THE RURAL ECONOMY TRANSFORMATION MODEL

Land Reform and Biodiversity Stewardship Initiative
Learning Exchange

11 February 2015
Presentation Overview

• Background
• The National Development Plan
• The Comprehensive Rural Development Programme
• Rural Economy Transformation Model
• Roll out of the CRDP
• Land Restitution Programme
• Conclusion
Background

• Colonialism and Apartheid confined African people into undeveloped Bantustans, or, so-called ethnic homelands, and peri-urban areas called Bantu Locations.
• Various laws were passed to enforce spatial apartheid.
• The laws enabled Government authorities in particular, and White people in general, to forcibly removed Africans into ethnic homelands and Bantu Locations.
• African people were confined to providing labour and were exploited with no intention of developing its productive capacity.
Background

• Labour was confined to either single-men's hostels or in peri-urban residential locations, as temporary places of abode, until its usefulness would have served its purpose, and would be repatriated to its 'ethnic homeland'.

• These so-called ethnic homeland areas have been, and continue to be, dominated by traditional governance or 'patrimonial authority' sustained by some subsistence economic activity, driven, in the main, by women, as the men generally worked in the mines and white commercial farms.
Background

• When they retire home they have neither energy nor inclination to work the land. Under the circumstances, this land lies fallow and poverty is the order of the day.
• Thus, the rural economy space in South Africa therefore reflects colonial patterns of economic development.
• The geo-spatial sources of raw materials, which are rural areas, continue to subsidize the urban economy.
Background

- Various interventions have been implemented since 1994 in an attempt to correct spatial apartheid, and to develop rural areas – the ethnic homelands in particular.
The National Development Plan

• The NDP is a country vision: Vision 2030

• Chapter 6 of the NDP provides for “An Integrated And Inclusive Rural Economy”

• It recognises that Rural communities require greater social, economic and political opportunities to overcome poverty.

• It proposes a three pronged strategy for rural development:
The National Development Plan

1. agricultural development based on successful land reform, employment creation, and strong safeguards for the environment. The driving force for this is the expansion of irrigated agriculture together with the expansion of dryland production in some areas.

2. For areas with limited economic potential, the focus should be on providing quality basic services, particularly education, health care and public transport.

3. For areas with greater economic potential, in particular, denser rural areas, the development and promotion of non-agricultural strategies such as the promotion of agro processing, tourism where appropriate, fisheries for coastal areas and small enterprise development.
The National Development Plan

It proposes the following Model for Land Reform

– District based planning
– Led by landowners with govt
– Identification 20% of land
– Proactive acquisition
– Strategic partners
– Beneficiary selection/incubation
– Land Valuation
– Registration of land transfers to beneficiaries
– Pre and Post settlement support
The National Development Plan

It proposes the establishment of District Land Committees:

• Broad objective:
  – Get all parties to come together to identify land, reallocate it and redistribute it, and ensure that it remained or became productive,
  – Identification and selection of the land,
  – To coordinate and accelerate sustainable land redistribution,
  – Appraise and approve requests for financial and non financial support

• Potential membership
  – DRDLR, DAFF district office, District municipality, Water and sanitation representatives, Human settlement representatives, Communities, Farmer organisations, Commercial farmers, Commercial banks and other private sector, etc
The National Development Plan

The DLCs activities shall include

- Identification of 20 percentage of land that should be transferred in each district in consultation with the stakeholders,
- Monitoring the implementation of viable land reform programme in each district,
- Updating land reform targets per district,
- Establishing good working partnerships with specialist agencies and Ministries,
- Reviewing and harmonising land policies,
- Establishing landholding ceilings and floors for agricultural landholdings using a variety of economic, social and environmental criteria.
- Addressing farm worker housing and other social conditions
The CRDP

• The Comprehensive Rural Development Programme (the CRDP), which was adopted by Cabinet in 2009.
• It serves as the overarching policy trajectory and strategy for the DRDLR.
• The strategy of the CRDP is 'agrarian transformation', which we define as a 'rapid and fundamental change in the relations (meaning systems and patterns of ownership and control) of land, livestock, cropping and community'.
• The CRDP has a management system as follows:
The CRDP

• The Comprehensive Rural Development Programme (the CRDP), which was adopted by Cabinet in 2009.
• It serves as the overarching policy trajectory and strategy for the DRDLR.
• The strategy of the CRDP is 'agrarian transformation'
• The CRDP provides a comprehensive and inclusive approach to development.
• Below is a CRDP Management System, reflecting inclusivity across all the spheres of government, with strong participation by communities in decision-making.
OFFICE OF THE PREMIER
CRDP Champion (MEC with rural development function) (administrative level)

MINISTER OF RURAL DEVELOPMENT AND LAND REFORM
DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM
Programme Development, policy and legislation development and Coordination (responsible for setting of norms and standards)

COUNCIL OF STAKEHOLDERS (implementation and monitoring of projects)
(Organs of civil society, government, business, co-operatives, beneficiaries, workers, community development workers, traditional institutions, etc.)

Mayors of District and Local Municipalities as CRDP champions (operational level)

Household Co-operatives & other enterprises (groups of 20)

STAKEHOLDER COMMITMENTS

Stakeholder commitments
Conditionalities, code of conduct & disciplinary panel

SOCIAL COHESION AND DEVELOPMENT

- food
- health
- education
- shared economic growth
- social cohesion
- development
- satisfaction

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Human Solidarity/Ubuntu Development:
- Shared growth and prosperity;
- Full employment;
- Relative income equality;
- Cultural progress
The CRDP

• The agrarian transformation system sets out three rural development measurables, to further underscore the strategic importance of a comprehensive and inclusive approach to rural development and land reform.

• Land reform has the following strategic elements: land redistribution, land restitution, development and land tenure reform (and administration). These strategic elements deal with both quantitative and qualitative factors in land reform.
The CRDP

• The Framework for Rural Development defines three measurables for rural development: meeting basic human needs, rural enterprise development, and rural agro-industries sustained by rural markets and rural financing facilities.

• The following diagram summarises the mandate of the DRDLR
A rapid and fundamental change in the relations (systems and patterns of ownership and control) of land, livestock, cropping and community.

**Social infrastructure,**
- ICT infrastructure,
- Amenities,
- Facilities.

**Economic infrastructure:**
- Agri-parks, fencing,
- Inputs: seeds, fertilizer, pesticides, etc
- Extension support,
- Fresh produce markets,
- Credit facilities.

**Tenure system reform,**
- Strategic land reform interventions/redistribution,
- Restitution,
- Land based resources.

**Processing plants**
- Small industries
- Abattoirs, animal handling facilities, feed-lots, mechanising stock water dams, dip tanks, silos, windmills, fencing, harvesters, etc

**Roads, bridges,**
- Energy, water services,
- Sanitation,
- Library, creches,
- Early childhood centres, Police stations, clinics, houses, small rural towns revitalisation.

**Meeting Basic Human Needs**
- Enterprise development
- Credit facilities; markets

**Food Security: Strategic Partnerships:**
- Mentoring
- Co-management
- Share equity
- Modalities being worked out between the Dept and farmers; big and small

**Enterprise development:**
- Agro-village industries; credit facilities; markets

**Rural development measurables**

1. **State and Public Land**
   - Lease hold
2. **Private Land**
   - Free hold with limited extent
3. **Foreign land ownership**
   - A combination of freehold with limited extent and leasehold; and,  
4. **Communal land**
   - Communal tenure: communal tenure with institutionalized use rights.

5. **Institutions**
   - Land Commission
   - Valuer General
   - National Rural Youth Service Corps
   - Rural Investment and Development Financing Facility

**Tenure System Reform**
Rural Economy Transformation Model

• The Background indicates that South Africa faces a triple legacy of colonialism apartheid ethnic enclaves and patrimonial authority.

• Two models have been designed to reverse this triple legacy: the Wagon Wheel and Institutional Roles and Role-relationships.

• The two models are interconnected.
Rural Economy Transformation Model

• The Wagon Wheel is a high-level static representation of the social, economic, cultural and political situation in the parts of South Africa that are dominated by communal landholdings and patrimonial authority.
Figure 2 (b): RURAL ECONOMY TRANSFORMATION: COMMUNAL TENURE MODEL

Outer Boundary:
Single Title
Title Holder: Governance Structure.

Roles:
• Title Holder
• Adjudication of disputes on land allocation and use
• Reference Point
• Land allocation

COMMUNALLY OWNED:

COMMUNALLY OWNED:
Collective and individual enterprise and industrial sector

HOUSEHOLD SECTOR:
Basic unit of production

COMMUNITY-PUBLIC-PRIVATE-COLLABORATION

ROLES: TRADITIONAL COUNCIL/MUNICIPAL COUNCIL/CPA/TRUST
PRINCIPLE: COMPLEMENTARITY ACROSS TRADITIONAL & DEMOCRATIC INSTITUTIONS
RURAL ECONOMY TRANSFORMATION: COMMUNAL TENURE MODEL

COMMUNALLY OWNED:
- Residential
- Economic
- Social Services

COMMUNITY-PUBLIC-PRIVATE-COLLABORATION

TRADITIONAL MANAGEMENT

Outer Boundary: Single Title
Title Holder: Governance Structure.

Roles:
- Title Holder
- Adjudication of disputes on land allocation and use
- Reference Point
- Land allocation

1 - 7 HOUSEHOLD SECTOR: Basic unit of production

COMMUNALLY OWNED: Collective and individual enterprise and industrial sector

ROLES: TRADITIONAL COUNCIL/MUNICIPAL COUNCIL
PRINCIPLE: COMPLEMENTARITY ACROSS TRADITIONAL & DEMOCRATIC INSTITUTIONS
Rural Economy Transformation Model

• The Institutional Roles and Role-relationships model is a high-level dynamic representation of an institutional framework that defines and streamlines roles and responsibilities of the key players in the rural economy transformation space – organs of the State, community-based governance structures, investors and communities represented by households.

• It also provides an accountability system by the governance structures to households and relevant organs of the State.
RURAL ECONOMY TRANSFORMATION: INSTITUTIONAL ROLES AND ROLE-RELATIONSHIPS

AUTHORITY: THE STATE

ADMIN. RESPONSIBILITY: GOVERNANCE STRUCTURE

INVESTMENT AND DEVELOPMENT FINANCING FACILITY

1 2 3 4 5 6 7

Rights and Responsibilities
Duties and Services
Opportunities and Constraints

Active Citizenry and Capable State: The National Development Plan

INSTITUTIONALISED USE RIGHTS:
- Perpetuate the right in law
- Can will the right
- Can use as collateral
- Protection against land sharks
  - first right of refusal: RIDFF
  - Second right of refusal: Govt

As set out in the Constitution and the law of the Republic

Traditional Council/CPA Committee/Trust, as the case may be.
Key elements of accountability:
- Substantive, NOT numerical quorum
- Quarterly meetings
- Annual reports to Parliament via drdlr
- Regular elections, as defined by the law

IDT: Representative of Households, Traditional Council, Municipal Council, Local Business, Civic Structures

HOUSEHOLDS:
- Basic Unit of Production
- Consumers of Goods and Services
- Rate Payers
- Voters
Rural Economy Transformation Model

• The development on the land is carried out by an **Investment and Development Entity**, which can be a Special Purpose Vehicle.
• Development is supported by the Recapitalisation and Development Programme.
• The strategy for the recapitalisation and development programme is strategic partnerships.
• The type of partnerships range from mentorship, share equity or joint venture, and co-management.
SHARE-EQUITY ENTERPRISE MODEL

LANDOWNERS

BUSINESS OWNERS

SHAREHOLDERS

SHAREHOLDERS

HOLDING COMPANY (NEWCO) JV
Figure 2(e): RECAPITALISATION AND DEVELOPMENT PROGRAMME WITH STRATEGIC PARTNERSHIPS

RECAP PROGRAMME & STRATEGIC PARTNER

5 1 DRDLR 1
4 2 2
3 3 3
2 4 4
1 5 5

STRATEGIC PARTNERS

EWPOWERMENT GROUP
Rolling out of the CRDP

• The CRDP was initially rolled out at village level (pilots) and later at Ward level.
• A mega agri-park shall be established in all 27 priority districts as part of the CRDP roll out.
• Each municipal district (of the 27) shall have an agri-park. Each local municipality within the district shall be a CRDP site.
• The CRDP Management System shall be key in the roll out.
Rolling out of the CRDP

• These agri-parks shall:
  – Based on economic advantage
  – Have all elements of the value chain for dominant products
  – Be subsidised by the state for 10 years
  – Form part of governments exit strategy for recap; women crafters; and Narysec
  – Lay the basis for a rural financing facility
  – Ultimately lay the foundation for rural industrialisation
Rolling out of the CRDP

The objectives will be:

1. To ensure that districts build their production capability, by focusing on the production of commodities that will provide them with a competitive advantage.

2. To develop a viable economic model that encourages, over the next ten year period:

3. To develop partnerships with other government stakeholders to develop critical economic infrastructure like, roads, energy, water, ICT and transportation/logistics corridors that support the agri-park value chain.
Agri-park Components

1. Status Quo analysis
- Identify high value commodities
- Identify Growing regions (production areas)
- Availability of infrastructure

2. Socio-Economic analysis (functional regions)
- Identify district connectors (gateways)
- Growth areas
- Economic functional zones
- Income and employment
- Service access (water, sanitation, energy)

3. Commodity value chain analysis (APAP)
- Research and Development
- Capacity building for farmers
- Training for all aspects within the park

4. Production
- Roads
- Energy
- Bridges
- Water
- Transport

5. Logistics
- Capacity Building
- Research and Development
- Capacity building for farmers
- Training for all aspects within the park

MARKET

Supply
- Land
- Production inputs
- Support/extension services/mechanisation
- Farmer and community Organization and mobilisation
- Capacity building for farmers
- Research and development
**Internal (DRDLR)**
- AVMP
- RVCP
- RECAP
- Restitution
- PLAS
- Narysec
- Revitalisation of Rural towns

**External (other depts)**
- APAP
- CASP
- Ilema Letsema
- MIG
- IPAP
- CWP
- EPWP
- Food banks

**Private Sector**
- Commodity groups
- Cooperatives
- Markets
- Agri-Biz
PLANNING & APPROVAL-PROCESS

PHASE 1

- Cos

Municipality CDRP Structure

A District Land and Agriculture Committee (DLAC)

B Provincial Technical Committee (PTC)

C Provincial Land and Agricultural Forum (PLAF)

D National Land Allocation and Agricultural Assessment Committee (NLAAAC)

PHASE 2

provide final approval of applications for land and development, and refer back to Province for implementation. It is proposed that an SPV be established to implement projects (One shop facility).

Assessment of projects, provide technical analysis, consultation, alignment & recommend applications to PLAF.

Key Action Programmes

National Provinces

Commodity/Provincial/Prov Action Programmes

Consider CRDP Status Quo Reports (Mega Agri-Park Comp)
Identify 20% of agricultural land for land redistribution
Recommend Recap and CASP applications
Receive funding applications
Leverage private sector investment to support projects
Recommend potential beneficiaries to lease state farms
Assessment of farms/businesses
Application of Decision Making Support System (DMSS)

Support project applications from PTC – ensuring alignment with AP guidelines, Land reform policies, legislation and Provincial development frameworks. Recommend project applications to NLAAAC for approval.

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Receive funding applications
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Rolling out of the CRDP

Implementation Value-chain

- Key Action Programmes (National and Provincial)
- RETM inception in 27 districts and their local municipalities;
- CRDP socio-economic assessment study
- Social organisation and establishment of institutions
- Design and approval of integrated rural development plans and projects
- Implementation, monitoring, and assessment
The Land Restitution Programme

• The status of claims lodged before end 1998, particularly on protected areas is well known, and will not be repeated.

• Following commitments made in the 6th people and parks conference title deeds have been issued in more than 23 claims.

• All internal challenges relating to issuing of title deeds have been resolved and the process of the transfer of land to all those whose claims have been approved will be finalised shortly.
The Land Restitution Programme

• The lodgement of land claims was re-opened for a period of 5 years: 1 July 2014 to 30 June 2019
• Claims are lodged electronically, in one of the 14 lodgement offices nationally
• 6 mobile lodgement vehicles shall be rolled out in April 2015, visiting areas that are far from the lodgement offices.
• The mobile lodgement vehicles will be supported by communication vehicles that shall visit areas first to inform claimants of dates when the lodgement units will visit areas.
The Land Restitution Programme

• The requirements for lodging a claim and who can claim is set out in a citizens manual on how to lodge a claim
• Lodging a fraudulent claim is a criminal offence
• More than 42 000 claims have been lodged since 1 July 2014
• More information on lodging a claim can be obtained at 0800 007 095
Conclusion

• A policy environment has been created to support rural development, and land reform.
• An active citizenry (called for by the NDP) is required for implementation.
• Institutions such as CRDP Council of Stakeholders and District Land Committees must be used for this purpose.
• Communities must take control of their own destinies.
Thank you

0800 007 095
claim@ruraldevelopment.gov.za