government prioritised land restitution, tenure reform and land redistribution as major policy instruments used for alleviating asset poverty and transforming the rural spaces (The Presidency, 2003). Government then committed itself to ensuring that the country develops sustainable rural communities through a major focus on agrarian reform, and improving household access to food, rural services and rural jobs. In terms of agrarian reform, the smallholders would be strengthened and their numbers increased, and rural households would produce their own food. To this end, government committed itself to transferring 30 percent of the 82 million hectares of agricultural land owned by whites in 1994 to blacks by 2014. This 30 percent translates to 24.5 million hectares.

Despite the prioritisation of rural transformation by the democratic government, the apartheid structural settlement patterns persist and rural poverty is deepening. The Presidency’s review of the state of South Africa after 10 years of democracy (The Presidency, 2003) revealed that, with the advent of democracy, new demographic challenges emerged of households unbundling into smaller units and of increasing rural outmigration as influx control collapsed. This gave rise to large-scale informal

settlements and rural areas drained of economically active population groupings (The Presidency, 2003).

In South Africa, moving matters. Between 1995 and 2008, the population of the former homelands grew by only 9 percent, while the metros expanded by nearly 40 percent, and the secondary cities expanded by 24 percent, reflecting outward migration. Migration continued to be a major phenomenon in subsequent years, with the National Income Dynamics Study, 2013 reporting a great degree of residential change coupled with household income per capita increasing more for migrants than non-migrants, especially for those who moved between 2010 and 2012. Improved services, particularly education, emerged as a major driver in the first 10 years of democracy. For many South Africans, moving is increasingly becoming a key component of their strategies for getting ahead in life. Migrants tend to be younger, better educated and more likely to be female.

The most deprived areas continue to be the former homelands, especially district and local municipalities that are vulnerable because of income poverty. Using the Multidimensional Poverty Index (MPI), which contains nine indicators spread over the three dimensions of education, health and living standards, the National Income Dynamics Study (NIDS) established, in 2013, that about 57 percent of those in Wave 1 of the study who were not deprived in terms of any indicator stayed in this condition in Wave 3, and 23 to 28 percent of those who were never multidimensionally poor were income-poor in both waves – an indication that income poverty does not necessarily imply deprivation in other measures of wellbeing. The implication of this finding is that democratic South Africa is faring better in addressing poverty on multiple fronts than measures of income alone would suggest.

There was a drop in unemployment rates from 2001 to 2011 in all types of areas, but rural unemployment levels were 50 percent higher than in urban areas. By using a category called “tribal areas” (similar to former homeland areas), the Quarterly Labour Force Survey conducted by Statistics South Africa (Stats SA) estimated that rural unemployment rose from 44 percent in 2009 to 47.6 percent in the third quarter of 2013. This can partly be attributed to the slow rate of overall national economic growth, inadequate progress with smallholder farmer development and a lack of growth in employment in commercial agriculture. Meanwhile, the overall agricultural contribution to employment was estimated at 5.2 percent over the same period, with an increasing trend year on year (Statistics SA, 2012c). Although agriculture, with its high multipliers, has the potential to reduce rural unemployment, agricultural employment in traditional tribal authority areas is very low, as rural households have reduced their participation in subsistence production (National Income Dynamics Study, 2013).

In terms of food and nutrition security trends, South Africa is showing a decline, with the proportion of households experiencing hunger dropping by half from 52.3 percent

in 1999 to 26 percent by 2012, although hunger tends to be more prevalent in rural informal (37 percent) and urban informal (32.4 percent) localities, as opposed to rural/urban localities (Human Sciences Research Council, 2013). This is consistent with the results of Statistics South Africa's General Household Survey (GHS, 2012b), which found that between 2002 and 2011, the proportion of households experiencing hunger "often" or "always" declined from 7 percent to 2 percent. While the percentage of stunting in children under five years and those aged four to six dropped from 16.4 in 2005 to 11.9 by 2012, undernourishment declined from 28.7 percent in 1994 to 26.5 percent in 2012 (Demographic and Health Survey, 2003; South African National Health and Nutrition Examination Survey, 2013).

Despite a significant decline in the vulnerability to hunger of South African households over the past decade, a large percentage of households (21 percent) continue to experience difficulty to access food (Statistics South Africa, 2011). Of those with inadequate access to food, 25.5 percent comprise rural households and 18.8 percent urban households (Statistics South Africa, 2011). Access to food has become a function of household cash income, and cash-deficient households are more likely to experience inadequate access to food. Increasingly, in rural and urban informal localities, households tend to rely more on supermarkets as sources of food (Statistics South Africa, 2012b).

Undoubtedly, the expansion of the social grant system has had a huge impact on improving household income in rural communities, meeting basic needs and facilitating improved access to basic education. Social protection services that are in place include social grants, the direct provision of food through school and other feeding schemes, and the distribution of food parcels, measures to increase subsistence production, and strategies to moderate food prices. Over 16 million South Africans are recipients of social grants.

The proportion of children attending school has risen significantly, and the proportion of people with no schooling has halved in commercial farming and former homeland areas from 34 percent in 2001 to 17 percent in 2011 (Statistics South Africa, 2012c). The Kha Ri Gude Programme has rendered basic education accessible to adults in rural areas, resulting in an estimated two million adults achieving basic literacy at Grade 3 level, and mobilising around 40 000 volunteers (Department of Basic Education, 2012).

In terms of improving the lives of young people, the introduction of the National Rural Youth Service Corps (NARYSEC) in 2010 made a contribution to rural youth skills development (Department of Rural Development and Land Reform, 2013a). In both the above programmes, the state worked in partnership with civil society and private sector role-players. The multiplier effect of NARYSEC on improving rural livelihoods is yet to be established.

Access to basic services for rural households has improved. The percentage of households that have gained access on community stands has halved from 12.4 percent to 6.2 percent over the last 10-year period (2001–2011). Over the same period, the percentage of households with no access had also reduced significantly from 15.6 percent to almost 9 percent. More than 340 000 households have gained access to at least a basic level of sanitation services, with access increasing from 77 percent in 2009 to 82 percent in 2011 (Statistics South Africa, 2012c). Furthermore, the proportion of households using electricity for lighting increased from 69.7 percent in 2001 to 84.7 percent by 2011.

However, despite massive investments in addressing backlogs in water, sanitation and electricity service delivery in rural areas, the delivery of these services continue to lag behind national norms. A major challenge facing these areas is that where services are available, they are often of lower quality and more poorly maintained than in the rest of the country. Another challenge is providing sustainable basic services to a dispersed population at a reasonable cost. There has been experimentation with various services, ranging from adult literacy, early childhood development (ECD), home-based care, and community health workers.

The trends in the commercial farming sector evident in the decades leading up to 1994, carried on more or less unabated after 1994, as the inequitable relationship between the smallholder farming class and the established commercial farming and agribusiness industry classes remained unchanged. Since 1994, the value of South Africa's agricultural exports has approximately doubled, after adjusting for inflation. By 2013, as a percentage of export value, agriculture accounted for about 13 percent of all export value added. Transformation in the commercial farming sector remains a challenge, as does the shrinking number of commercial farming units. The number of farms declined from 58 000 in 1993 to approximately 35 000 at present, with some farm sizes expanding as white capital consolidated smaller farms. At the same time, the number of farmworkers declined from 1.1 million in 1992 to 706 000 (a drop of 27 percent) in the third quarter of 2013. Some commercial farms have adopted changes in land use from primary agriculture to mining, game farming and human settlement, which has impacted negatively on the sector. Further, mainstream commercial farming and agribusiness are becoming separate from the local economies in which they are situated, reproducing rural poverty.

The pace of land reform has been slow, with the total amount of farmland transferred by means of restitution and redistribution at approximately 11 percent, well short of the original 30 percent target. In retrospect, the targets set in 1994 and the challenges of undertaking land and agrarian reform were severely underestimated and the target was overambitious. Essentially, land reform has not yet translated into the establishment of sufficient numbers of sustainable new black farmers, despite benefiting almost a quarter of a million (230 886) people. Most of the claimants benefited through cash transfers, resulting in a limited fundamental impact on the

structural ownership and settlement patterns of the country. A gendered focus on reforms in access to land has created an enabling environment for women to access, own and use land, as well as access credit facilities. However, the debate between constitutional rights and cultural rights has not been resolved with regard to accessing communal land by women in rural areas.

Over and above the slow pace in land reform, there have been challenges of capacity from key departments to provide comprehensive post-settlement support services to the beneficiaries of land restitution in particular. This has contributed to the low number of new smallholder farmers. Furthermore, smallholder farmers are unable to tap into the entire value chain due to economies of scale, even in cases where accessibility to the uncoordinated government instruments established to support them is not a problem. Given that 2.8 million households are involved in agricultural activities, it is a matter of concern that very few of these activities translate into agricultural enterprises (Statistics South Africa, 2012c). The Eastern Cape and Limpopo only achieved 7 and 4 percent growth in enterprises, respectively. This points to a gap in benefit opportunities, markets and trade to stimulate the rural economy. A lack of transformation in the commercial agriculture sector and the crowding out of smallholder farmers have further limited the access to agricultural markets (retailers) and trade opportunities for small-scale farmers. Evaluations are underway in a number of areas on support to smallholder agriculture, which should facilitate a refocusing of the sector.

In terms of institutions, traditional structures continue to be important mediators between the people and the state. However, due to disputes over their governance and judicial powers in terms of the Traditional Courts Bill (still being debated in 2013), their potential for rural social mobilisation remains largely untapped (Hall, 2009). Another major limitation to developing rural spaces is the complex division of powers and functions between the three spheres of government, coupled with ambiguities in the Constitution about the responsible spheres for spatial planning. This created some degree of uncertainty in rural areas. There was a process of integration of urban and rural councils in 2000, with the creation of much larger local municipalities, or a number of small rural towns and the commercial farming areas around them. There also was a process of consolidation of the fragmented apartheid administrations into single provincial or national administrations. However, many rural municipalities are weak and underperforming. Such underperformance by many rural municipalities is indicative, in part, of the massive infrastructure backlogs inherited from apartheid. Rural municipalities need to be able to provide services, but also to effectively champion the needs of rural areas, and to provide coordination around rural issues. More effort should be dedicated to strengthening the capacity and capability of the 25 distressed rural municipalities as prioritised by Cabinet in 2011.

2 Reflection on achievements

The policy and legal environment related to land ownership and use has, in the past, not been conducive to land reform, agrarian transformation or development of the agricultural sector. A significant shift in policy was necessary to ensure better spatial planning, and proper land use and management. Much progress has been made in putting in place a new policy and legislative environment aimed at accelerating land reform, while reversing apartheid settlement patterns and ensuring proper land use. Examples include the Spatial Planning and Land Use Management Act, the Restitution of Land Rights Amendment Bill and the Property Valuation Bill, which established the Office of the Valuer-General.

The commercial agricultural sector has prospered. Between 1993 and 2009, the contribution of the agricultural sector to the economy, as measured in its “value added”, increased in real (inflation-adjusted) terms by 30 percent. Since 1994, the value of South Africa’s agricultural exports has approximately doubled, after adjusting for inflation. Agriculture accounted for about 26 percent of the trade surplus during 2000 through 2003. However, there are some worrying areas, such as labour unrest, and the lack of finality in resolving land claims has cast a cloud over investment in some areas.

The total amount of farmland transferred by means of restitution and redistribution is about 11.5 percent, well short of the original 30 percent target. In retrospect, the challenges of undertaking land and agrarian reform were underestimated in 1994. Since the inception of the Restitution Programme in 1995, 79 696 claims have been lodged, and 77 334 have been settled, of which 59 758 were finalised by March 2013, involving 1.4 million hectares of land (Department of Rural Development and Land Reform, 2013a). With regard to land redistribution, 4.1 million hectares have been acquired in 4 813 projects through the various redistribution programmes. To date, well over 10 000 rural claims have been settled, affecting around 1.2 million people, or 240 000 households, in 2012. For urban claimants, the restitution mainly takes the form of financial compensation, while rural claimants often take the form of restoration of the land.

In terms of food and nutrition security, South Africa can celebrate a decline in the number of households suffering from hunger mostly as a result of successes in the country’s social protection interventions. Furthermore, incomes rose significantly in rural areas between 1995 and 2008, although the increase was less than in urban areas.

Although poverty rates remain high in rural areas, the towns in the former rural homelands are showing some economic vitality. A significant story in the non-farm rural economy since 1994 is the apparent dynamism of the former homelands. The likely explanation is a combination of an increase in civil servant jobs (for instance, associated expanding educational and health care facilities in rural areas), an increase in trade (both in the formal and informal sector, where the former is driven

by the spread of rural supermarkets and other chain stores), and informal sector “personal services”, as well as the rural differentiation/densification process in and around rural towns. Other successes are the expansion of the tourism sector, and transformation pockets in mining.

Since 1994, progress has been made in accelerating access to basic services for the poor. The Constitution itself recognises socio-economic rights. South Africa has made significant strides in education, reducing the size of the population with no schooling by half, from 35 percent to 17.8 percent over the past ten years, and increasing matriculants in rural areas from 12 percent in 2001 to 21 percent in 2011. Although educational levels are lower in rural than in urban areas, the proportion of children attending school has risen significantly, and the proportion of people with no schooling has halved in commercial farming and former homeland areas from 34 percent in 2001 to 17 percent in 2011. This involves a massive increase in those at school, as well as the passing away of a big cohort of people who had no schooling.

Innovative service delivery models, including paraprofessional and community-based models, are being used for a range of services. There has been a massive expansion of services for ECD, including Grade R, although the reach in rural areas and to poor children can be improved (Department of Social Development, 2012). Likewise, novel systems to address the challenge of potable water and sanitation in rural areas have been implemented and information and communication technology (ICT) facilities are being rolled out to schools.

In terms of institutions, national government has become much more focused on the needs of rural areas since 2009. A national champion for rural development has been created (the Department of Rural Development and Land Reform), although there are still unresolved issues about mandates, notably between Department of Rural Development and Land Reform and the Department of Agriculture, Forestry and Fisheries.

There are outstanding examples of prospering communities, such as the Royal Bafokeng and Makuleke communities, which have managed to organise themselves to profit from economic opportunities from rural mining and tourism. Rural people continue to be active and involved in their local communities. This can be seen particularly in community-based services like community health workers, adult literacy volunteers and home-based carers, who are often making major contributions to their communities

3 Towards improvement – overcoming challenges

The complex division of powers and functions between the three spheres of government, coupled with ambiguities in the Constitution about who is responsible for spatial planning, has created uncertainty in the development arena. The impact of this is felt the most in rural area.

Government services in rural areas have lagged behind national norms, despite massive investments after 1994, and backlogs in water, sanitation and electricity remained concentrated in rural areas. Much remains to be done towards clearing the backlogs in education infrastructure, improving access to learner material, and attracting and retaining good educators. This is also true in health services, and greater use is needed of the community volunteer models to ensure access to services in communities.

Rural municipalities need to be able to provide services, but also to effectively champion the needs of rural areas and to provide coordination on rural issues. The provincial and national government spheres are keen to commit funds for capital projects, but reluctant to support municipalities to meet their operational and maintenance obligations. Ensuring that key posts are filled by competent staff is fundamental at local and district municipality levels, and more effort should be dedicated towards supporting the establishment of partnerships for basic free services.

Commercial agriculture has expanded in the last 20 years, but the subsector faces labour and food pricing challenges, as well as potential danger from climate change. Government should strengthen commercial agriculture, as it employs large numbers of people and is still a major economic driver in rural areas. The sector should in turn work with government to accelerate transformation.

Government is still some way off from seeing the establishment of a successful smallholder farming sector. There are challenges related to a number of the instruments established to support small-scale farmers, as well as in access to markets. Land reform has not yet translated into the establishment of a sufficient number of sustainable new black farmers. Evaluations are underway in various areas on support to smallholder agriculture, which should facilitate the refocusing of the sector.

Another challenge is determining the best way of leveraging the ownership of land. The Royal Bafokeng and Makuleke examples show how it is possible to use land ownership to leverage benefits without having individual title. Creative ways are needed to explore these types of opportunities in other areas.

In terms of nutrition security, there are increasing incidences of obesity and other so-called “diseases of affluence” that affect poor communities. This has very serious implications for child development, health status and health care costs for the country. While government has started work towards the finalisation of a comprehensive household food and nutrition security strategy, this work has taken too long and remains largely incomplete. An evaluation is underway of nutritional programmes for children under five, which should provide valuable information on where gaps are, so that these programmes can be strengthened.

Overall, a key challenge is for an effective champion on rural issues, and the Department of Rural Development and Land Reform needs to refocus on its champion role rather than competing as a project implementer. Another critical issue is the establishment of effective rural institutions (particularly local government), without which sustainable rural development cannot proceed.

Review

1 Introduction and background

Rural development is typically defined according to the mechanisms and goals of development. In the 1970s it was defined as a structural transformation of the rural economy as it diversified from agriculture. Subsequent schools of thought defined rural development by focusing on the provision of social services to the rural poor. Hence, various dimensions of rural development have emerged over time expanding rural development to include the development of human capital through social services such as education and health, and the improvement of standards of living for sustainable livelihoods.

The *South Africa Rural Development Quarterly* defines rural development as the 'positive advancement of communities in rural areas through improvement of rural institutions and systems, expansion of rural infrastructure, and growth in rural economic activities'. This definition recognises that rural development is not just about agricultural activities but includes poverty alleviation, infrastructure provision and other actions to uplift the economic status of people in rural areas.

The rural sector comprises a crucial area of historical marginalisation in South Africa. Although the tenets of apartheid, which sought the exclusion of the majority from full participation in major aspects of society, had begun to disentangle before 1994, the essence of the apartheid system still remained in 1994, with its impact most visible in rural spaces. A significant component of the rural space is the traditional leadership, which, following a history of resistance, was incorporated as a political and administrative extension of the colonial and apartheid states. Traditional leaders control communal land on behalf of the state, and have, since 1994, positioned themselves as mediators between the people and the government on matters of the control and use of land, as well as the delivery of services.

2 The journey since 1994

2.1 Historical endowment in 1994

In 1994, people living in rural areas faced structural limitations to access asset capital, as land was the property of the state and white capital. At that time, the structure of South Africa's spatial environment was characterised by dysfunctional settlement patterns across the country, with weak spatial planning and governance capabilities, and densely populated rural areas. The implementation of apartheid policies, especially the Natives Land Act of 1913, had resulted in massive, racially based dispossessions in land ownership rights, which in turn resulted in a highly inequitable distribution of land ownership. Most of the agricultural land was owned by whites (83 percent) and only 17 percent of the land was available for black people in 1994.

Black people lived with circumscribed agency either on commercial farms (as farmworkers or farm dwellers), and/or in densely populated rural areas under the communal tenure systems as “subjects” to their traditional leaders. Apartheid policies had resulted in a dualism in agriculture, reflected in environmentally degraded, underutilised arable land, and a flourishing commercial sector. As with agriculture, the character of the non-farm rural economy in 1994 showed strong differences between former homeland and commercial farming areas. Both the people in the homelands and farmworkers had poor access to services. These inequities in settlement patterns are deeply entrenched and continue to define rural spaces in South Africa as a terrible spatial legacy left by apartheid (National Planning Commission, 2012). Hence, there was a strong historical legacy that had to be overcome by the incoming government.

Following recommendations of the democratic government’s 15-year review to accelerate measures to address persistent poverty in rural areas – encourage agricultural production (including through expanding access to agricultural land), increase agricultural productivity, resolve issues around land tenure and reform – government identified rural development as one of the top five priorities on its Programme of Action in 2009 (Presidency, 2007). The goal was to create vibrant, equitable and sustainable rural communities, with food security for all. This review builds on The Presidency’s 10-year and 15-year reviews to determine the progress made towards achieving rural transformation through land reform and related measures. It gives a brief overview of the journey since 1994, highlighting historical endowment and the evolution since then, and presents a narrative of the achievements that can be celebrated. It concludes with recommendations for the state to better overcome the identified challenges based on literature.

2.1.1 People in rural areas

As South Africa entered the year of the beginning of democracy, 60 percent of its total population was living in rural areas, mainly in the areas of the former homelands, which had only just been incorporated into the new South Africa. The jigsaw pattern inherited from the homelands is a legacy that continues right through the 20 years following 1994. Table 1 shows the complex nature of rural areas, and how these relate to the limited definitions available at Statistics South Africa.

Table 1: Demographics of Rural South Africa (mainly former homeland areas)

Element	2001 (or earlier year)	2011(or earlier year)
	Percentage	Percentage
Percentage national population, rural	43	33
Household size, average	4.6	4.1
Percentage rural reporting absent member	39 (1993)	30 (2008)
Women as a percentage of rural population	48 (1996)	37.8
<18 years as a percentage of rural population (Statistics South Africa, 2011b)	-	59.3 male
	-	57.6 female
>65 years as a percentage of rural population (Gender Statistics SA, 2011)	-	4.4 male
	-	7.5 female
15–64 years as a percentage of rural population	54.2	57.5
Unemployment rate	60	44
Youth unemployment rate	69	53
Percentage of population with no schooling	17.9	8.7
Percentage of population with matric	20.4	28.2
Percentage of households headed by females	52.7	54.7

Source: Statistics South Africa, 2012c

Most land was owned by white commercial farmers (87 percent) and only 13 percent of the land was available for black people, primarily in the homelands. The homelands were created as labour reserves, and in 1993, 39 percent of African households in rural areas reported at least one adult as a non-resident member of the household (Posel, 2009), primarily to seek work. Immediately after the abolition of the Group Areas Act in 1990, there was also a massive migration to rural towns and the major urban centres. Due to the continuing legacy of cyclical labour migration, rural areas were largely inhabited by women, the young and the elderly in 1994 (see Table 1).

Table 2 indicates the poverty share as shown in the Rural Development Framework (RDF) of 1997. Although using income data that notoriously overestimates rural over urban poverty, this data nevertheless suggests that the bulk of the poor (74.6 percent) and ultra-poor ¹ (80.7 percent) lived in rural areas, while 70.3 percent of rural people were poor. The pressures for outward migration are obvious and the challenges of possible steps local government should take to mitigate the poverty experienced by residents were huge.

As stated by Makgetla in 2010, “after the transition to democracy in 1994, the main challenge for rural development was therefore to end the marginalisation of impoverished rural people in the former Bantustans as well as farmworkers. That required significant changes in access to resources, including land and water,

¹ People with an income less than half of the poverty line.

significant improvements in the provision of education and skills, transformation of market institutions to make them serve smaller producers; and improvements in rural infrastructure and other government services.”

Table 2: Distribution of Poverty between Rural and Urban Areas, 1993

	Poverty share (percentage) (Where are poor people)		Poverty rates (percentage) (What proportion of the population is poor)	
	Poor	Ultra-poor	Poor	Ultra-poor
Rural	74.6	80.7	70.3	43.5
Urban	15.7	14.1	40.5	19.8
Metropolitan	9.8	5.3	19.7	5.8

Source: Department of Land Affairs, 1997

2.1.2 Agrarian reform

In 1994, the structure of South African agriculture was starkly divided between a modest number of large-scale, mostly white-owned commercial farms occupying most of the country’s rural space, and a large number of small, mainly subsistence-oriented producers, mostly within the former homeland areas and “coloured” reserves. Moreover, commercial agriculture was moving along a long-term path towards fewer farm units, an increase in average farm size, greater capital intensity, and a declining demand for farmworkers. Among other things, this was a response to the long-term decline in commodity prices and rising input costs. Unfortunately, this tendency towards fewer, larger farms had the effect of intensifying the dualism of the sector, while also aggravating the growing crisis of rural unemployment. On the whole, the commercial farm sector’s contribution to the economy was growing, but fewer farmers and workers had been sharing in that growth over time.

The conception of land reform and agrarian transformation of the Reconstruction and Development Programme (RDP) was to redress the inequitable land ownership pattern, but also to change the character of farming towards a middle ground; that is, away from large-scale, capital-intensive farming, while giving more black people meaningful land-based livelihoods through participation in smaller-scale commercial agriculture. The RDP set ambitious targets for the first five years of democracy: first, that within this time, 30 percent of commercial farmland would be transferred from white to black ownership, and second, that the restitution component of land reform – that part of land reform aiming to redress the loss of land caused by forced removals – would be completed.

However, the policy and legal environment related to land ownership and use have, in the past, not been conducive to land reform, agrarian transformation or the development of the agricultural sector. A significant shift in policy was necessary to ensure better spatial planning, and proper land use and management. Much progress has been made in putting in place a new policy and legislative environment aimed at accelerating land reform, while reversing apartheid settlement patterns and

ensuring proper land use. Examples include the Spatial Planning and Land Use Management Act, the Restitution of Land Rights Amendment Bill and the Property Valuation Bill, which established the Office of the Valuer-General.

The democratic government inherited an agricultural support system, the structure of which was, among other things, fragmented along racial lines. A major project was thus to establish a coherent and unified bureaucracy that could properly serve its diverse clientele. However, while state-run agricultural support systems were reasonably well established to support large-scale commercial farmers, the situation on the ground for supporting smallholder farmers was inadequate. Farmer support programmes were abandoned just prior to 1994 due to general uncertainty regarding future governance structures, before the approach could be refined and any experience gained could be fully absorbed. Meanwhile, agricultural support services in former homelands tended to be under-resourced, poorly managed, unsustainable and, at times, confused as to whether their aim was to support smallholder farmers, or rather promote large-scale, modern, “project-based” farming within the homeland context. Strategies focusing on larger farming endeavours were generally money-losing burdens that distracted attention from developing proper farmer support strategies.

Another constraint on the development of agriculture in the former homelands was the sustained period of excessive population densities – aggravated in some instances by betterment planning – which resulted in extensive damage to the natural resource base. This, in effect, constituted another rationale for land reform; that is, to decongest the former homelands and thus better balance the pressures on land across historically separate land-holding systems. Over the years, a contradictory picture emerged, whereby signs of environmental degradation were juxtaposed with underutilised arable land, some of which was of good quality. One particular reason for the underutilisation of arable land was the absence of a tradition of land rentals, or of sharecropping, as is common in Lesotho, such that households unable or uninterested in using their arable land can let it to another household that is able and interested. Outgrower schemes have grown, but remain confined to a small number of commodities, including cotton and timber.

2.1.3 The livelihoods, food security and nutrition situation in South Africa

Poverty and food insecurity in South Africa are some of the legacies of race-based socio-economic development practices that have been enforced throughout history. African households were historically forced to live in areas that were too far from markets to develop a sustainable agricultural industry, forcing men, in particular, to sell their labour as migrant labourers in cities. Unemployment and widespread poverty, combined with the historical loss of land and farming acumen, continue to drive food insecurity among black people in South Africa. However, the right to food is a basic human right that is entrenched in the Constitution. The Constitution obliges the state to take all necessary steps to enable residents to meet their own basic food

needs. As a signatory to the Millennium Development Goals (MDGs), the country has committed itself, among other things, to halving the proportion of people who suffer from hunger by 2015.

Food security exists at the individual, household, national, regional and global levels when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for a healthy and active life (Food and Agriculture Organisation, 2001). The concept has three interconnected dimensions:

- **Availability of food:** Effective or continuous availability of food in sufficient quantities and of appropriate quality.
- **Access to food:** The ability to obtain food on a sustainable basis. Households need to have access to adequate resources and entitlements (ability to grow and/or purchase food, or to receive food) that enable them to acquire enough food for a nutritious diet. Access to food therefore refers to the ability to access food, as well as the selection and preparation of food.
- **Utilisation of food:** This refers to food safety and quality, and holds that individuals should be able to select, store, prepare, distribute and eat food in ways that ensure adequate nutritional absorption for all household members. The achievement of nutritional absorption is influenced by the availability of safe water, sanitation, refrigeration and health care services

Despite variations of measurement, data sources are attesting to undesirable levels of food and nutrition insecurity in the country. The 2005 National Food Consumption Survey (NFCS) found that 52% of households experienced hunger and that at least a third of households were at risk. Demographic Health Data of 2003 found that, in 1994, 28.7 percent of South Africa's children were stunted and 8 percent were underweight (African National Congress Policy Discussion Document, 2012). At the same time (in 1994), 25.5 percent of the rural and 18.8 percent of the urban population reported inadequate access to food (Statistics South Africa, 1995). The NFCS established that 52.3 percent of households were experiencing hunger in 1999, with only a 0.3 percent decline by 2005 (see Table 3). Differences of measurement notwithstanding, the pattern points to the fact that, in 1994, the democratic government inherited a large number of households living in a state of chronic poverty and vulnerability to hunger, malnutrition and food insecurity.

Market purchases are becoming increasingly important for urban and rural households alike, with some estimating that many households purchase up to 90% of their food and that food expenditure could amount to 60 to 80 percent of the total household income for low-income households (Jacobs et al, 2008). The loss of

households' livelihoods and assets make it difficult for them to deal with shocks, thereby increasing their vulnerability to hunger (Statistics South Africa, 2012a).

Table 3: Trends in Food Security status in South Africa, 1999-2005

Variable	NFCS, 1999 (n = 2735) Percentage	NFCS, 2005 (n = 2413) Percentage
Food secure	25	19.8
At risk of hunger	23	27.9
Experiencing hunger	52.3	52

Source: Human Sciences Research Council, 2013

2.1.4 Non-farm rural economy

As with agriculture, the character of the non-farm rural economy in 1994 showed strong differences between former homeland and commercial farming areas. Former homeland economies were dependent in multiple ways on their relationship with the Republic of South Africa, for example in terms of the orientation of major transport networks, grossly inadequate tax bases, and the absence of a critical mass that could support the emergence of a manufacturing sector. While some attempt was made to encourage industrial development in various former homeland areas in the latter years of apartheid, these disappeared very quickly upon the removal of the subsidies that inspired them in the first place. The fact remained that the economies of the former homelands depended critically on the migrant labour system, through which households depended on the remittances from family members working far away, often absent over long periods of time.

For most of the pre-1994 era, commercial farming areas fared much better by way of non-farm rural development, in that most of the country's mining activity was located in those areas (areas with known ore deposits were not incorporated into homelands in the first place). This happened because of linkages to the commercial farming sector itself, and by means of the development of numerous well-resourced and supported secondary towns.

Mining benefited rural areas through concentrated employment opportunities, which in turn supported consumer expenditure in towns – although much has historically also been remitted to rural homes elsewhere. However, mines tend to operate in an area for a finite period until it is no longer profitable to carry on, at which time they close and the local economic base is eroded.

The economic spinoffs from commercial agriculture to non-farm development were especially strong for subsectors requiring significant agroprocessing, such as sugar cane and grapes, and, to some extent, dairy and packing of fruit for export markets. However, small rural towns benefited in more general ways as distribution centres for agricultural inputs, as places where agricultural machinery was maintained, and as places where commercial farmers and their workers spent their money. With the

further concentration of both the commercial farming sector and the agro-input and agroprocessing sectors, the linkages between the commercial farm sector and the non-farm rural economy tended to weaken in most rural areas over time. Rural towns that, in the meantime, had already reached a significant size or had found another economic base, managed to survive or thrive, while smaller rural towns tended to decline.

Rural tourism tended to favour commercial farming areas over the former homelands, but because of South Africa's isolation from the world community, it remained a small sector in general. (It is worthwhile mentioning that one particular form of tourism – gambling – developed exclusively in the former homelands because it was illegal in the Republic of South Africa.) The key reality regarding the economies of commercial farming areas is that despite being far larger than former homeland areas in terms of conventional economic measurement (such as gross geographic product), they supported relatively few people, in particular farmworkers and farm dwellers who resided there on a permanent basis.

2.1.5 Services

The two main areas where black people lived were the homelands and on farms as farmworkers, in both cases with poor access to services. Government prioritised the provision of free basic water and electricity services (Hemson, 2004). As part of the RDP, one of the first actions of the new government was to establish standards for access to services. The Constitution also recognised socio-economic rights, which was a major step forward. In practice, it was also recognised that there had to be a progressive realisation of these rights. The acceptable minimum levels of access to basic services, as defined in various policy frameworks, are summarised in Table 4.

Table 4: Basic service levels for municipal services in rural areas

Service type	Level 1 Basic	Level 2 Intermediate	Level 3 Full
Water	Standpipes within 200 metres	Yard taps or tanks	In house water
Sanitation	Sewage collection/disposal	VIP Latrine Septic tanks	Full water borne
Electricity	5-8 amps or non-grid	20 amps	60 amps
Roads	Graded	Gravel	Paved/tarred & kerbs
Storm water	Earth lined open channel	Open channel lined	Pipe and canal systems
Solid Waste Disposal	Communal (residents)	Communal (contractors)	Kerbside collection

Source: National Treasury, 2011

2.1.6 Institutions

In 1994, the traditional structures had been mainstream governance structures in the former homelands. This had both a customary, but also a strong governance element, including traditional courts and their power over land allocation. By the fragmented nature of the apartheid state, these were all separate, and linked to the homeland of which they were part. The fragmented nature of the state was also true

for the “formal” institutions of governance. For example, the Free State Department of Agriculture was created from 13 different structures inherited from the racially based administrations, as well as those of the South African government and homeland structures (Goldman, 2001). This legacy was to impede the building of effective institutions in rural areas.

National policy, at that stage, was focused on commercial farming and maintaining the fragmented nature of the South African state. The many homelands were fragmented and marginal in economic terms, leading to many being dysfunctional states. The creation of the new South Africa had to satisfy the leaders of the former homelands. This could also be linked to the creation of specific provinces based on ethnic and homeland structures, notably the Eastern Cape (Ciskei and Transkei), KwaZulu-Natal (KwaZulu), Mpumalanga (KaNgwane), Limpopo (Venda, Gazankulu and KwaNdebele), North West (Bophutatswana), and the Free State (incorporating the small Basotho homeland of QwaQwa). In the rural provinces, the new provincial governments created in 1994 drew largely from these homeland structures.

2.2 Evolution since 1994

2.2.1 General trends since 1994

The main trends that can be seen developing over the period have been as follows:

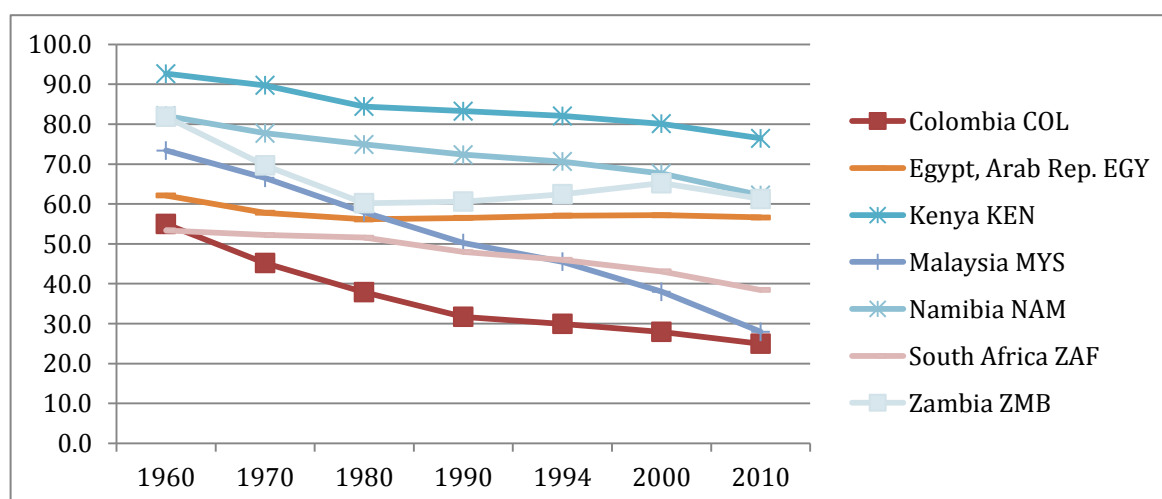
- The consolidation of the administrations, including the creation of large provincial departments of agriculture, inheriting homeland extension officers, as well as large numbers of manual workers.
- The development and application of the land restitution and land redistribution models.
- The globalisation of agriculture, resulting in a reduction in the number of commercial farmers, the consolidation of farms, and a reduction of employment in commercial agriculture.
- The removal of many of the subsidies that helped subsidise industries in the former homelands.
- The integration of the displaced urban centres (such as Botshabelo and Soshanguve) into the main cities of which they were satellites, with the creation of large municipalities.
- The integration of urban and rural councils, and in 2000, the creation of much larger local municipalities, including metros or secondary cities and their hinterlands (for instance, eThekweni includes a significant rural area), or a number of rural small towns and the commercial farming areas around them.
- The major migration, now permanent, to urban centres, small and large, as well as the ongoing trend of cyclical labour migration to the mines and urban centres. In addition, there has been major migration from neighbouring countries (notably Zimbabwe, Lesotho and Mozambique) into rural and urban areas.
- A decline in remittances and the increasing importance of social grants in rural areas.

By 2009, it was becoming recognized that rural areas were lagging behind urban areas in terms of development, employment and services, and that this needed to be addressed. This led to the renaming of the Department of Land Affairs as the Department of Rural Development and Land Reform (DRDLR)², and the creation of a priority national outcome focusing on rural development.

2.2.2 People in rural areas

The rural patchwork continues, and most of the settlements are still characteristic of the pre-1994 landscape. The majority of the rural population continues to reside in the dense homeland settlements, although these settlements are now much more established with permanent houses and much improved infrastructure, including health and education facilities, water and sanitation, as well as improved private sector services. Figure 1 shows the drop in the proportion of the population that resided in rural areas from 1960 to 2010, and how this compared with a number of benchmark countries. As can be seen, the pattern is somewhat similar to that of many other countries.

Figure 1: Rural population as a percentage of the total population in South Africa, Namibia, Zambia, Egypt, Malaysia and Colombia



Source: World Bank, 2011

In 2001, 43 percent of the population of South Africa was living in a rural area and the provinces with the highest rural populations were Limpopo (87 percent), the Eastern Cape (61 percent), North West and Mpumalanga (58 percent), and KwaZulu-Natal (54 percent) (Statistics South Africa, 2012c). Between 1995 and 2008, the population of the former homelands grew by only 9 percent, while the metros expanded by nearly 40 percent, the secondary cities by 24 percent and the commercial farming areas by 15 percent, reflecting outward migration (Makgetla, 2010).

² Many provincial departments of Agriculture became departments of Agriculture and Rural Development

Table 5 shows the evolution in demographics from 2001 to 2011. It shows a growing population across rural areas, particularly in the former commercial farming areas with their small towns, but a massive influx into the major urban centres, particularly of people of working age. The average household size had dropped considerably, but was 30 percent larger in rural areas. The much higher number of female-headed households and women in the former homelands persists.

Table 5: Comparisons between 2001 and 2011 and between different types of areas

		Mainly former homeland local municipalities	Mainly 'rural formal' local municipalities	Metros
Population, total	2001	15,8 million	12,8 million	16,2 million
	2011	16,8 million	14,6 million	20,4 million
	% change	6.0%	14.2%	25.8%
Population 15-64 yrs	2001	54.2	62.9	69.4
	2011	57.5	64.5	70.0
	%change	3.3	1.6	0.6
Household size, average	2001	4.6	3.7	3.5
	2011	4.1	3.5	3.1
	% change	-0.5	-0.2	-0.3
Female-headed households	2001	54.7	37.6	38.5
	2011	52.7	38.7	38.6
	% change	-2.0	1.1	0.1
Sex ratio (male to female)	2001	85.0	95.2	94.5
	2011	87.8	97.9	96.6
	change	2.8	2.7	2.2

Source: Statistics S, 2012a

Table 1 showed how the demographics of rural areas have changed since 1994. A differentiated picture is given in Table 5. Migration still continues to be a major force, both permanent and cyclical, and, by 2008, 30 percent of rural African households were still reporting an absent household member. However, the reasons for this were changing, and a major driver, by 2008, was for improved services, particularly education. Many people return to the rural areas to retire.

Table 6: Levels of unemployment in rural and urban areas

		Mainly former homeland local municipalities	Mainly 'rural formal' local municipalities	Metros
Unemployment rate, %	2001	59.6	36.1	40.2
	2011	43.0	27.2	28.9
	change	-16.6	-8.9	-11.2
Youth unemployment rate, %	2001	69.2	45.1	49.4
	2011	53.1	34.9	37.7
	change	-16.2	-10.1	-11.7

Source: Statistics SA, 2012a

A key challenge in South Africa is levels of poverty. This is often only measured in terms of income, but some have tried to use a broader range of measurement, which gives a broader picture of people's experience of poverty. The Department of Social Development (DSD) has supported an index of multiple deprivation. Applying this shows that, by 2001, the areas of greatest poverty were still the rural homelands. Noble and Wright (2012) found that "although the country as a whole had improved a little in absolute terms on each of the domains (with national rates of deprivation falling), there was very little relative change between 2001 and 2007 in terms of the location of the most deprived quintile (20 percent) of municipalities. Again, in both time points, the most deprived areas were mainly to be found in the former homelands"³.

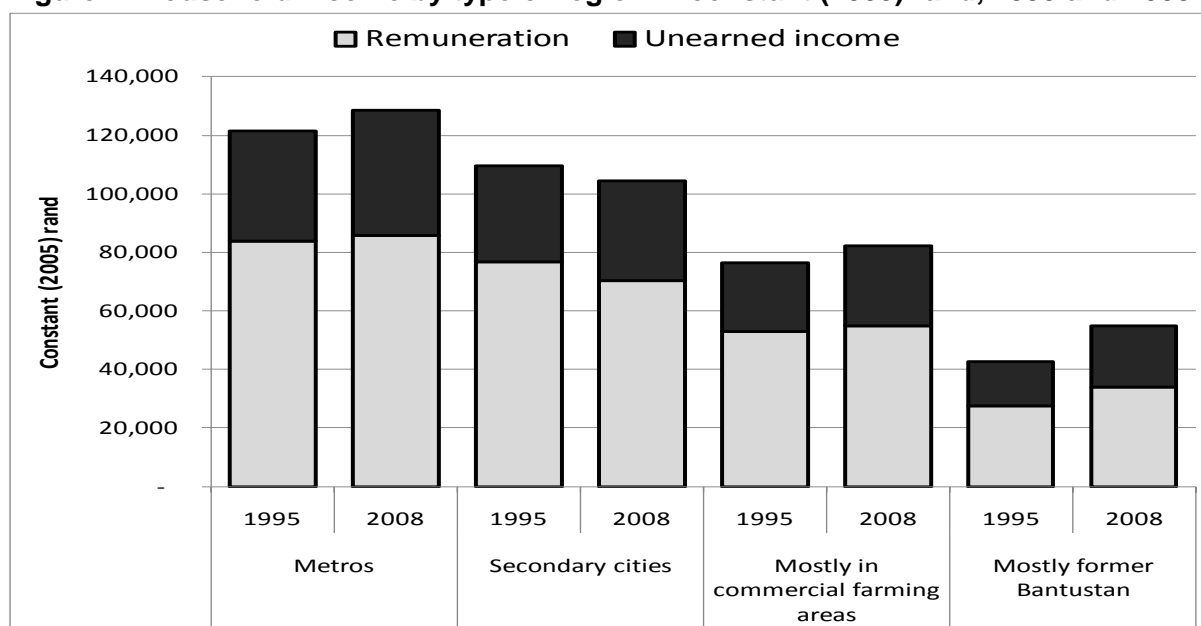
In research undertaken for the DSD in the 13 rural nodes, a multidimensional measure of poverty shows a significant fall: from 56 percent in 1996, to 53.7 percent in 2001, 47.8 percent in 2006 and 46.4 percent in 2008 according to official statistic⁴. Encouragingly, Table 5 shows a drop in unemployment rates from 2001 to 2011 in all types of areas, although rural unemployment levels are 50 percent higher than in urban areas.

Most indicators suggest that income poverty and other forms of deprivation are especially rife in former homeland areas. Moreover, the bleakness of the situation of the former homelands is not just a function of their low potential, but of the fact that such a large share of the rural population resides there. Table 6, for example, shows that a much higher proportion of residents in the former homelands are poor than is the case in "rural formal" areas, and that even though too high a proportion of people living in "rural formal areas" (commercial farming areas) is also poor, they only account for 5.5 percent of all poor people, or not quite 10 percent of the rural poor. Nevertheless, incomes in former homelands have increased, as well as in commercial farming areas. However, they continue to lag behind urban areas (see Figure 2). There is also some evidence of increasing inequality in rural areas (Khanya-African Institute for Community-driven Development, 2006a).

There have been differing dynamics in rural towns. There has been a decline in economic activity in many small rural towns in commercial farming areas, as commercial farmers now often purchase from a much greater distance away, often the nearest city, which has reduced the economic activity in the small towns. Despite this, people (particularly former farmworkers) continue to move to these small towns, and these numbers increase as RDP houses are built.

³ This review uses income deprivation, employment deprivation, education deprivation and living environment deprivation.

⁴ Poverty was measured using 10 variables: incidence of female-headed households, illiteracy, unemployment, lack of household income, over-crowding, informal or traditional dwellings, lack of sanitation, water below RDP standards, lack of electricity for lighting, and lack of refuse removal. This measuring system was proposed by Statistics South Africa

Figure 2: Household income by type of region in constant (2005) rand, 1995 and 2008


Source: Seidman Makgetla, 2010

In the small towns in the former homelands, there was often a collapse in employment after 1994, as subsidies were removed and the fragmented institutions (ranging from departments of agriculture to nursing colleges) were consolidated, often with the closure of smaller facilities in rural areas (Khanya-African Institute for Community-driven Development, 2006a). There is some evidence that this is currently changing, with the towns in the former homelands having increased small-scale entrepreneurial activity, and a growing role in providing services, servicing a purchasing power that has been enhanced by social grants (see Figure 2).

Government has prioritised the revitalisation and development of rural areas. This outlook links to the development of the Comprehensive Rural Development Strategy (CRDS), which is indicative of its commitment to prioritising disadvantaged rural nodes. The strategic objective of the CRDS is to achieve social cohesion and development among rural communities. Its implementation is based on a three-pronged strategy:

- Coordinated and integrated broad-based agrarian transformation
- An improved land reform programme
- Strategic investments in economic and social infrastructure

The programme was piloted at two presidential priority project sites: Muyexe Village in Limpopo and Riemvasmaak in the Northern Cape. Government has since rolled out the programme in 21 rural wards and the plan is to gradually expand these to 160 wards by 2014. The focus of the programme continues to be the creation of jobs in rural areas.

2.2.3 Changing farm economy

The trends in the commercial farming sector, which were evident in the decades leading up to 1994, carried on more or less unabated after 1994. These include a decline in the number of farms, an increase in average farm sizes, and growing capitalisation and sophistication. Between 1993 and 2007, the number of farms declined from 58 000 to 40 000 (a drop of 31 percent), and of farmworkers from 1.1 million to 800 000 (a drop of 27 percent). It is not clear how many commercial farms there are at present, but there are estimated to be in the order of 35 000.

No one is sure whether these post-1994 developments were on account of the market liberalisation and phasing out of agricultural subsidies that was implemented in the mid-1990s, but evidence suggests that, at most, these factors aggravated the trend. However, one notable development since 1994 has affected not only commercial farming, but also food prices – the increasing concentration of the agroprocessing sector, which has gone hand in hand with the globalisation of agrofood markets, and the increasing importance of supermarkets.

Agricultural employment has also been affected by the introduction of general labour legislation (such as the Basic Conditions of Employment Act of 1997), and the minimum wage in agriculture in 2003. Recent research suggests that the minimum wage resulted in significant increases in farmworker wages – especially in areas where farmworkers were poorly paid relative to labourers in other sectors – and also encouraged employers to be more compliant with good labour practice requirements, such as having written contracts with workers (Bhorat et al., 2009). However, it is also the case that the minimum wage led to some losses of farm jobs.

Between 1993 and 2009, the contribution of the agricultural sector to the economy, as measured in its value added, increased in real (inflation-adjusted) terms by 30 percent. This is respectable growth for a mature agricultural sector, such as that of South Africa. Of course, being agriculture, which is subject to both extreme production risk and, increasingly, price risk, the upward trend abstracts from significant year-on-year fluctuations. Indications are that this upward trend has carried on since 2009.

Since 1994, the value of South Africa's agricultural exports has approximately doubled, after adjusting for inflation. Wine exports have trebled by volume over the past 10 years, while export trends of tropical and subtropical fruit have also been robust. South Africa frequently exports maize, except in deficit years. The pattern of increasing imports of wheat and dairy products have, however, been a cause of concern.

The pace of land reform has been slow, with the total amount of farmland transferred by means of restitution and redistribution at approximately 11 percent, well short of the original 30 percent target. In retrospect, the targets set in 1994 and the

challenges of undertaking land and agrarian reform were severely underestimated and the target was overambitious. Essentially, land reform has not yet translated into the establishment of a sufficient number of sustainable new black farmers, despite benefiting almost a quarter of a million (230 886) people. Most of the claimants benefited through cash transfers, resulting in a limited fundamental impact on the structural ownership and settlement patterns of the country. A gendered focus on reforms in access to land has created an enabling environment for women to access, own and use land, as well as to access credit facilities. However, the debate between constitutional rights and cultural rights has not been resolved with regard to accessing communal land by women in rural areas.

Over and above the slow pace in land reform, there have been challenges of capacity in key departments that had to provide comprehensive post-settlement support services to the beneficiaries of land restitution, in particular. This contributed to the low number of new smallholder farmers. Furthermore, smallholder farmers are unable to tap into the entire value chain due to economies of scale, even in cases where accessibility to the uncoordinated government instruments for their support is not a problem. Given that 2.8 million households are involved in agricultural activities, it is a source of concern that very few of these activities translate into agricultural enterprises (Statistics South Africa, 2012c), with the Eastern Cape and Limpopo only achieving 7 and 4 percent growth in enterprises, respectively. This points to a gap in benefit opportunities, markets and trade to stimulate the rural economy. A lack of transformation in the commercial agriculture sector, as well as the crowding out of smallholder farmers, has further limited the access to agricultural markets (retailers) and trade opportunities for small-scale farmers. Evaluations are underway in a number of areas to investigate support to smallholder agriculture, which should facilitate the refocusing of the sector.

With regard to land tenure reform, in 1996 the Department of Land Affairs introduced communal property associations (CPAs) as a type of legal entity that was less complex and more akin to the established practice of communal ownership and access to land to which many black people were accustomed. These legal entities enabled land reform beneficiaries to acquire, own and use land on a communal basis. Although 1 341 communal property associations have been registered to date, they experience management challenges, and long-term sustainability concerns exist.

In November 2009, the DRDLR introduced the Recapitalisation and Development Programme (RECAP or RADP), one of several new strategic interventions to ensure sustainable land reform. A total of 1 807 distressed farms were targeted for recapitalisation and development over the medium term. The evaluation conducted in 2013 shows that there have been increases in production on these farms, although there are many areas of support that could be improved upon.

The Agricultural Black Economic Empowerment (Agri-BEE) Sector Code was only finalised in November 2012. Given that Agri-BEE has only recently come into effect, there is little data available to indicate how well it is functioning, i.e. whether it is facilitating the change it aims to achieve. The Agricultural Business Chamber has commissioned useful surveys in the agribusiness sector, aimed at establishing what its key players are doing or intending to do by way of Agri-BEE.

Before the publication of the Agri-BEE Code, a number of agribusinesses had begun submitting scorecards in terms of the generic BEE codes, while others were embarking on transformational activities consistent with the aims of BEE in general (in terms of “corporate social investment”). Since 2009, 30 percent of the survey respondents had completed a valid BEE scorecard, with a further 50 percent in the process of completing one. Of the official scorecards, the majority had a score of Level 8 or Level 7, with the highest being Level 5 (Hobson, 2010). A follow-up survey commissioned by the Business Chamber in 2012 found that, by then, all but one of its 14 respondents either had valid scorecards or were in the process of obtaining them. The enterprises generally expressed strong support for Agri-BEE, and most felt that they had a good understanding of it (Stroebe, 2012).

The Land Bank has recovered from a period in which its loan book was weak, and in which it was uncertain how to support black farmers. In 2007, for example, the Land Bank’s “emerging farmer loan book” amounted to a total of R780 million, of which 32 percent was in arrears, and 23 percent “in legal”. Since then, the Land Bank has assessed lending criteria and invested in additional farmer support mechanisms, resulting in the launch of the Bank’s Retail Emerging Markets (REM) banking division, which is dedicated to emerging farmers. In 2012, it was announced that REM had sourced capital to the amount of R1 billion for the support of the black emerging farmer sector.

2.2.4 Food and nutrition security

The proportion of households experiencing hunger in South Africa has been decreasing by half from 52.3 percent in 1999 to 26 percent by 2012, although hunger tends to be more prevalent in rural informal (37 percent) and urban informal (32.4 percent) localities, as opposed to rural/urban localities (Human Sciences Research Council, 2013). This is consistent with the Global Household Survey (GHS) of Statistics South Africa (Statistics South Africa, 2011), which found that between 2002 and 2011, the proportion of households experiencing hunger “often” or “always” had declined from 7 percent to 2 percent. While the rate of stunting for children under five years old and those aged four to six had dropped from 16.4 percent in 2005 to 11.9 percent by 2012, undernutrition declined from 28.7 percent in 1994 to 26.5 percent in 2012 (Demographic and Health Survey, 2003; Human Sciences Research Council, 2013).

Despite a significant decline in the vulnerability to hunger of South African households over the past decade, a large percentage of households (21 percent) continue to experience difficulty in accessing food (Statistics South Africa, 2011). Of those having inadequate access to food, 25.5 percent comprise rural households and 18.8 percent urban households (Statistics South Africa, 2011). Yet, among the poorest 10 percent of South African households, the share of total expenditure devoted to food by 2011 was a very low 35 percent (Statistics South Africa, 2012b). Furthermore, undernutrition in South Africa is only partly a function of poverty or food affordability. Access to food has become a function of household cash income, and cash-deficient households are more likely to experience inadequate access to food. Urbanisation and declining agrarian activities in significant parts of the country, including the subsistence sector, have transformed the South African economy into a wage economy, in which most households are net consumers of purchased food, rather than producers of food. Access to food has thus become a function of household cash income, and cash-deficient households are more likely to experience inadequate access to food.

Important factors are poor dietary choices and the unavailability of nutritious food, because households in urban and rural areas are increasingly becoming more reliant on supermarkets as sources of food (Statistics South Africa, 2012a). For instance, the poorest 10 percent of the population spends as much on sugar and non-alcoholic beverages as on vegetables (Statistics South Africa, 2012a). The diets of low-income households are characterised by relatively large amounts of inexpensive starches and little diversity, resulting in too much low-quality calorie intake and a deficit of vital micronutrients. Meanwhile, there is a growing incidence of obesity and other so-called “diseases of affluence”, to such an extent that even in poor communities, there is evidence of the “double burden” comprising undernutrition on the one hand, and overconsumption of some foods on the other. Urbanisation and declining agrarian activities in significant parts of the country, including the subsistence sector, have transformed the South African economy into a wage economy in which most households are net consumers of purchased food, rather than producers thereof. Access to food has thus become a function of household cash income and thus cash deficit households are more likely to experience inadequate access to food. This has very serious implications for child development, health status and health care costs for the country.

This scenario largely influenced government to make stronger commitments to food and nutrition security in 2009 by proposing the following practical steps:

- Promote food security as a way to lessen dependence on food imports.
- Introduce the Food for All Programme to procure and distribute basic foods at affordable prices to poor households and communities.

- Introduce measures to improve the logistics of food distribution, such as transportation, warehousing, procurement and outsourcing, in order to reduce food prices in the long term.
- Continue to enforce stronger competition measures to act against food cartels and collusion, which inflate food prices.
- Expand access to food production schemes in rural and peri-urban areas to enable people to grow their own food, providing implements, tractors, fertilizers and pesticides, as well as support through other government measures to existing community schemes that utilise land for food production in schools, health facilities, churches, and urban and traditional authority areas.
- Ensure an emergency food relief programme, on a mass scale, in the form of food assistance projects to the poorest households and communities, including through partnerships with religious and other community organisations.

Various government programmes are in place to address household-level food and nutrition insecurity. These include social grants, the direct provision of food through feeding schemes and the distribution of food parcels, the fortification of staples to improve access to micronutrients, measures to increase subsistence production, and strategies to moderate food prices. By raising the disposable income of vulnerable households to access food, the government-led social grant support is by far the most successful intervention for reducing household food insecurity in the era of democracy. Between 2002 and 2011, the proportion of South African households receiving one or more social grants rose from 27 percent to 52 percent.

Probably the second-most significant intervention – and the most significant of those designed specifically to address food insecurity – is the National School Nutrition Programme (NSNP). In 2011/12, the NSNP reached about 9 million learners among the poorer primary and secondary schools around the country. The NSNP also has the advantage of encouraging higher levels of school attendance than would be the case otherwise, and of improving pupils' school performance. The further expansion of the NSNP has enabled a wider reach of all primary and secondary schools in quintiles 1, 2 and 3. The implementation of the NSNP has faced various challenges over the years, including popular preference to introduce a second meal during the school day and to extend the programme into weekends and school holidays.

Food parcels comprise another part of government's overall social protection package. In 2011/12, approximately 100 000 household months' worth of food was made up. The advantage of food parcels is that they can be targeted at those in acute need and those who may not be eligible for other forms of support, such as social grants. The limitation, however, is that households are typically only eligible to receive parcels for three months, with the possibility of an additional three months. Moreover, social grant beneficiaries are generally not eligible, even though 14 percent of grant-receiving households experience hunger "sometimes", "often" or

“always” (Statistics South Africa, 2011). Another consideration is the concern that the current system for allocating food parcels lends itself to corrupt tendencies, such as patronage. From an international perspective, food parcels are the preferred form of direct food assistance in situations where markets are poorly developed or are disrupted by conflict or natural disaster. As this is not the case in South Africa, there is space to consider alternative forms of support to food parcels, such as food vouchers, which have more positive outcomes on food security.

Another contributor to food security is the high rate of participation in subsistence production. In 2011, about a quarter of all black households were involved in production at some scale, and among rural dwellers, the share was about half (Statistics South Africa, 2011). However, neither agricultural support programmes nor land reform is doing much to increase the uptake of subsistence production. According to household data for 2011 (Statistics South Africa, 2011), only 12 percent of subsistence households received any form of direct production support from government in the preceding 12 months, about half of which was in the form of livestock health services. Less than 5 percent received “free inputs”, suggesting that the reach of interventions such as Ilima/Letsema is minimal. Poor access to extension and training is especially concerning. Land reform has made a very small contribution to food security, as less than 4 percent of black households involved in subsistence production report having benefited from land grants (Statistics South Africa, 2011).

Undoubtedly, food and nutrition insecurity would be far worse than it is in the absence of the above measures. However, food and nutrition insecurity remain unacceptably high in the country, with 25.5 percent of the rural and 18.8 percent urban population having inadequate access to food (Statistics South Africa, 2012b). This is the situation despite the implementation of the above range of measures, suggesting some level of inadequacy regarding the scale and scope of the measures undertaken and implemented. Thus, these measures must be expanded, enhanced or better focused, used in more effective combinations, and/or complemented by additional interventions.

2.2.5 Non-farm rural economy

The uneven distribution of economic activity was one of the issues that the National Spatial Development Perspective (NSDP) sought to understand. One of the key findings of the NSDP was that the economy was highly concentrated in a small number of generally urban locations, and that former homeland areas, in particular, had little economic potential and thus, at most, should receive support for the improvement of basic services (The Presidency, 2007).

However, taking into account patterns of change leading up to 1994 and since, one can interpret the potential of South Africa’s differentiated rural areas another way. First, as stated above, commercial farms are collectively less relevant to the rural

economies in which they are situated. Rural tourism has grown to some extent in these areas, but very unevenly across space, as in the case of mining. This means that the potential of commercial farming areas for further growth is limited. In any case, the population of commercial farming areas is very small (6.6 percent in 2008), and such areas are even declining as a source of remittances that can support households in, for example, former homeland areas.

By contrast, for all their problems, the former homelands have far greater untapped potential. Moreover, the relatively high population density is possibly an advantage to the extent that potential is not only related to the exploitation of natural resources, but also through the emergence of non-farm productive activities and services. Table 5 gives evidence that the population of former homeland areas grew more quickly than the other two area types in terms of share of the population comprising working-age adults (15 to 64 years).

Of most interest is that the unemployment rate fell more in former homeland municipalities than in “rural formal” municipalities or metros, although it still remains higher than in either of these. Table 6 shows that youth unemployment also decreased by a larger margin in former homeland areas, despite the fact that the youth share of the population increased. Educational outcomes appear to be improving more quickly in former homeland areas than in the other two types of areas (see Table 7). To be sure, conditions in former homelands remain relatively bad, but the fact that some key indicators are improving more rapidly than elsewhere suggests a process of convergence that contradicts the idea that former homeland areas have no potential.

Case study evidence of rural communities in the former homelands suggests the possibility that one of the main driving forces in rural development is the rural differentiation or densification process occurring in and around rural towns. For example, the fact that Mthatha and Thohoyandou have emerged as economic centres of gravity even shows up in the NSDP’s analysis. However, even smaller towns appear to be associated with this process, such as Nongoma in KwaZulu-Natal (Human Sciences Research Council, 2007) and Elim in Limpopo (Aliber et al., 2013).

It seems that many rural dwellers who are not relocating to the cities are nonetheless gradually drifting within rural areas towards rural towns. Whereas colonial and apartheid-era forced relocations created high population densities in the homelands, and thereby contributed to the destruction of peasant agriculture in those areas, there is currently a differentiation process whereby some areas are becoming denser still and others are or will soon become less so (Cross et al., 2000). In other words, such towns are becoming vibrant market centres, which then attract complementary economic activities. What remains unclear is how significant this process is, and the

extent to which it could be used to create opportunities for smallholder farmers in the vicinity of these towns.

With regard to the significance of mining and tourism, the picture is mixed. In 1971, the total mining jobs amounted to roughly 694 000. This declined by 19 percent to 563 000 in 1996, and by a further 11 percent to 502 000 in 2009. According to recent data, two-thirds of all mining jobs are held by people who are regarded as urban dwellers, not rural dwellers; of those who are rural dwellers, however, most are residing in former homeland areas, not in commercial farming areas. It is unclear to what extent it is still correct to associate mining jobs with rural areas outside the former homelands, if it ever was. One possibility is that commuting between areas on a daily or weekly basis has, to some extent, replaced migratory labour, where people were absent from their homes for long periods of time. Further research is needed to arrive at a better understanding of these patterns and trends.

As for tourism, in general terms, there has been an explosion since the early 1990s, when South Africa re-entered the community of nations. The extent to which these benefits have been shared by rural areas is unclear. Nature-based tourism has indeed expanded, but appears to be dominated by a relatively small number of large concerns, especially national nature parks and high-end game reserves. Some rural areas have successfully capitalised on their distinctive rural charm to attract tourists, apart from or in combination with nature-based tourism, such as the Magalies Meander in Gauteng/North West, and the Midlands Meander in KwaZulu-Natal. What has been less impressive, however, is expanding “cultural” and other forms of tourism into the former homeland areas.

2.2.6 Rural Basic Services

The provision of rural basic services can be catalytic in the reduction of poverty and unemployment, and the strengthening of social capital. It can also be a contributing factor in reviving agriculture, tourism and other rural non-farm enterprises, resulting in an improvement in overall rural livelihoods. Improving rural services to support livelihoods is important to improve the quality of life of people living in rural areas, and comprises a key output in the service delivery agreement on Outcome 7, aimed at creating vibrant, equitable and sustainable rural communities.

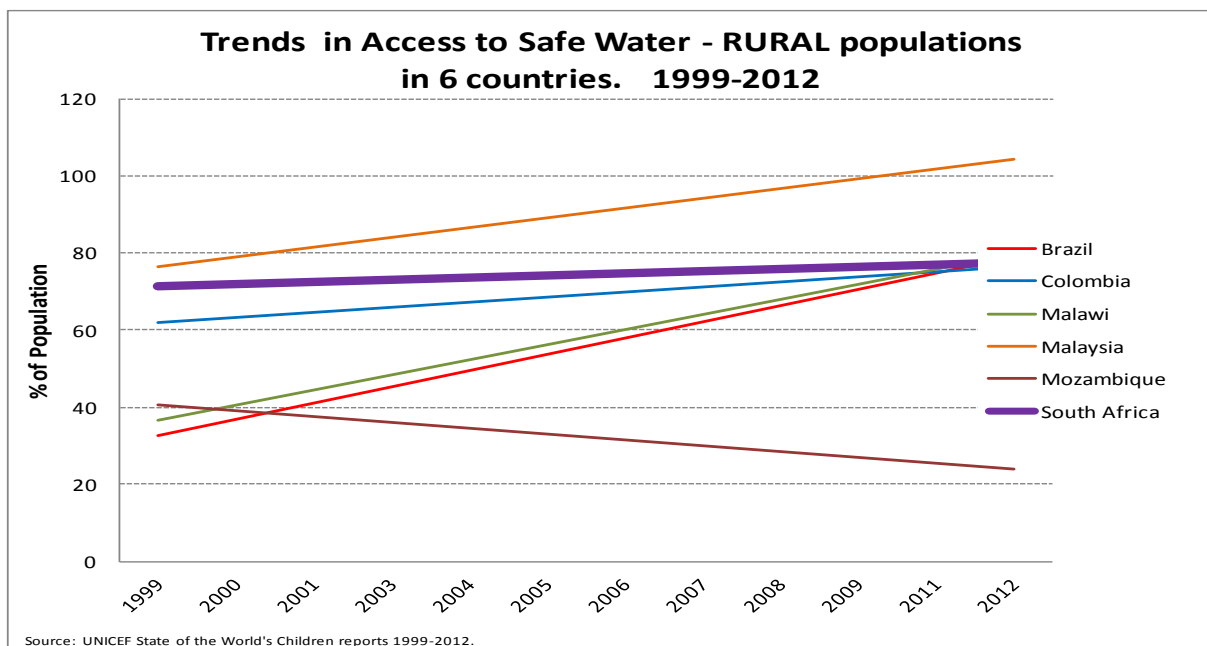
Beyond policy reviews conducted over the past two decades, as well as the adoption of the outcomes approach, government has prioritised the following programmes targeted at the improvement of the delivery of rural services:

- The Reconstruction and Development Programme
- Broad-based employment creation and skills development focusing on public works – currently operating as the Expanded Public Works Programme (EPWP)

- Programmes aimed at promoting environmental conservation and job creation, namely the Working for Water Programme, Land Care Programme and Community Works Programme (CWP)
- Major infrastructure programmes focusing on national housing, roads and transport

In addition, government has put in place programmes to build and upgrade clinics, schools, police stations, sports and recreation facilities, and to improve access to telephones and information and communication technology (ICT) services. When comparing development trends in similar middle-income countries, South Africa is rated as a progressive country only as far as access to water is concerned, with 79 percent of households gaining access to safe clean water in 2011, compared to only 66 percent in 1994 (World Bank, 2011). Figure 3 illustrates the trend in access to safe water across six countries with similar socio-economic conditions.

Figure 3: Trends in access to safe water in rural areas in six countries, 1999-2012



Source: UNICEF State of the World's Children reports 1999-2012.

The percentage of households that have gained access to community stands halved from 12.4 percent in 1994 to 6.2 percent in 2011. Meanwhile, the percentage of households with no access also reduced significantly from 15.6 percent in 2001 to almost 9 percent in 2011, further asserting that many households in South Africa have gained access to piped water since democracy (Statistics South Africa, 2012c).

In terms of sanitation, more than 340 000 households have gained access to at least a basic level of sanitation services, with access increasing from 77 percent in 2009 to 82 percent in 2010/11 (The Presidency, 2012b). In terms of promoting access to

electricity, the proportion of households using electricity for lighting increased from 69.7 percent in 2001 to 81 percent in 2009, and to 84.7 percent by 2011 (Statistics South Africa, 2012c). However, the rate of delivery is insufficient to reach the target set by government of achieving 100 percent by 2014.

Sizeable gains in rural education have also resulted from government interventions. Much remains to be done towards clearing the backlogs in education infrastructure, improving access to learner materials and attracting and retaining good educators. Census data from Statistics South Africa (2012c) reveals how education has reached many poor people in the former homeland local municipalities over a 10-year period between 2001 and 2011, with those without any schooling halving and those with matric going up by three-quarters (see Table 7).

However, key services, such as water, sanitation, roads, education and health, are still significantly worse in rural areas than in urban areas, in terms of access and quality (The Presidency, 2012b). Where services are available, they are often of lower quality and more poorly maintained than in the rest of the country. Farmworkers are often worse off, with their ability to access basic services largely dependent on the nature of the relationship they have with the farm owners (The Presidency, 2012b).

Table 7: Educational levels in different types of rural areas

Educational level	Year	Mainly former homeland local municipalities	Mainly rural formal local municipalities	Metros
No schooling, percentage	2001	34.6	20.6	8.7
	2011	17.9	10.9	3.6
	<i>Percentage change</i>	<i>-16.7</i>	<i>-9.6</i>	<i>-5.0</i>
Matric, percentage	2001	12.1	15.9	26.1
	2011	20.7	22.9	32.3
	<i>Percentage change</i>	<i>8.6</i>	<i>7.1</i>	<i>6.2</i>

Source: Statistics South Africa, 2012c

A persistent challenge facing rural areas has much to do with the dilemma of providing sustainable basic services to a dispersed population, and doing so at a reasonable cost. Population density and spatial disparity pose serious limitations to the efforts of developing most of these areas. For some, mobile services, such as clinics and libraries, have proved to be the best option. In other cases, access to services improved through the extensive use of volunteers in certain sectors, such as health (home-based care, direct observational therapy) and education (early childhood development practitioners and adult basic education and literacy), (see Box 3). For commercial farming areas, the provision of basic education services has largely depended on the insight of farm owners allowing farm school education. However, recent developments in education policy suggest a shift away from the

practice of farmer-led education with the advent of rural learner transport services from farm areas to public and boarding schools.

Rural local government is very weak in terms of staffing and resources, particularly in former homeland areas. This means that it is unable to invest effectively and maintain rural infrastructure (water, sanitation, electricity, rural roads). In addition, municipal integrated development plans are weak and many rural municipalities are not yet playing an effective role in coordinating development initiatives across sectors. The expectation is for rural local government to be able to mobilise services effectively in rural areas, but it has a problem to manage this. For the future, a major impetus is needed to strengthen rural local government.

2.2.7 Institutions

The complex patchwork of rural areas shown in Table 2 leads to a variety of types of “community”. However a characteristic of rural areas is the importance of their social capital, the importance of traditional structures in the former homelands, and the network of community structures including churches, stokvels, burial societies, traditional healers, and traditional birth attendants. In addition community-level services such as community health workers and home-based carers, are particularly important as the greater distances make to expensive to travel to towns for services.

Box 1: Municipalities in rural areas

Municipalities vary greatly in size and resources from very rural district municipalities such as Naledi Local Municipality in the Free State which has a population of 29 000 and 29 percent of gross value added coming from agriculture, to the adjacent Mangaung Local Municipality, which has a population of over 650 000 and encompasses the city of Bloemfontein, large (Botshabelo) and small towns (Thaba N’chu), and a large area of commercial farming, with only 3.4% of its gross value added coming from agriculture (Goldman and Reynolds, 2008).

Throughout the period under review, traditional authorities have continued to play an important role, although not as directly after 1994 and the emergence of local government. There have been tensions between the two, as the newly elected politicians have sometimes clashed with the old established traditional structures, who have combined customary authority (over ritual and tradition), with a governance role in the time of the homeland administrations.

Local government has evolved from transitional rural councils in the hinterlands of the towns, to integrated local governments, including rural towns and their hinterlands, and even the big city administrations (such as eThekweni) now include major rural areas. Wards were created as the elected structures, with ward committees elected and intended to be the major participatory structures. These have worked effectively in some places and less effectively in others, and are more

of a challenge in rural areas, as wards can be up to 50 km across in the Northern Cape, which makes participation a challenge.

In general, rural local governments get the majority of their revenue from transfers from central government. The amounts they have to spend on services and infrastructure are much less than in the larger urban municipalities, and capacity and services are much poorer.

3 Reflection on achievements

3.1 Achievements

3.1.1 People in rural areas

Between 1995 and 2008, incomes rose significantly in rural areas, although less than in urban areas. Poverty remains high in rural areas, although there is some indication that it may be falling, and that the towns in the former rural homelands are showing some economic vitality. Amid this difficult position, the expansion of the social grant system has had a huge impact in rural areas.

The main government grants were the old-age and disability pensions. In 2009, some 2.4 million people received the old-age pension, 1.3 million the disability grant, and 8.8 million the child support grant (South African Social Security Agency, 2010: 5). Some slippage was evident from 2008 to 2010, presumably due to the global recession and an earlier phase of rapid food price inflation. Between 2010 and 2011, however, the earlier positive trend resumed almost back to 2007 levels. By 2012, 16.1 million people were beneficiaries of social grants in South Africa, and in rural areas they made a major contribution to reducing poverty levels.

Education levels in rural areas are lower than in urban areas, but the proportion of children attending school has risen significantly, and the proportion of people with no schooling has halved in commercial farming and former Bantustan areas, but is still at 17 percent in the former, dropping from 34 percent in 2001 (see Table 7). In traditional systems, women have played a more limited role. Their position has been strengthened as national law has become predominant, with significant implications for women in rural areas.

3.1.2 Agrarian reform and transformation

The commercial sector has prospered and the contribution to gross domestic product (GDP) has doubled since 1994 (see section 1.2), with particular growth in areas such as wine exports. There are some worrying areas, such as labour unrest, and the lack of finality in resolving land claims has cast a cloud over investment in some areas.

In retrospect, in 1994 the challenges of undertaking land and agrarian reform were underestimated. The total amount of farmland transferred by means of restitution and redistribution is about 11 percent. Since the inception of the Restitution

Programme in 1995, 79 696 claims have been lodged and 77 334 have been settled, of which 59 758 have been finalised. The pace of settling these claims has improved over time as the system matures. Some provinces have done much better than others (see Table 8). KwaZulu-Natal has exceeded the target, while Mpumalanga has made significant progress towards achieving it.

To date, well over 10 000 rural claims have been settled, affecting around 1.2 million people, or 240 000 households in 2012. Of these claims, about half were settled through land restitution, and the other half by financial compensation. The Land Acquisition and Redistribution Programme has exceeded its targets, with 4 860 farms transferred to black people and communities between 1994 and March 2013 – close to 4 million hectares, benefiting a quarter of a million people (see Table 8). Similarly, 1 269 farms were recapitalised between the third quarter of 2009 and March 2013.

Table 8: Land Reform Redistribution, 1994 to 31 March 2013

Province	Projects	Hectares	Beneficiaries
Eastern Cape	623	287 952	25 328
Free State	628	199 632	7 778
Gauteng	206	14 560	7 116
KwaZulu-Natal	665	398 735	73 963
Limpopo	279	74 963	7 541
Mpumalanga	356	233 148	17 406
Northern Cape	255	896 159	1 782
North West	330	184 338	57 934
Western Cape	267	485 849	27 047
South Africa	3 609	2 785 336	225 895

Source: Department of Rural Development and Land Reform, 2013b

To address the challenges on land reform, enabling legislation had been processed. Some legal instruments established new institutions in support of rural development and land reform, and others sharpened the mechanisms used to give effect to the mandate for sustainable agrarian transformation. Examples include the Green Paper on Land Reform, the Spatial Planning and Land Use Management (SPLUM) Bill, the Restitution of Land Rights Amendment Bill, and the Property Valuation Bill, which established the Office of the Valuer-General. The State Land Audit, to determine exactly how much land is owned by the state, was recently completed, and its results will better inform various agrarian transformation programmes.

In 2009, government announced a clear intention to focus on the development of the smallholder sector (small-scale farmers who produce in part or mainly for the market). The idea of growing the smallholder sector is an important point of departure in that it suggests that the smallholder sector is a valuable one on its own. Although growth in the number of smallholders has been slow, some progress has

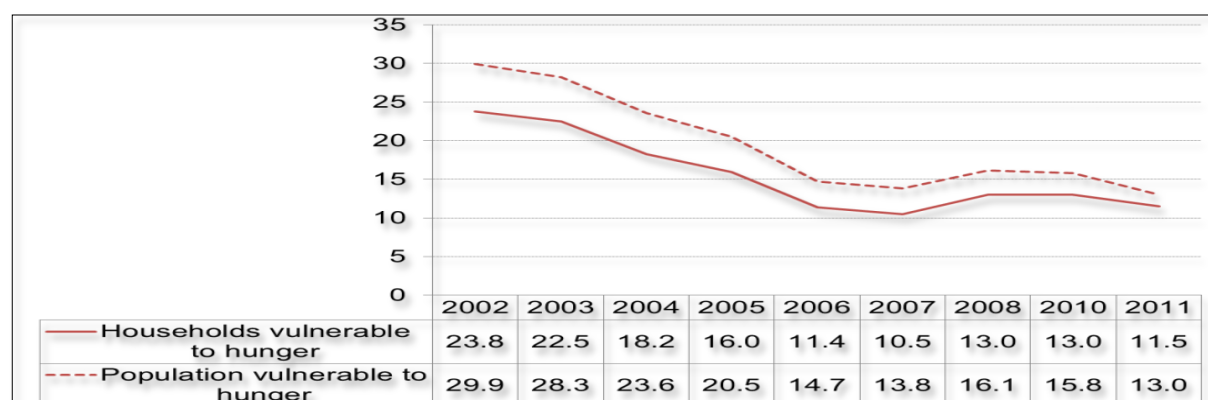
been made through interventions such as the Extension Recovery Plan and through the activities of commodity organisations, such as Grain SA, the South African Sugar Association, the National Woolgrowers' Association and the Citrus Growers Association.

There are few examples of effective partnerships between commodity organisations and black farmers, including farmers in the former homeland areas and land reform beneficiaries. One of the most effective models has been outgrower schemes, whereby smallholder or emerging black farmers are supported by a company in the agroprocessing sector that sees the success of black farmers as helping it maintain or increase throughput. This has been the case, for example, for cane farmers in communal areas in KwaZulu-Natal and Mpumalanga, and emerging citrus farmers who have benefited from land redistribution in the Sundays River Valley in the Eastern Cape.

3.1.3 Food and nutrition security

The most consistently collected data pointing to a significant achievement over the past 10-year period is the annual qualitative reports of hunger from Statistics South Africa's GHS, which reveals that between 2002 and 2011, the proportion of households experiencing hunger "sometimes", "often" or "always" declined from 24 percent to 11 percent. Similarly, those experiencing hunger "often" or "always" declined from 7 percent to 2 percent (see Figure 4).

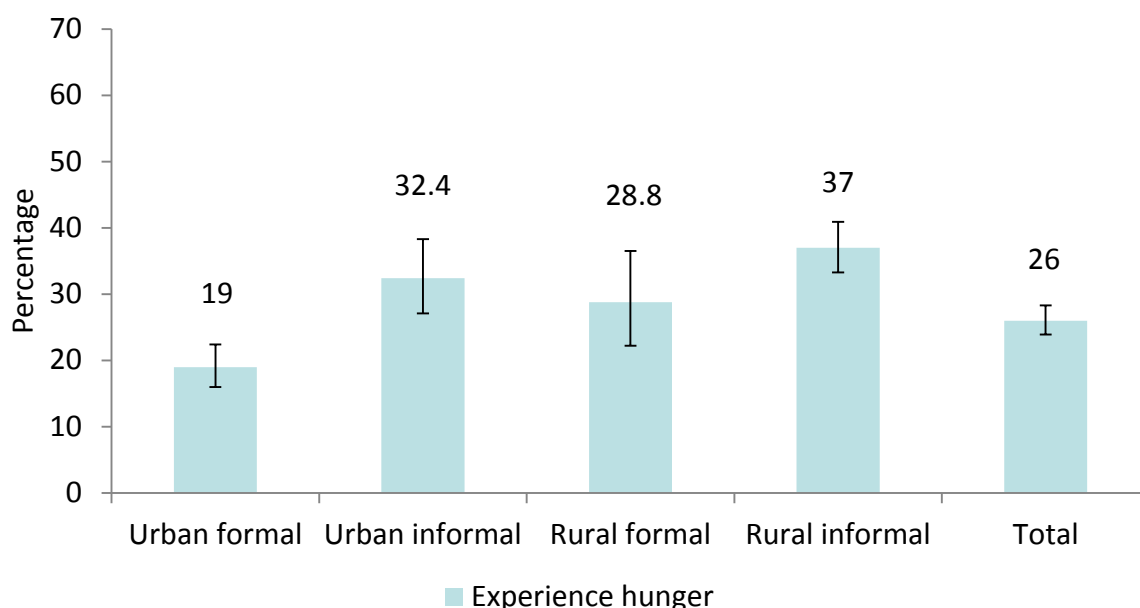
Figure 4: Percentage of households and persons vulnerable to hunger in South Africa



Source: Calculated from StatisticsSouth Africa, 2012b

The South African National Health and Nutrition Examination Survey (SANHANES) found similar trends, with the percentage of households experiencing hunger dropping by half from 52 percent (n = 2 735) in 1999 to 26 percent (n = 6 306) in 2012. However, there is a high prevalence of vulnerability to food insecurity in informal localities in both urban (32.4 percent) and rural areas (37 percent) (see Figure 5).

Figure 5: Prevalence of households experiencing food insecurity by locality in South Africa, 2012



Source: Human Sciences Research Council, 2013

There is however, a general improvement in household food and nutrition security owing to a combination of increased social grant coverage and earned income. Another significant achievement has been the provision of school meals to over 9 million learners.

The generally improving trend for the population as a whole conceals the fact that, at the household level, there is considerable flux into and out of the state of hunger. The threat of experiencing hunger is thus greater than the figure of 11 percent would suggest. Also, as stated in earlier sections of this review, there is potentially a big difference between hunger and undernutrition.

At a practical implementation level, 948 468 food gardens have been established since 2009 to enable at least 30 percent of poor households to produce some of their own food. Other forms of subsistence for vulnerable households are articulated in the Zero Hunger Strategy as part of a broader policy on food security (The Presidency, 2013).

3.1.4 Non-farm rural economy

The most significant story in the non-farm rural economy since 1994 is the apparent dynamism of the former homelands, which has been discussed above. This section explores some key issues to understand this process better, and to ensure ways of building on it. The example of Elim is telling in this regard (Box 2). Its success shows

that there is purchasing power in these rural areas, which can be tapped and can lead to significant private sector development.

Box 2: A shopping mall in Elim

In 2006, a new shopping mall was built in the centre of Elim after developers negotiated a long-term lease with the traditional authority. This was the result of a process started a few years earlier by Trade and Investment Limpopo, an agency of the provincial government. Trade and Investment Limpopo commissioned a number of “nodal scoping studies”, and Elim was one of those areas where the demographics and associated “market demand” were deemed adequate to support a mall development. The mall consists of 36 stores of various sizes, with the anchor tenant being a large Spar supermarket. While the owner of the main building that forms the focus of the old shopping centre was vehemently against the mall, the evidence suggests that the introduction of the new mall has served to intensify rather than redistribute Elim’s commercial activity. If anything, the redistribution has been in terms of local residents who previously travelled all the way to Makhado (formerly Louis Trichardt) to shop, now choosing to shop locally. There is little indication that the number of hawker stalls has diminished. Moreover, there has been further conspicuous private investment in the area immediately surrounding the main intersection, including newly built doctors’ rooms and a hardware store belonging to a province-based chain.

The increased demand for residential accommodation is visible through evidence of higher density settlement around the town’s centre. The further away from the centre, the more sparse the residential units. Virtually all the open space in the immediate vicinity of the two shopping malls has been taken up by car repair, car wash, dressmaking and other informal businesses. Meanwhile, the original Elim residents have either extended their houses, or constructed other buildings or temporary shelters on their stands to provide extra accommodation. Another important observation is that the Elim Spar sources approximately 75 percent of its fresh produce from local black farmers. This was not by design, but rather because the fruit and vegetable manager gradually realised that it was easier and less expensive to ensure a supply of fresh produce by relying more on local procurement than on trucks dispatched from Spar’s distribution centre in Gauteng. Altogether, the Elim Spar tends to rely on about 40 to 50 local producers, who collectively take home roughly R5.4 million per year, or on average R120 000 each.

Other successes of note are the expansion of the tourism sector and transformation in mining. In tourism, the number of foreign arrivals has increased from about 4 million in 1994 (which itself was up from 1 million in 1990), to over 9 million in 2007. In 2012, foreign tourists spent about R70 billion in South Africa, and domestic tourists about R20 billion. The rural share is difficult to tell, but it is estimated to be in the order of 20 to 40 percent, due in part to food in overall tourist spend (which accrues to farmers and agroprocessors), and in part because between 6 and 12 percent of tourists visit nature reserves or game farms for wildlife experiences, as reported by the Tourism board.

The Mining Charter was adopted in 2002, following a long consultation process involving government, industry, the Chamber of Mines, the South African Mining Development Association, and the National Union of Mine Workers. The charter was an adaptation of the generic Broad-based Black Economic Empowerment (B-BBEE) Framework. The intention at the time was to review progress in respect of the charter in five years' time, which was conducted and released by the Department of Mineral Resources (DMR) in 2009. The review was a concise, thorough analysis of progress made in respect of the scorecard domains, and found performance wanting in most of the domains, save management participation. Consequent to the 2009 review, the Amended Mining Charter was introduced in 2010. The amended charter clarified definitions, recalibrated some of the weights associated with scorecard elements, and introduced the real possibility of penalties in the event of poor compliance, in particular, such as the revocation of a company's mining licence.

With regard to the sector's performance on mine community development, the review was especially unimpressed. While the state itself has found community development quite challenging, it would appear that some mining houses have taken the findings of the review to heart and are seeking to do things in new, innovative ways. For example, both Amplats and Sishen Iron Ore have begun experimenting with "super trusts". These are jointly managed platforms with communities or groups of communities through which more specific initiatives can be identified and implemented. This brings a degree of regularity in contact and joint ownership – figuratively but also literally – between the company and the community, in preference of a series of ad hoc, isolated interventions.

To some extent, one can regard the high and increasing levels of concentration in the mining sector as an impediment to transformation, especially in the sense that the "space" available for small companies to emerge and thrive is limited. However, the concentration is also potentially an advantage, especially in conjunction with a determined and proactive government department such as Mineral Resources. Because of their sheer size, mining houses have been able to invest in training programmes and career development programmes, and created shared ownership participation schemes with employees (such as Kumba's). They have, in fact, now seemingly become skilled agencies for promoting community development.

3.1.5 Services

Since 1994, progress has been made in accelerating access to basic services for the poor (see Table 4). Innovative service delivery models, including paraprofessional and community-based models are being used in all rural municipalities to address agriculture, health, and adult literacy and early childhood development (ECD) services. Likewise, novel systems to address the challenge of potable water and sanitation in rural areas have been implemented, including conservation agriculture technology, water purification plants, the acquisition of land in support of the "sugar beet for biofuel" production and semi-green agri-villages under the Comprehensive

Rural Development Programme (CRDP). ICT facilities are being rolled out at schools. Examples include the Cofimvaba e-Textbook Programme, which involves the rollout of the required IT backbone infrastructure to a 26-school education circuit, and the provision of a tablet device to every participating learner and educator (Department of Rural Development and Land Reform, 2013b).

Government continues to support services through incentives for free basic services, the Municipal Infrastructure Grant (MIG) and local economic development (LED) plans. There has been a focus on rural local government, for example, through the Siyenze Manje Programme of the Development Bank of South Africa (DBSA).

Box 3: Siyenze Manje

An estimated R340-million was disbursed by the DBSA's Development Fund through the Siyenze Manje Programme. The Programme employed 189 engineers and technicians, 80 finance experts, 26 planners, 156 young professionals and 164 artisans. More than 120 of these employees were seconded to 199 municipalities and 18 government departments, which facilitated 3 825 Municipal Infrastructure Grants (MIGs) and capital expenditure projects to the value of R8.9-billion. These projects created 64 869 jobs and provided 107 195 households with access to sanitation services and 406 719 households with access to bulk sanitation. In addition, 203125 households were connected to water reticulation networks and 410 093 households to bulk water

African Peer Review Mechanism, 2010

Another example of a successful programme has been the rollout of rainwater tanks across the Eastern Cape, in particular. These tanks made a significant difference to people's lives, and show how service provision models can be adapted for rural areas. Other examples of innovation include making it possible for people to pay for electricity by cellphone, saving long and expensive journeys in some cases for people to travel and pay often small electricity bills.

The figures provided earlier pointed to a halving of those in rural areas who had not been to school between 2001 and 2011 (see Table 7). This indicates a massive increase in those at school, as well as the passing away of a big cohort of people who had no schooling. Those with matric from the rural population have risen from 12 percent to 20 to 22 percent in only ten years – a huge change. There has been a massive expansion of services for ECD, including Grade R, although the reach in rural areas and to poor children can be improved (Department of Social Development, 2012). The Kha Ri Gude Programme has been very successful in reaching rural adults, with a total of over a million adults across the country achieving basic literacy at Grade 3 level (see Box 4).

Box 4: The Kha Ri Gude Mass Literacy Campaign - "let us learn"

The Kha Ri Gude Mass Literacy Campaign was launched in February 2008, with the intention of enabling 4.7 million South Africans to develop numeracy skills and become literate in one of the 11 official languages by 2012. Initiated and managed by the Department of Education, Kha Ri Gude delivers to all corners of the country in a massive logistical outreach.

Kha Ri Gude enables learners to read, write and calculate in their mother tongue in line with the unit standards for ABET Level 1, and also to learn spoken English. The Kha Ri Gude material teaches reading, writing and numeracy in an integrated way. Life skills and themes like health, gender, the environment and social justice are mainstreamed across the curriculum. Kha Ri Gude is available at no cost to adults who have little or no education. Classes are held in family homes, churches and schools – wherever learners are. Kha Ri Gude material has been adapted for use in Braille in 11 languages, and for use by the deaf. The campaign was piloted in 2008.

In the period 2008 to 2012, the campaign reached 2.9 million adult learners. It is anticipated that a further 676 800 learners will enrol in 2013, which will bring the total to 3 599 227 learners. Completion rates rose from 80 percent in 2010 to 93 percent in 2012. The campaign is not only changing the lives of the illiterate, but also provides an average of over 39 500 volunteers in the poorest communities with a small income. Of its total income, 75 percent is paid in the form of stipends to volunteers. The campaign reduced the average per capita cost per learner from R1 271 in 2008 to R869 in 2012, thereby intensifying its outreach. By the end of 2013, South Africa will have over 3.5 million literate adults against the set target of 4.7 million. This confirms that South Africa will achieve the United Nations target for literacy by 2015, a major achievement for the country.

Another example of an innovative programme specifically targeting rural areas is the Zibambele road maintenance system. While maintaining the rural roads network, impoverished households are provided with a regular income. The neediest households are identified and chosen by their own communities. Contracts are awarded to households rather than to individuals, ensuring the spread of the responsibility and the income. Women headed households are targeted, despite the powerful patriarchy that pervades rural KwaZulu-Natal. In addition to being gender affirmative, this focus is also based on findings that welfare transfers to women are spread further into the community.

In terms of improving the lives of young people, the introduction of the National Rural Youth Service Corps (NARYSEC) in 2010 has made a contribution to youth skills development in rural areas. Through this programme, unemployed youth have been trained in partnership with further education and training colleges countrywide. They have been trained in various civil and construction programmes, and in leadership, and they profile rural households in the CRDP nodes.

3.1.6 Institutions

National government has become much more focused on the needs of rural areas since 2009, acknowledging the weaknesses up to that stage. A national champion has been created for rural development – the DRDLR – although there are still some unresolved issues about mandates, notably between the DRDLR and the Department of Agriculture, Forestry and Fisheries (DAFF). All national and provincial departments have relevance for rural areas, providing services in some capacity, such as health, education, social development, etc. There are also some important national agencies working on rural issues, including the Land Bank and South African National Parks (SANParks). While the mandates and strengths of some of

these agencies have gone up and down, organisations like the Land Bank are making major contributions to emerging farmers, from no contribution in 1994.

Rural people continue to be active and involved in their local communities. This can be seen especially in community-based services, such as community health workers and home-based carers, who are often making major contributions in their communities. Similarly, local non-governmental organisations (NGOs) provide good examples of local partnerships for development, often involving volunteers, professional or paraprofessional NGO staff, and government funding, the provision of norms and standards, and sometimes training.

Another example of community organisation is the Makuleke community, which was forcibly removed from 22 000 hectares of land to make way for the northern part of the Kruger National Park. Through the restitution process they were given their land back in 1996, but they now have a contractual agreement with the Kruger National Park. They have a joint management board with the park and have commercial access to the area, including leasing and hunting. The communal property association represents around 15 000 members, and has an executive of eight, including the chief. A development trust administers the money, which has been used to electrify schools, organise heritage functions and feed poor families. The trust gets 10 percent of turnover as a lease fee, and the wages amount to about R2.4 million. The work is not plain sailing and there are tensions between the partners, but the project is progressing.

Traditional authority has become recognised nationally, with the creation of provincial and national houses of traditional leaders. Therefore, this traditional African system has now become formalised, albeit playing more of a customary role. There are examples of traditional authorities playing a very positive role in supporting local development, of which an outstanding example is that of the Royal Bafokeng (see Box 6).

In general, rural local government has proved to be quite problematic. However, there are outstanding cases where local governments are coordinating development effectively, and are providing the leadership that is essential if rural areas are to progress and use their limited resources effectively to promote development. One example is Ingwe Municipality (see Box 5).

Box 5: Ingwe Municipality

The Ingwe Municipality in the midlands of KwaZulu-Natal is a small, largely rural municipality centred on the town of Creighton, with a population of 190 000. The municipality has been rated as one of the best performing in the country in terms of a national awards scheme. The municipality has prioritised addressing poverty in its integrated development planning (IDP), and identified an innovative range of mechanisms to achieve this, most importantly around

tourism. One of these mechanisms has focused on reviving the local railway line as a tourist attraction, driven by a partnership involving the municipality, mission, rail and tourism authorities and local interest groups. Over 200 jobs have been created, mostly of a short-term nature, and a significant reorientation of the focus of the local economy is taking place.

The provincial and multiple other administrations of the apartheid era merged after 1994 (for example, 13 administrations merged to form the Free State Department of Agriculture). The integration of these into single provincial structures is no mean achievement, even if performance can be improved. In terms of particular achievements, there are examples of provincial departments playing very important roles in rural areas. One of the top provincial departments in the annual management performance assessments that have been conducted by the Department of Performance Monitoring and Evaluation (DPME) since 2011 has been the Western Cape Department of Agriculture, which has restructured its services to support emerging farmers.

Box 6: Royal Bafokeng Nation (RBN)

The Royal Bafokeng Nation (RBN) is located in the Rustenburg Valley, North West, with a population of about 150 000 living in 29 villages. It owns 1 200 km² of land that holds the world's second-largest platinum deposit. This traditionally governed community has succeeded in harnessing natural resource-based income for the long-term, sustained development of its rural population. It has done this through the early acquisition of title deeds to its communally owned land, the strategic use of the law to secure fair royalties from mining companies exploiting the resources on its land, the establishment of an intergenerational fund (Royal Bafokeng Nation Development Trust) and its subsidiary professional investment company (Royal Bafokeng Holdings) to manage its resources, and the conversion of its royalties into shares, company ownership and a diversified investment portfolio, and the establishment of professional administrative structures to provide services to its people.

RBN governance structures combine hereditary leadership with elected village and regional representation and direct community consultation at many levels. The community is led by a hereditary king (*Kgosi*), and each of the 72 wards (*makgotla*) has a hereditary headman (*Kgosana*). On the 90-person Supreme Council – which is the custodian of Bafokeng culture and tradition and approves detailed social programmes and budgets – these *dikgosana* are joined by two elected representatives from each of the five Bafokeng regions and eight legal and financial professionals appointed by the *Kgosi*. The nation's highest decision-making body is the *Kgothakgothe* (General Meeting), which takes place twice a year and is attended by over 2 500 RBN residents who receive feedback on the activities of the RBN administration and RBN institutions and take resolutions regarding strategic decisions. No significant decision regarding land or the management of the community's resources can be taken without a resolution passed by the *Kgothakgothe*.

Cognisant that the platinum deposits under its land are going to be depleted in less than 40 years' time at the current rates of extraction, the RBN's priority is to ensure the economic security of the community into the post-platinum future. From being almost entirely dependent on platinum revenues in 2006, the RBN today has a diversified investment portfolio of R35 billion (at the 2012 year-end), with only 50 percent exposure to the highly volatile mining and metals sector. From the returns on this portfolio, the Royal Bafokeng Administration has spent between R750 million and R1.3 billion per annum since 2008 on local social and economic development. Over 90 percent of all households in formal villages have running water and electricity in their homes, well above the provincial and national averages for rural areas. The Bafokeng have the reputation of being "rich", but for their resources to have a sustained impact on the welfare of the community, they cannot be spent on short-term gains, leading to some popular disappointment. While the RBN has established solid foundations, it is aware that it still has far to go to achieve its vision of being a socially, economically and environmentally sustainable rural community true to its African heritage and traditions.

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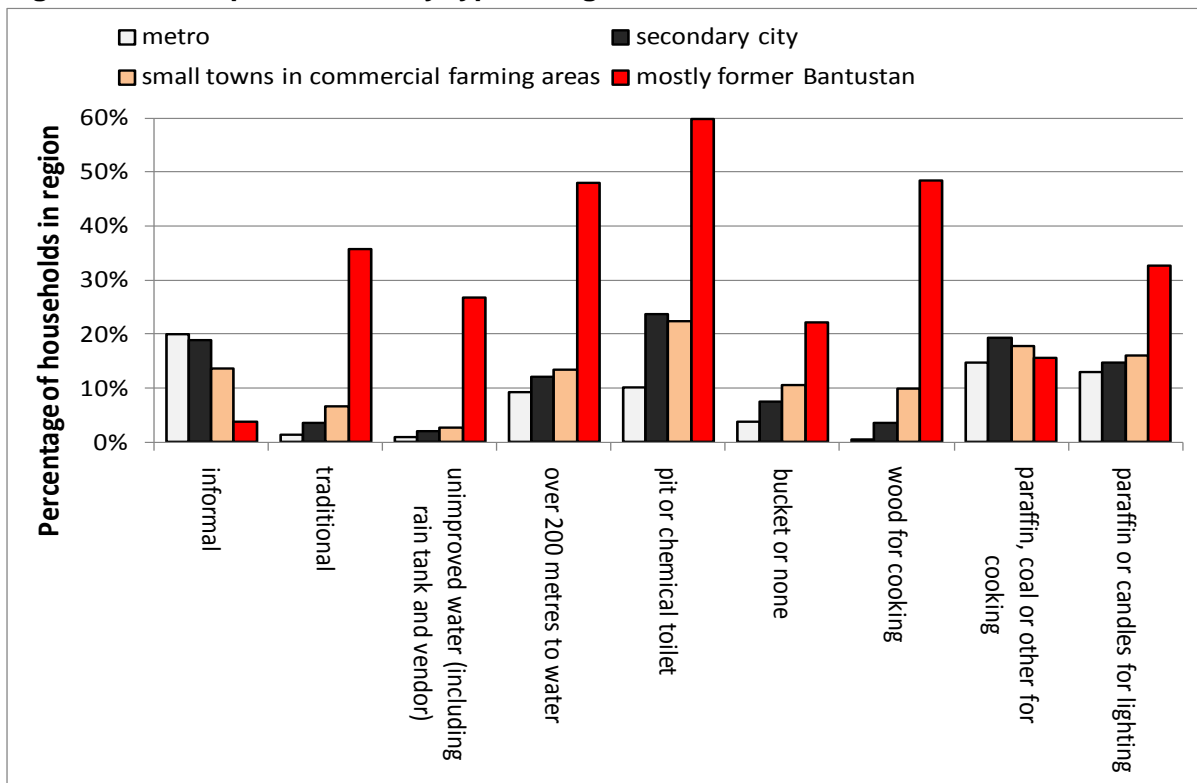
4 Summary and recommendations

4.1 The spatial design restricting rural transformation

The National Development Plan (NDP) conceptualises the challenge for rural development as that of the marginalisation of the poor, trapping many rural areas and households in a vicious cycle of poverty. Rural areas and communities require greater social, economic and political opportunities to overcome the legacy of marginalisation and poverty. To achieve rural transformation, there has to be reasonable consensus among actors who influence rural development on the structural limitations of development planning around apartheid’s spatial design. This design reinforces fragmented and segregated development, which further weakens socio-economic and cultural linkages between rural and urban areas. As a result, despite achievement on key national indicators since 1994, chronic underdevelopment still continues in large pockets of the rural space – manifested through poverty, unemployment and income inequality.

Land ownership patterns are such that land will remain (at least for the foreseeable future) in the hands of a few, further exacerbating inequalities. Furthermore, the agricultural sector has been slow in increasing production efficiency and accessing new markets and opportunities, which resulted in job losses. Labour practices in that sector remain a cause of concern; the conditions of farmworkers are not improving at the desired pace.

Figure 6: Municipal services by type of region^a



Source: Makgetla, 2010; data from Statistics South Africa, Community Survey 2007.

Note: Definitions of service levels are those used of Statistics South Africa in the survey. It should be specified that unimproved water aggregates households that get water from a spring, dam, river, stream, rain tank or water vendor, and that pit toilets include those with ventilation and others.

Government services in rural areas have lagged behind national norms, despite massive investments after 1994. As Figure 6 shows, backlogs in water, sanitation and electricity remained concentrated in rural areas. These areas require greater social, economic and political opportunities to overcome the legacy of marginalisation and poverty. Therefore government actors that influence rural development have to work in tandem to create an integrated and inclusive rural economy.

4.2 Improved coordination – a prerequisite for better delivery of rural services

South Africa's intergovernmental system of spatial planning has been slow to develop. There is also weak coordination of planning and implementation of rural development across and within the spheres of government. This is exacerbated by contestations of mandates, including those of traditional authorities on land use.

This complex division of powers and functions between the three spheres of government, coupled with ambiguities in the Constitution about who is responsible for spatial planning, has created uncertainty in the development arena, and its impact is felt the most in rural areas. The priority of municipalities has been on expanding the coverage of services, while deferring maintenance on basic assets – without maintenance, assets will require replacement long before they have reached the end of their design life. In most municipalities, there is limited adoption and use of area-based and differentiated approaches for targeted development. However, there are a few capable rural municipalities from which best practices may be drawn to achieve success in rural development. Some of these have been used as case studies elsewhere in this review.

Government thus recommends a deliberate effort towards realising improved spatial planning, coordination and integration as outlined in the SPLUM Bill, including resourcing and implementation models at local government level. The role of traditional authorities in spatial decisions about land use needs to be reviewed through communal tenure reforms.

4.3 Pro-active citizens driving development efforts

An engaged citizenry is a central part of the NDP. By 2030, rural residents should experience economic growth and food security, and have jobs as a result of agrarian transformation and infrastructure development programmes. They should also have improved access to basic services, health care and quality education (National

Planning Commission, 2012). To be realised, rural communities have to be actively involved in taking forward development in their area through catalytic programmes and projects. Similar principles guide the implementation of the CRDP. However, most community leaders are not sufficiently empowered to make informed choices and decisions within the parameters of rights to service. The establishment of institutional forms, such as councils of stakeholders and ward committees, has failed to generate an enlightened rural citizenry.

In recent years, the country witnessed service delivery-related protests (African Peer Review Mechanism, 2010). A government report on the state of local government identifies the causes of the protests as fourfold, namely systemic (maladministration, fraud, nepotism and corruption), structural (health care, unemployment and land issues), governance (weak leadership, the erosion of public confidence in leadership and ineffective public participation) and opportunism (the pursuit of private gain at the expense of the common good). Public participation and coordination mechanisms, such as ward community systems, constituency office systems, councils of stakeholders and street committees should be strengthened, especially in rural municipalities. The fundamental leadership challenges that face rural local government will have to be addressed for this to be realised.

4.4 Involving the private sector effectively

The review pointed out areas of development potential for multiple actors in rural development. Most important is the role of agriculture as the primary production sector with the greatest opportunity for reducing rural unemployment. Households in rural provinces such as KwaZulu-Natal, the Eastern Cape, Limpopo and Mpumalanga engage in agricultural activities within the constraints of limited growth into commercial agriculture throughout the value chain. Where opportunities for enterprise development exist, such as in KwaZulu-Natal, there is evidence of household participation in benefitting activities and commercial agriculture (Statistics South Africa, 2012b). Similarly, where government support services augment private sector initiatives, such as the provision of extension services to strengthen smallholder wool growers, productivity rises and new entrants are attracted to the enterprise. Working in partnership has the potential to transform rural areas.

In terms of addressing the challenge of weak rural municipalities, again it is the private sector that has the necessary expertise and resources available to support municipalities in performing their operational and maintenance obligations in a sustainable manner. The possible deployment of former municipal engineers who are currently in the employment of private consulting firms to advise municipalities and assist with certain responsibilities should be considered. Rural municipalities, especially those that are struggling to keep their services infrastructure operational, need to consider outsourcing essential services, such as water and wastewater treatment, to the private sector.

4.5 Expanding successful service models for rural areas

Rural development programmes are costly, and it takes time for results to become visible. However, delivering the basic services and investing in human capital development such as education, health, and social services (including capacitating human resources in municipalities), and facilitating mobility to economic centres can have greater poverty-reducing impacts on rural development. Doing so ensures that settlements become more economically viable. The provincial and national government spheres are keen to commit funds for capital projects through MIG funding, but are reluctant to support municipalities to meet their operational and maintenance obligations.

The EPWP and the CWP have been useful in this regard, and should be scaled up and strengthened through partnership models with private contractors. More effort should be dedicated to supporting the establishment of partnerships for basic free services so as to ensure the availability of water and sanitation in rural areas, including measuring the delivery pace and levels of access to safe and clean water and to clean, renewable energy for indigents and female-headed households. Other models include the use of community-based service delivery models, such as Kha Ri Gude, and home-based care to provide services in rural communities. Other innovative approaches to service delivery should be reinforced, such as mobile services and the increasing use of mobile phones to access essential decision-making services.

4.6 Strengthening the contribution of agriculture but also achieving agrarian transformation

The country is still some way off seeing the establishment of a successful smallholder sector – with challenges in a number of the instruments established to support it. 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. On the other hand, while most transfers via land reform have involved the transfer of land from private owners to land reform beneficiaries (whether as new owners or lessees), some restitution claims have been against state-owned land, and most of these have progressed reasonably well. However, it has long been the perception that the state owns a large amount of land that would also be suitable for redistribution. One of the constraints of making use of this state land is the lack of data about it, in particular, what is available and suitable for redistribution purposes. The land audit project was completed in March 2013, and the practical implications should become evident once the data has been made available.

Post-settlement support is not as effective as it should be. A number of evaluations are underway at present to investigate these programmes, including RECAP, the CRDP, Land Restitution, the Comprehensive Agricultural Support Programme (CASP) and the Micro-agricultural Financial Institutions of South Africa (MAFISA). In the plan for 2014/15 is a policy evaluation of policies to support small-scale farmers,

and this is urgently needed to establish coherence between the work of the DRDLR and the DAFF, as well as effective interventions to create sustainable smallholders. Another key problem is access to markets for smallholder farmers in an economy where agroprocessing is dominated by large agro-industries. Opportunities to expand these markets are needed, including government procurement from smallholders.

Tenure reform is the third component of land reform and, as stated earlier, progress has been uneven. Land tenure reform hinges on the critical issue of security of tenure for people living on farms, illegal evictions and disrespect for citizen's land rights. The tenure insecurity of labour tenants has, to a large degree, been successfully addressed by means of redistribution. The Extension of Security of Tenure Act has sought to confer tenure security among farm dwellers in general, but the impact is ambiguous, with some observers claiming that it encouraged farm evictions more than it prevented them. At any rate, a key feature of the post-1994 landscape is the increasing number of former farm dwellers moving into or near rural towns, sometimes finding themselves in squalid conditions and/or placing strain on municipal infrastructure and services. The Constitution urges government to enact measures to protect such rights, giving impetus to the speedy delivery of title deeds and a resolution on labour unrests.

The big issue of tenure security, however, is its lack of progress in former homeland areas, which requires both new legislation and administrative systems. New legislation was passed in 2004, but was challenged in the Constitutional Court and then struck down before meaningful implementation began. Another challenge is how best to leverage the ownership of land. The Royal Bafokeng and Makuleke communities show how it is possible to use land ownership to leverage benefits apart from the direct management of the land. Creative ways are needed to explore these types of opportunities.

Commercial agriculture has expanded in the last 20 years, but there are a number of areas where it is under threat – from labour unrest and low prices. However, the sector is critical, as it employs large numbers of people and is still a major economic driver for rural areas.

4.7 Overcoming food and nutrition security challenges

For the most part, South Africa is self-sufficient in food production, despite cases of households that are chronically undernourished and experience undernutrition from time to time. The country has a functional social protection system that needs to be enhanced in order to ensure household food and nutrition security.

While government has started work towards the finalisation of the comprehensive Household Food and Nutrition Security Strategy, this work has taken far too long, and remains largely incomplete. An evaluation is underway on nutrition programmes

for children younger than five, which should provide valuable information gaps that will have to be strengthened. Government needs to accelerate reaching consensus on the Household Food and Nutrition Security Strategy, but with strong interaction between its spheres and its partners from civil society and the private sector. In the interim, even while still pondering the completion of this strategy, it is important to commence action on short-term priorities, including the following:

- Strengthening the NSNP and finding mechanisms to provide for weekends and school holidays. An evaluation has been planned as part of the National Evaluation Plan, but has not yet been completed. This should be prioritised, so that the information can become available.
- Initiating work on a national early warning system for food and nutrition insecurity.
- Developing and testing food voucher systems that can assist in addressing the food insecurity of those who are not adequately catered for through other mechanisms.
- Implementing measures aimed at improved food availability and affordability, for example, through promoting decentralised agroprocessing and competitive small-scale food retailers.

Making greater use of vouchers and cash transfers will empower people experiencing food insecurity by providing them with choice and allowing them to prioritise their needs. Evidence has shown overwhelmingly that cash transfers are used primarily to purchase food, and often high-quality food, such as meat and dairy products. The use of vouchers and cash transfers often allows for complementarity on other market activities, hence creating new livelihood opportunities for the poor.

However, transfers, whether in the form of vouchers or cash transfers, are not a panacea for addressing the causes of food insecurity. They need to be integrated into broader national plans, including into strategies and policies for social protection, and may only succeed when local markets function adequately.

4.8 Creating and sustaining viable institutions

We are still in the early stages of the establishment of integrated rural local government, which was only initiated in 2000. A key challenge that still remains is having effective rural municipalities that are able to provide services, but also to effectively champion the needs of rural areas. The rollout of the Municipal Assessment Tool by the DPME will enable a more thorough assessment of the state of rural local government, and the action that is needed. Ensuring that the key posts are filled by competent staff is fundamental, as well as swift action by provincial government to intervene where local governments are corrupt and misusing their resources.

There also needs to be closer links between the local operations of provincial departments and local government, so that there can be synergy in what is being undertaken, and so that the implementation of a useful integrated development plan can be supported.

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