



agriculture, land reform & rural development

Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA



INFRASTRUCTURE DEVELOPMENT IN RURAL AREAS POLICY



2023

INFRASTRUCTURE DEVELOPMENT IN RURAL AREAS POLICY 2023

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i. Acronyms

- AAMP: Agriculture and Agro-processing Masterplan**
AH: Agri-hub
AVMP: Animal and Veld Management Programme
CIDB: Construction Industry Development Board
CPA: Communal Property Association
CRDP (2009): Comprehensive Rural Development Programme
DALRRD: Department of Agriculture, Land Reform and Rural Development
DDM: District Delivery Model
DPWI: Department of Public Works and Infrastructure
EDTM: Economic Development, Trade and Marketing (Branch)
FPSU: Farmer Production Support Unit
ICT: Information and Communication Technology
IDP: Integrated Development Plan
IPILRA: Interim Protection of Land Rights Act
IRDSS: Integrated Rural Development Sector Strategy
JBCC: Joint Building Contracts Committee
MTSF: Medium-Term Strategic Framework
NDAC: National Approvals Development Committee
NDP: National Development Plan
NPCPDS: National Policy on Comprehensive Producer Development Support
NSDF: National Spatial Development Framework
RDSPs: Rural Development Sector Plans
RUMC: Rural-Urban Market Centre
PFMA: Public Finance Management Act, 1999
PPP: Public-Private Partnership
SIP: Strategic Integrated Project
SPLUMA: Spatial Planning and Land Use Management Act, 2013
STATS SA: Statistics South Africa

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ii. Definitions

AGRI-PARK

An Agri-park is a networked innovation system of agro-production, processing, logistics, marketing, training and extension services. As a network, it enables a market-driven combination and integration of various agricultural activities and rural transformation services. The Agri-park comprises three distinct but interrelated basic components, including:

- The Farmer Production Support Unit (FPSU):

The FPSU is a rural outreach and agricultural support facility that links farmers with markets and provides a single point for rural small-scale farmers to access support. The broad tasks of the FPSU include primary collection, some storage, and provides some processing for the domestic market and extension services, including mechanisation. An FPSU also consists of administration offices for extension officers and meeting and training rooms to host farmer training.

- Agri-hub (AH)

Agri-hubs are situated in central places in district municipalities that can accommodate both social and economic infrastructure. The AH is an agricultural facility where agri-processing, packaging, logistics training, storage and refrigeration are the main functions. An Agri-hub provides its services through a linkage to FPSUs in the district.

- Rural-Urban Market Centre (RUMC)

The RUMCs are located on the periphery of large urban areas.

The RUMCs are guided by three main purposes:

- Linking and contracting rural, urban and international markets through contracts;
- Act as a holding-facility, releasing produce to urban markets based on seasonal trends; and
- Provide market data and information feedback to the AH and FPSU, using the latest information and communication technologies.

CATALYTIC PROJECT/PROGRAMME

A catalytic project/programme is defined as a project of significant scale (i.e., its reach) and scope (i.e., impact on employment, services, economic and social investment, and/or rates), thereby displaying some or all the following characteristics:

- It makes a substantial impact;
- It provides leverage and/or creates multiplier effects; and
- It has the power to radically activate development (social, economic or both);
- It significantly impacts spatial form;
- It creates jobs and increase land value; and
- It contributes to the achievement of the vision and goals of the department in terms of rural development.

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**DISTRICT
DEVELOPMENT MODEL
(DDM)**

The DDM is an integrated government relations planning, budgeting and implementation paradigm discipline (spatial targeting and budgeting towards common long-term outcomes). The DDM is anchored on the development of the "One Plan". The One Plan is an intergovernmental plan setting out a long-term strategic framework to guide investment and delivery in the 44 districts and eight metropolitan spaces. This plan is meant to be jointly developed and agreed to by all spheres of government. The development and approval of the One Plan involves a series of collaborative intergovernmental planning sessions reflecting on research, evidence and solutions for 52 district and metro spaces.

INFRASTRUCTURE

The Infrastructure Development Act, 2014 (Act No. 23 of 2014) defines infrastructure as: "installations, structures, facilities, systems, services, or processes related to matters specified in Schedule 1 and which are part of the national infrastructure plan." Schedule 1 refers to the following types of infrastructure: Public installations, structures, facilities, systems, services or processes in respect of which projects may be designated as strategic integrated projects (SIPs), national and international airports, communication and information technology installations, education institutions, electricity transmission and distribution, health care facilities, human settlements and related infrastructure and facilities, economic facilities, mines, oil or gas pipelines, refineries or other installations, ports and harbours, power stations or installations for harnessing any source of energy, productive rural and agricultural infrastructure, public roads, public transport, railways, sewage works and sanitation, waste infrastructure, water works and water infrastructure. The Act further defines public infrastructure as "infrastructure owned by the state or infrastructure in relation to which a public-private partnership or a concession agreement exists".

The *National Social Infrastructure Guideline, 2015*¹ differentiates between economic and social infrastructure. Economic infrastructure is defined as "that part of an economy's capital stock that produces services to facilitate economic production (e.g., electricity, roads and ports, ICT) or serves as inputs to production or is consumed by households (water, sanitation and electricity)". In contrast, social infrastructure usually refers to "services such as health, education and recreation, including infrastructure that supports tourism and biodiversity that have both a direct and an indirect impact on the quality of life".²

**NATIONAL SPATIAL
DEVELOPMENT
FRAMEWORK (NSDF)**

An instrument to guide spatial development planning and land-use management systems. It was approved by Cabinet on 23 March 2022.³

¹ Department of Environmental Affairs, 2015, *National Social Infrastructure Guideline: A guideline relating to the implementation of the National Environmental Management Act*. Department of Environmental Affairs, Pretoria, South Africa.

² Ibid.

³ Department of Agriculture, Land Reform and Rural Development, 2022, *The Draft National Spatial Development Framework*. Government of the Republic of South Africa, Pretoria. Cabinet Statement 23rd March 2022 [available online: <https://www.gov.za/speeches/statement-cabinet-meeting-23-march-2022-25-mar-2022-0000>]

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PUBLIC-PRIVATE PARTNERSHIP (PPP)

A public-private partnership (PPP) is defined as a contract between a public-sector institution and a private party, where the private party performs a function that is usually provided by the public-sector and/or uses state property in terms of the PPP agreement. Most of the project risk (technical, financial and operational) is transferred to the private party. The public sector pays for a full set of services, including new infrastructure, maintenance and facilities management through monthly or annual payments. In a traditional government project, the public sector pays for the capital and operating costs and carries the risks of cost overruns and late delivery.

RURAL AREAS

As per the approved National Spatial Development Framework (2022), rural areas are regarded as areas outside cities and towns. Economic activity in these areas is in most cases intrinsically tied to natural resource use and/or beneficiation, and consists of agriculture, fishing, forestry, nature conservation, eco-tourism and mining. In South Africa, there are rural areas that are densely populated, but without (1) the distinct and diverse nodal areas of dense economic activity in the secondary and the tertiary sectors, or (2) the amenities typically associated with urban areas, which is a remnant of colonial and apartheid spatial planning and the creation of Bantustans.

RURAL DEVELOPMENT

According to the approved NSDF (2022), rural development is planned intervention aimed at improving the quality of life and economic well-being of people living in rural areas.

RURAL DEVELOPMENT SECTOR PLANS (RDSPS)

The RDSPs are envisaged as sector plans within the IDPs. RDSPs are expected to be integrated with existing national, provincial and municipal plans (district and local), processes and priorities.

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1. BACKGROUND

The Infrastructure Development in Rural Areas Policy (2023) seeks to facilitate, coordinate and provide oversight on the implementation of infrastructure development. The policy addresses the infrastructure challenges created by the colonial and apartheid governments and builds on the work of the Reconstruction and Development Programme (1994) and other strategies such as the August 2009 Cabinet approved Comprehensive Rural Development Programme (CRDP). The CRDP is a collective implementation programme in the joint fight against poverty, hunger, unemployment and lack of human resources, infrastructure and economic development in rural areas. The CRDP was underpinned by a Rural Development Framework in 2013 that proposed a development support system that primarily focused on land and agrarian reform. The CRDP was further strengthened by a Rural Infrastructure Development Policy (Version 2 in 2019) and a sub-programme that provided infrastructure in support of agriculture, land reform and other socioeconomic infrastructure in rural villages and towns.

2. INTRODUCTION

Chapter 6: Inclusive Rural Economy of the National Development Plan 2030 (NDP) (2012) identifies the following four key points relating to rural development:

- Rural communities require greater social, economic and political opportunities to overcome poverty:
- To achieve this, agricultural development should introduce a land reform and job-creation/livelihood strategy that ensures rural communities have jobs:
- Ensure quality access to basic services, health care, education and food security; and
- Plans for rural towns should be tailor-made according to the varying opportunities in each area. Intergovernmental relations should be addressed to improve rural governance.

The need for investment in infrastructure, services and productivity has also been identified as a key requirement for the transformation of the rural economy following certain activities specifically aimed at such transformation. This will result, among others, in the reduction of the current 49% rural unemployment to less than 40%.⁴ Another crucial requirement is the improvement of coordination and integration in respect of government programmes. Chapter 6 of the NDP further states that rural economies will be activated through improved infrastructure and service delivery, a review of land tenure, service to smallholder farmers, a review of mining industry commitments to social investment and

⁴ The National Planning Commission, 2012, *The National Development Plan Vision 2030*, Government of South Africa, Pretoria (p. 25).

tourism investments. It further promotes substantially increasing investment in irrigation infrastructure, e.g., in Makhathini Flats and Umzimvubu River Basin. Rural development infrastructure plans should further be aligned to the District Development Model (DDM). Plans for rural areas must address the local needs and incorporate a dispute resolution mechanism. A ten-year review of the National Development Plan states that the Government still needs to "improve the provision of rural infrastructure, access to finance and skills, access to inputs and capital equipment, and marketing and transport infrastructure with rural development and land reform being the core of agrarian reform and economic development."⁵

3. INTEGRATED RURAL DEVELOPMENT SECTOR STRATEGY (IRDSS)

In alignment with the NDP vision, the Department of Agriculture, Land Reform and Rural Development (DALRRD) developed the Integrated Rural Development Sector Strategy (IRDSS) in 2023. The IRDSS provides a guiding framework and principles for executing national government's vision and strategies relating to rural development and revitalisation of the rural economy. This will be executed through various sector programmes of government implemented through the (DDM and rural development sector plans (RDSPs). The IRDSS is built on six key pillars as follows:

- Pillar 1: Infrastructure Development, Maintenance, and Investment
- Pillar 2: Industrialisation, Enterprise Development and Job Creation
- Pillar 3: Education and Skills Development
- Pillar 4: Provision of Basic Services
- Pillar 5: Land and Agrarian Reform and Tenure Security
- Pillar 6: Social, Community and Human Development

The IRDSS is aligned to various approved strategies of government and the development and revision of any sector masterplans where development is taking place in rural areas must consider the IRDSS. The NDP highlights the essential nature of infrastructure to accelerate economic growth and promote inclusive growth and higher employment, providing citizens with improved quality of lives and boosting the economy. Pillar 1 of the IRDSS seeks to accelerate the implementation of the Economic Recovery and Reconstruction Plan (2019) and the strategic integrated projects (SIPs) as part of the National Infrastructure Plan, especially SIP 11, which focuses on agro-logistics and rural infrastructure. The transport infrastructure network system, including road, rail, air and sea is crucial in logistics from one point to another and essential in enabling movement of people, goods and services. Acceleration of investment in rural socioeconomic infrastructure is vital to improve community access to basic services and to increase the overall efficiency and competitiveness of the rural economy.

⁵ The National Planning Commission, 2023, 10-year Review of the National Development Plan 2012-2022, Government of South Africa, Pretoria (p. 25)

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4. THE AGRICULTURE AND AGRO-PROCESSING MASTER PLAN

The Agriculture and Agro-processing Master Plan (AAMP) in terms of its implementation framework has been aligned to the IRDSS and Rural Infrastructure Sub-programme. The AAMP promotes a meaningful public-private partnership targeting small-, medium- and large-scale farmers, as well as agri-businesses to channel investments and skills towards the underutilised areas to drive mass production of agriculture and localisation of agro-processing to enhance food security, create jobs and develop rural economies. The masterplan interventions and reforms are also categorised into six pillars, namely:

- I. Resolving policy ambiguities and creating an investment-friendly environment.
- II. Investing in and maintaining enabling infrastructure essential to industry, such as electricity, roads, railways and ports.
- III. Providing comprehensive farmer assistance, development finance, research and development and extension services.
- IV. Improving food security, increasing production and employment and ensuring decency and inclusivity.
- V. Facilitating market expansion, improving market access and promoting trade.
- VI. Improving localised food, reducing imports replacement and expanding agro-processing exports.

5. PROBLEM STATEMENT

According to Stats SA, 2021⁶, migration from rural areas has increased and rural populations have declined by 15% in the last twenty years. The emergence of new informal settlements in the major metros without the relevant supporting infrastructure, economic incentives and other social services provides a bleak future for youth and other vulnerable groups.

The existing institutional infrastructure development framework for rural areas also remains highly fragmented, with limited horizontal and vertical coordination of rural development funding, projects and services of government actors and non-government stakeholders. This results in sectoral gaps, duplication, overlap, wastage and other inefficiencies. A review of the CRDP in 2013⁷ recommended that a clear policy needs to be developed detailing each institution's roles and responsibilities. Currently, there is very little coordination, planning, mutual support and/or participation from other government departments and municipalities in relation to infrastructure provision in rural areas. The study further revealed that infrastructure implemented through the CRDP created both inefficiency (for example, where provided facilities, infrastructure and equipment

⁶ Statistics South Africa, 2021, *General Household Survey*, Pretoria

⁷ Impact Economix, 2013, *Impact Evaluation of the Comprehensive Rural development Programme, June 2009 to June 2012*, Report for the Presidency, Department of Performance Monitoring and Evaluation, Pretoria

is not being utilised effectively, and therefore is not delivering benefits) as well as ineffectiveness where infrastructure or support services are either insufficient or inappropriate in terms of being able to produce the intended desired results.⁸

Infrastructure expenditure during the apartheid years was relatively high (between 20% to 30%) as a percentage of the gross domestic product (GDP).⁹ The apartheid state made excessive investments in infrastructure that served mainly the white minority and maintained the apartheid state. By making these choices, consumption expenditure on education, health care, housing, municipal services and welfare for most of the population was sacrificed to facilitate the development of infrastructure for a privileged minority, an extractive economy and a security state. These poor fiscal choices contributed to the poverty and inequality subsequently facing by the democratic state, and which are still being addressed today. Current infrastructure spending in the last two to three years has fluctuated between 4% to 5% of the GDP or R812 billion in the 2022 financial year. DALRRD's expenditure in terms of infrastructure development in rural areas has also declined by 4,5% (from R718,7 million to R632,6 million) in 2022/23 in terms of the current Medium-Term Expenditure Framework.¹⁰

In relation to agriculture, the AAMP states that there is not enough infrastructure supporting smallholder farmers, especially in terms of the provision of dipping tanks, storage facilities, fencing and irrigation. The review of the department's Animal and Veld Management Programme (AVMP) also showed that there was a general plea by farmers that they do not have dipping tanks for their livestock and sometimes they travel far for this service¹¹. This review further revealed that fences and gates installed as part of the AVMP were vandalised and did not prevent stock theft.¹² This goes back to the recommendation that clear institutional arrangements are needed for the maintenance and management of infrastructure.

Gaps in technology still exist, particularly technology aimed at improving the livelihoods of rural communities. The deployment of technologies to rural areas has not been scaled up. Lack of investment in farming production technology also places constraints on the development of entrepreneurship for smallholder farmers and will hinder the progress of the AAMP.¹³

⁸ Ibid.

⁹ Department of Performance Monitoring and Evaluation & Development Bank of Southern Africa, (2012). *The State of South Africa's Economic Infrastructure: Opportunities and Challenges 2012*. Development Bank of Southern Africa.

¹⁰ National Treasury, 2022, *Vote 29: Agriculture, Land Reform and Rural Development, Estimates of National Expenditure*, Government of South Africa, Pretoria

¹¹ Department of Rural Development and Land Reform, 2016, *Implementation and Design Evaluation of the Animal and Veld Management Programme*, Directorate: Evaluation and Research, Government of South Africa, Pretoria

¹² Ibid.

¹³ Department of Rural Development and Land Reform, 2018, *Diagnostic Evaluation of the Agri-Parks Programme*, Directorate: Evaluation and Research, Government of South Africa, Pretoria

South Africa had 11 252 schools in rural areas across the country and of these, 3 060 were secondary schools and 8 192 were primary schools.¹⁴ Most of these schools were in the Eastern Cape, KwaZulu-Natal and Limpopo. The country had a total of 5 153 multi-grade schools in the rural areas. There is a backlog in terms of the eradication of mud-schools, where there are 582 in the Eastern Cape alone.¹⁵ Rural children are also underserved in terms of early childhood development centres. There are 42 420 early learning programmes where 60% are urban, 40% are rural.¹⁶

A total 15% of poor rural households in South Africa lives more than an hour away from the closest clinic and 20% lives more than an hour away from the closest hospital¹⁷. Transport is expensive and unreliable, and roads are in poor condition, so that the costs of accessing health services can be prohibitive. A diagnostic evaluation of the department's Agri-parks programme stated that approximately 61% of the farmers participating in the programme¹⁸ highlighted that the identified sites do not have adequate access to road and rail infrastructure that will effectively transport their products. The diagnostic study also revealed that asset management plans and lease agreements were not in place to ensure that the infrastructure is well maintained by the relevant entity.

6. POLICY VISION AND OBJECTIVES

The overall infrastructure¹⁹ vision for rural areas is the provision of quality and cost-effective infrastructure that contribute to rural economic and social transformation. It serves as a strategic catalyst to support rural communities to gain access to basic services and other necessary socioeconomic infrastructure. In driving these objectives, the provision of infrastructure is not limited to the agricultural sector, but includes other sectors such as tourism, manufacturing, mining, ICT and the services sector in partnership with the private sector and all spheres of government.

The objectives of the policy are to:

¹⁴ Parliamentary Monitoring Group, 2015, **Rural schooling / multi-grade schools/ farms schools / non-viable schools; inclusive education implementation; special needs schools: Department Briefing** [available online: <https://pmg.org.za/committee-meeting/21135/>]

¹⁵ Member of the Executive Council (MEC) Mr Fundile Gade, May 2021, in a parliamentary question reply IQP 13 of 202.

¹⁶ Department of Basic Education, 2021, Briefing to the Portfolio Committee on Education on the ECD Census 2021, Parliamentary Monitoring Group [available online: https://pmg.org.za/files/220607ECD_Census_2021.pdf]

¹⁷ Gumede DM, Taylor M and Kvalsvig JD, 2021, **Engaging future healthcare professionals for rural health services in South Africa: students, graduates and managers perceptions**, BMC Health Services Research [available online: <https://doi.org/10.1186/s12913-021-06178-w>]

¹⁸ Department of Rural Development and Land Reform, 2018, **Diagnostic Evaluation of the Agri-Parks Programme**, Directorate: Evaluation and Research, Government of South Africa, Pretoria

¹⁹ See Definitions section

- identify, facilitate, coordinate and implement the provision of infrastructure in rural areas with various stakeholders within the DDM and rural development sector plans; and
- facilitate the creation of local employment opportunities through infrastructure development projects.

7. LEGISLATIVE PROVISIONS

The Constitution, 1996 (Act No. 108 of 1996) addresses a series of rights and limitations. While the Bill of Rights does not guarantee a specific level of income for any person, or importantly, the right to a job or paid employment, it does address several domains that relate to people's well-being. There are rights to adequate housing, to health care, to sufficient food and water and to social security, including social assistance, and to education.²⁰ In addition, children's rights to basic nutrition, shelter, health care and social services are specifically guaranteed. The State has an obligation in terms of Section 7(2) of the Constitution to realise these rights through national legislation. While the State's obligation in terms of sections 25, 26 and 27 is subject to progressive realisation within the state's available resources, the Constitutional Court has ruled that for the realisation of each of these rights, the state needs to be able to demonstrate that it has adopted a reasonable plan for the realisation of these rights—both in its planning and implementation.²¹

All three spheres of government share a common constitutional duty to provide basic and other services to the people and communities within their areas of jurisdiction in terms of Section 41(1b) of Chapter 3 of the Constitution, "Co-operative Government". When striving to provide basic services, Section 40(1) of the Constitution requires the three organs of government to do so in collaborative manner. This implies that they are required to cooperate with one another for an improved delivery of basic services (Section 41(1)(h) of the Constitution). Stakeholder compacts and implementation protocols are necessary to ensure proper coordination, monitoring, and information management. In terms of the Constitution, rural development is a concurrent functional domain shared between the national and provincial spheres of government.

As part of the national sphere of government, the Department of Agriculture, Land Reform and Rural Development (DALRRD) in realising its vision. "equitable access to land, integrated rural development; sustainable agriculture and food security for all", is both a coordinating and line functionary department to whom the functional domain rural development has been allocated, and is therefore responsible for rural development policy, strategy, legislation, programming and oversight in respect of implementation.

²⁰ Studies in Poverty and Inequality Institute, 2007, *The Measurement of Poverty in South Africa Project: Key issues*, Studies in Poverty and Inequality Institute, Johannesburg

²¹ Liebenberg, S, 2005, *The Interpretation of socio-economic rights* in Constitutional Law in South Africa, Ed. Cheadle, M.H. et al, Juta, Second Edition, Johannesburg.

The following pieces of legislation provide the DALRRD with a legal framework to implement and coordinate infrastructure projects:

| Legislation | Relevance |
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| Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996) | Supreme Law of the Republic of South Africa |
| Land Reform: Provision of Land and Assistance Act, 1993 (Act No.126 of 1993) | Sections 10 (b)(ii) and (iii) dealing with land development and planning for development |
| Extension of Tenure Rights Act, 1997 (Act No.62 of 1997) | Section 4 (1)(c) dealing with on- and off-site development for occupiers. |
| Land Reform Labour Tenants Act, 1996 (Act No. 3 of 1996) | Section 26(b) for the development of land occupied or to be occupied by a labour tenant. |
| Restitution of Land Rights Act, 1994 (Act No. 22 of 1994) | The Restitution of Land Rights Act, 1994 (Act No. 22 of 1994) (as amended) provides persons, and if deceased, direct descendants, an estate and communities dispossessed of a right in land, after 19 June 1913, because of past discriminatory laws and/or practices with a right to restitution of that property or to equitable redress. This Act allows the commission to provide financial support to land claimants through Section 42(c). |
| Division of Revenue Act (amended annually) | Conditional Grants (Schedule 5) in terms of the Comprehensive Agricultural Support Programme (CASP) that is providing conditional grants to the provincial departments with an agriculture function. Conditional grants are transferred annually from National DALRRD to provincial departments to implement various projects , including infrastructure-related projects in terms of CASP. |
| Fencing Act, 1963 (Act No. 31 of 1963) | Relates to regulations on types of fences for farms, especially jackal-proof and boundary fences |
| Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) | All sections but Section 42 in relation to asset management; sections 38 and 45 deals with the general responsibilities of accounting officers. Section 76(4)(c) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), which requires the implementation of the Standard for Infrastructure Procurement and Delivery Management. |
| Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) (SPLUMA) | SPLUMA provides for national land use management and spatial planning systems; the development of government facilities such as hospitals, clinics and schools; rural development plans, guidelines and norms and standards. |
| National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA) | Seeks to provide for cooperative environmental governance by establishing principles for decision-making on matters affecting the environment, institutions that will promote cooperative governance, and procedures for coordinating environmental functions exercised by organs of state. |

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| Infrastructure Development Act, 2014 (Act No. 23 of 2014) | The Infrastructure Development Act codifies into law the Presidential Infrastructure Coordinating Commission and the National Infrastructure Plan as key mechanisms to coordinate and drive infrastructure development in South Africa. |
| Water Services Act, 1997 (Act No. 108 of 1997) | Section 11 dealing with access to water services |
| Construction Industry Development Board Act, 2000 (Act No. 38 of 2000 (CIDB Act) | The CIDB Act establishes a means by which the CIDB can promote and implement policies, programmes and projects aimed at procurement reform, standardisation and uniformity in procurement documentation, practices and procedures within the framework of the procurement policy of government. |
| Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) Preferential Procurement Policy Framework Act Regulations of August 2001. Supply Chain Management – A 2003 Guide for Accounting Officers/Authorities. | Gives effect to these Constitutional provisions by providing a framework for the implementation of a preference points system which includes requirements for transparency in the awarding of points and the limiting of the potential economic rents associated with such a system. |
| Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007) | Provides for a uniform framework for the management of immovable assets that are held or used by national of provincial departments. It also seeks to ensure coordination of the use of the immovable assets with service delivery objectives of national and provincial departments. |
| Health and Safety acts | The primary Acts that impact on construction Health and Safety in South Africa are the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) and the complementary Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993). |
| Intergovernmental Relations Framework Act, 2005 (Act No.13 of 2005) | Provides a framework for national, provincial and local governments to promote and facilitate intergovernmental relations. |
| Agricultural, rural and land and tenure reform legislation | All other relevant legislation |

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| <p>Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)</p> | <p>The Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004):</p> <ul style="list-style-type: none"> • makes corruption and related activities an offence. • establishes a Register of Tender Defaulters to place certain restrictions on persons and enterprises convicted of corrupt activities relating to tenders and contracts; and places a duty on certain persons holding a position of authority to report certain corrupt transactions. |
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8. DALRRD POLICY PROVISIONS RELATING TO INFRASTRUCTURE DEVELOPMENT

There are currently departmental policies that provide for infrastructure development, specifically for the agricultural and land reform programmes. In such cases, infrastructure development for rural areas will be aligned in the implementation as per the planning and legal requirements expressed by the various programmes.

These policies and relevant sections applicable to the provision of infrastructure are:

8.1 *National Policy on Comprehensive Producer Development Support (NPCPDS, 2022)*

Section 8.2.2.4 of the NPCPDS refers to the provision of "suitable on- and off-farm infrastructure":

- i. Government to provide both on-farm and off-farm infrastructure to producers in agricultural sector to ensure the protection, restoration and sustainable use of the natural agricultural resources to minimise post-harvest losses and enable optimal agro-processing and value addition activities at an enterprise level.
- ii. **Off-farm infrastructure** will be provided for the benefit of producers with no own contribution. Community and public-private partnership is encouraged to ensure community ownership since these are public goods. These include communal fencing, roads, dipping tanks, etc.
- iii. **On-farm infrastructure** will be provided to producers using the applicable own contribution depending on the category of producers. These are capped support interventions for the following categories:
 - o *Household producer (vulnerable)*: Capped at R300 000 over five years with no own contribution for small-scale infrastructure, including fencing, storage and handling and cooling facilities;
 - o *Household producer (subsistence)*: Capped at R500 000 over five years with 10% own contribution for infrastructure such as boreholes and windmills;
 - o *Smallholder producer*: Capped at R5 million over five years with 20% own contribution for infrastructure such as boreholes and windmills, building supplies and structures; fencing, storage and

handling; irrigation, packaging and handling systems and rainwater harvesting; and

- *Medium-Scale commercial producer*: Capped at R8 million over five years with 35% own contribution for infrastructure such as boreholes and windmills, building supplies and structures; fencing, storage and handling; irrigation, packaging and handling systems and rainwater harvesting.

Under Section 11.1 (Role of National Government), DALRRD is deemed to be responsible for off-farm infrastructure development (through partnerships where possible) while Provincial Departments of Agriculture with a rural development function are responsible for the implementation of the producer support elements of the NPCPDS. This policy also supports the land reform programmes.

8.2 State Land Lease and Disposal Policy (2019)

DALRRD is responsible for the following infrastructure provision:

Section 15: Electricity connections only.

Section 18.1: The department shall ensure that the farming unit is accessible by road at the time of acquisition and/or allocation, except where the nature of the enterprise does not require any more than the main access road to the farm.

The lessees are deemed to be responsible for maintenance of the farming infrastructure, including firebreaks.

9. IMPLEMENTATION MEASURES

Considering the current infrastructure development challenges, existing planning and project/budget approval structures through national, provincial and local government would be utilised in line with the various legislative and policy prescripts and requisite planning instruments such as the DDM, IDPs and RDSPs.

9.1 Key government and departmental programmes that necessitate infrastructure development

Infrastructure development in rural areas is primarily achieved through the following programmes:

- 9.1.1 Agri-parks (consisting of FPSUs, AHs and RUMCs)²²;
- 9.1.2 Socioeconomic Infrastructure Programme, e.g., Rural Roads Programme;
- 9.1.3 Animal and Veld Management Programme;
- 9.1.4 River Valley Catalytic Programme;
- 9.1.5 Comprehensive Agricultural Support Programme; and
- 9.1.6 Land Reform (Land Redistribution, Tenure Reform and Restitution).

²² See Definitions section

In addition, infrastructure development is aligned, coordinated and implemented through the following government strategies and programmes:

- Rural ICT Support and Research: Improved broadband expanded network and mobile infrastructure to transform the rural economy with greater potential for small enterprise development. There are several interventions that can be prioritised as indicated in the *White Paper on Science and Innovation (2019)* and the *Decadal Plan on Science and Innovation*;
- Revitalisation of rural towns (including distressed mining towns) and villages: alignment with the Rural Housing Programme in developing agri-villages and rural human settlements for farm workers and farm dwellers, including climate smart agri-villages/eco-tourism villages;
- The Strategic Integrated Project (SIP) as part of the National Infrastructure Plan, especially SIP 11, which focuses on agro-logistics and infrastructure in rural areas;
- Water and sanitation programmes (on- and off-grid);
- Energy reform programmes (on- and off-grid solutions); and
- Local economic development programmes and alignment with the *National Framework for Local Economic Development (2020)*.

9.2 Agri-parks: Ownership of the infrastructure

- 9.2.1 The State drives the development of the infrastructure for the Agri-park system. The Agri-park system includes FPSUs, Agri-hubs and RUMCs. The state may enter appropriate public-private partnerships (PPP)²³ ownership models for agri-hubs and rural market centres to develop the infrastructure in line with the PFMA Build-Operate-Transfer or Build-Operate-Maintain models.
- 9.2.2 The FPSUs will function as state-run one stop shops while the agri-hubs and RUMCs may function as PPP arrangements. Maintenance issues will depend on who owns/leases these facilities. The Branch: Rural Development develops the infrastructure; however, the maintenance thereof is per handover agreement and asset management plan.
- 9.2.3 In some instances, the fixed structures such as the FPSUs would be built on state land registered in the name of the department, provincial government, municipality, state owned entity or on communal land where the minister is a nominal owner (Communal land), or state land held in trust for traditional communities, including Ingonyama Trust land. These structures are then deemed to be state-land assets and must follow the prescripts of the State Land Lease and Disposal Policy, 2019 and the interim procedures of the Interim Protection of Informal Land Rights Act, 1996 (Act No. 31 of 1996) (IPILRA).
- 9.2.4 Lessees (cooperatives or farming companies) that utilise the services of the FPSUs and agri-hubs must sign lease agreements in terms of this

²³ See Definitions section

policy and will be responsible for maintenance (plumbing, groundskeeping, etc.) and the payment for all services utilised by these entities (electricity, water).

- 9.2.5 It is important to establish that the land and buildings are owned by one state entity rather than multiple entities, e.g., the land is owned by the municipality, or another government department and the building has been built by the department. In such instances, a hand-over agreement with an asset management plan must be in place so that either the asset is transferred to the department, or the building is transferred to the municipality or other government entity. It is vital to establish the capacity of the receiving entity to manage the assets (including future maintenance if no lease agreements are in place). This will form part of the standard operating procedure.
- 9.2.6 In land reform projects, the land may be in a communal area or owned by a communal property association (CPA) registered by land claimants or farm dwellers acquired in terms of the Extension of Security of Tenure Act, 1997 (Act No. 62 of 1997) and the Land Reform (Labour Tenants) Act, 1996 (Act No. 3 of 1996). The relevant officials responsible for land reform programmes in each province must be consulted in these instances.

9.3 The role of the department in the provision of infrastructure

- 9.3.1 All of the department's infrastructure projects in rural areas will be planned or implemented in an integrated manner. A stakeholder mapping exercise will be undertaken for every project and clear roles will be outlined in the process.
- 9.3.2 All of the department's infrastructure projects in rural areas will be assigned to a delegated manager to coordinate or implement.
- 9.3.3 Standard operating procedures have been developed to clearly outline the roles and responsibilities for the different types of infrastructure projects.
- 9.3.4 The department may act as an agent of other government departments in the coordination and facilitation of infrastructure provision without making a financial contribution.
- 9.3.5 The department may support projects being implemented by other stakeholders in line with the PFMA prescripts.
- 9.3.6 The department may initiate and implement infrastructure projects using its own resources in rural areas as per its legislative and policy mandate and strategic and annual performance plans.

9.4 Public-private partnerships

The department may engage in various types of PPP projects based on the contractual arrangements involved, including:

- 9.4.1 Design, finance, build, operate and transfer projects.
- 9.4.2 Design, finance and operate projects.
- 9.4.3 Design, build, operate and transfer projects.

- 9.4.4 Equity partnership projects.
- 9.4.5 Facilities management projects.

9.5 Types of infrastructure to be provided

- 9.5.1 Economic infrastructure (e.g., rural roads, FPSUs, agri-hubs, rural urban market centres, irrigation schemes, packhouses, diagnostic labs, farm abattoirs, agro-processing facilities, infrastructure in support of the AAMP or other masterplans in rural areas).
- 9.5.2 Social infrastructure (e.g., community housing, health, educational, community halls, early childhood facilities, libraries and training facilities).
- 9.5.3 ICT infrastructure.
- 9.5.4 Infrastructure to support climate change or climate resilience initiatives.
- 9.5.5 Infrastructure to support the biodiversity economy and ecological infrastructure as some of the catalysts for rural development.
- 9.5.6 Sports, cultural, heritage and tourism infrastructure.
- 9.5.7 Basic services infrastructure.

Any other infrastructure not listed above, deemed necessary, resource and budget permitting.

It should be noted that the types of infrastructure to be provided may be done in collaboration with a variety of partners (within and outside of government in compliance with established protocols/service level agreements/memoranda of agreements) and within the government's regulatory frameworks.

9.6 Funding

While private financing is emerging as an important source of infrastructure finance, especially in the ICT and transport sectors, public revenue has traditionally been the main source of finance for infrastructure projects with high social but low financial returns. Funding through the private sector and donor sources may be leveraged through public-private partnerships to contribute to infrastructure development. Similarly, community resources (through an approved partnership agreement) should be optimised in the building and maintenance of infrastructure in rural areas.

In line with the prescripts of the PFMA and CIDB regulations, and budget permitting:

- 9.6.1 The department may procure infrastructure using its own funds and appoint both the consultant (professional service providers) and an implementing agent.
- 9.6.2 The department may procure infrastructure using other stakeholder/s funds as per an agency agreement.
- 9.6.3 The department may provide funding for consultants' fees, allowing other stakeholder/s to use the planning, design, and tender documentation to procure the services of an implementing agent.

- 9.6.4 The department may appoint an implementing agent to implement designs and tender documents prepared by another stakeholder.
- 9.6.5 The department may participate in memoranda of agreements and enter *Financing Protocols* with other government departments, at national or provincial level, municipalities and state-owned entities.
- 9.6.6 The department should, in its deliberate attempt and where practically possible, engage in targeted local procurement in rural areas, thereby promoting rural procurement of material and labour.
- 9.6.7 The department may make funding available to qualifying stakeholders to implement infrastructure projects, in which case the control measures defined per programme procedures such as for the Blended Finance Scheme, CASP and other departmental programmes must be strictly adhered to, to ensure that public funds are spent appropriately.

9.7 The selection and approval of all projects

Infrastructure projects implemented by the department will serve before the department's approval committees and will follow the processes from district through the DDM processes to province to national level approval.

9.7.1 Beneficiary selection/ownership/custodianship

The department will not approve projects, unless there is an agreement in place that consists of a signed asset management plan and who will be responsible for the maintenance and management of the infrastructure once transferred to the receiving entity. In this regard, the official responsible for infrastructure in the province must:

- identify the relevant parties that will manage and maintain the infrastructure through effective stakeholder engagement and community facilitation processes;
- hold a duly constituted community/stakeholder meeting where a community/land rights holder's resolution must be finalised and duly certified by an official of the department who witnessed the proceedings. This also applies to all DALRRD infrastructure projects, especially where communities are involved. This will also ensure that the community is held accountable for decisions that are made with regards to the provision of infrastructure; and
- facilitate the processes with the provincial and local government should a community approach the department for infrastructure in a particular area. In this regard, there must be a written agreement with the stakeholders on who the owner will be, and the relevant asset management plan must be developed prior to the development of the infrastructure. This includes all recognised traditional councils, government entities, national, provincial and municipal government.

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9.7.2 Designated groups

Gender equality, youth and persons with disabilities mainstreaming in infrastructure development is key to unlocking rural economic transformation. Women make up most of the rural poor. Rural women pay a particularly high price for the lack of infrastructure: in time spent accessing water for domestic or agricultural uses; in time spent processing and marketing food and other agricultural or non-farm products; collecting firewood and reaching health services for themselves and their families. For infrastructure to deliver on development, it needs to substantively address the needs of women and youth in rural areas and crucially, gender-equality concerns need to be at the forefront of delivery and implementation. Women, youth and persons with disabilities will be actively targeted during the identification, design and implementation of infrastructure projects. This includes the National Rural Youth Service Corps (NARYSEC) graduates who are skilled in construction and/or are in possession of registered cooperatives or enterprises.

Community-based infrastructure projects in rural areas may be planned using local labour and resources, as well as funding from the government in ways that encourage full participation of local stakeholders in the design, implementation and management/maintenance of the infrastructure.

9.7.3 Targeting and planning

Infrastructure projects will be targeted in a coordinated manner in line with the DDM and other approved planning frameworks. The RDSPs are developed as spatial targeting tools of the department within the district and local municipal spaces and are utilised to strengthen the rural component in the existing spatial development frameworks. The RDSPs consists of an implementation plan that contains a list of short-term and medium- to long-term projects to be implemented through the various programmes of the department. Areas lacking in basic services, areas of potential growth and areas that will contribute to the development of the rural economy may be targeted as part of an integrated planning approach.

All projects are incorporated into the demand management plan and duly recorded in the procurement plan of the department. All infrastructure projects must serve before approved district committees and provincial committees before it is submitted to the national structures for screening and approval.

9.7.4 Asset transfer and management

All planned and implemented infrastructure will be transferred to the relevant municipality, province, or state-owned entity upon completion in line with the *Accounting for Immovable Assets (Property) Guidelines* published by National Treasury and in line with Section 42 of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

In projects where the department has transferred assets, the receiving entity must provide an asset management plan that will outline how future operations (salary costs, electricity, water and rates, etc.) and maintenance of the assets will be executed. Where the asset will be used by the department for a short period of time before transfer, the department should provide an asset management plan that will outline all the operational and maintenance expenses. In some instances, the department may finance the operational and maintenance expenses for a period with the receiving entity. This should be included in the agreement that includes an asset management plan with the receiving entity.

On communal land, CPA land, church land and state land, where the assets are utilised by the community collectively, a management structure shall be established to take full management and accountability of the assets funded by the department on behalf of the entire community.

The department should ideally dispose of the assets after the practical completion phase. According to the Joint Building Contracts Committee (JBCC): "Practical completion is defined as: the stage of completion as certified by the principal agent where the works or a section thereof has been completed and is free of patent defects other than minor defects identified in the list for completion and can be used for the intended purpose". The date for practical completion is the most important "performance date" after which the employer may occupy the building in accordance with the pre-set timeline. The JBCC places great emphasis on the standard of work required at practical completion and that the principal agent, other agents and the contractor must work as a team towards achieving this milestone date."²⁴

A standard operating procedures manual has been developed and is aligned to the *Standard for Infrastructure Procurement and Delivery Management Guidelines* published by National Treasury in 2015 as well as guidelines published by the JBCC, the Department of Public Works and Infrastructure and CIDB.

9.8 Monitoring and evaluation

An information management system and asset management system has been designed to collect information on infrastructure delivery in the provinces on a quarterly basis. Monitoring will be performed in terms of a checklist for the various types of infrastructure initiatives as per the strategic and annual performance plans of the department.

Evaluation will take place at regular intervals during the implementation of the initiatives and for a period of three years after infrastructure has been transferred.

²⁴ Joint Building Contracts Committee, 2020, JBCC Advisory Note: Edition 6.2 [available online: https://jbcc.co.za/wp-content/uploads/2022/12/JBCC-ADVISORY-NOTE-21.0_Defects-before-and-after-Final-Completion-Ed-6.2.pdf]

Such information will be included in the department's overarching monitoring and evaluation plans. The department will also work with the Department of Planning, Monitoring and Evaluation in terms of infrastructure impact assessments and diagnostic studies periodically.

Compacts may also be established with various stakeholders for improved oversight and monitoring around infrastructure development programmes, services and funding in rural areas. As part of its monitoring role, the DALLRD should be able to access information from these various structures and provide reports when necessary, on service delivery challenges and programme implementation.

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THEORY OF CHANGE

GOAL: THE PROVISION OF QUALITY AND COST-EFFECTIVE INFRASTRUCTURE THAT CONTRIBUTES TO INTEGRATED AND INCLUSIVE RURAL ECONOMY

| Impact | Outcomes | Outputs | Activities | Input | Conditions | Assumptions |
|--|--|---|--|--|--|--|
| Effective and well-constructed socio-economic infrastructure for rural communities | a) Improved agricultural productivity through provision of infrastructure supporting agricultural development b) Improved socio-economic infrastructure | Improved Infrastructure Development, Maintenance and Investment | <ol style="list-style-type: none"> 1. Identification of project with stakeholders and in terms of the district delivery model and rural development sector plans 2. Preparing project brief and internal approval of project budget for appointment of a service provider 3. Appointment and management of professional service providers 4. Design phase (includes preliminary and/or detailed designs that's needed for complicated infrastructure such as processing plants). 5. Appointment of a contractor (includes Bid specifications evaluation committee procedures and internal branch approval procedures) 6. Construction (management of the project (professional service provider) and site visits). 7. Practical completion and works completion <p>(Progress and technical meetings on site, verification and monthly payment certificates, defects are rectified as per snag list, provide letter to municipality/beneficiary handover of completed construction)</p> <p>8. Defect's liability and final completion (Retain some budget for fixing defects and request contractor to fix latent defects)</p> | Human resources, Departmental budget for infrastructure development, contractors and professional service providers. | <p>There are stakeholders willing to partner on infrastructure projects.</p> <p>Incidents of crime at the construction sites.</p> <p>Infrastructure is not well maintained or is vandalised.</p> | <p>All contracts are signed and in place.</p> <p>There is sufficient budget to implement projects.</p> |

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CONCLUSION

Provision of infrastructure services in rural areas is central to achieving economic development and providing rural communities with opportunities to reduce poverty. Access to infrastructure enables people to take advantage of economic opportunities and access markets, jobs, information and training. A well-designed infrastructure policy and programme provides a useful entry point and catalyst for rural development as they strengthen community organisations and participation, empower women and youth, develop skills, and stimulate small enterprises and public-private partnerships.

THIS POLICY HAS BEEN APPROVED BY THE DIRECTOR-GENERAL OF THE DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT.



**MR M RAMASODI
DIRECTOR-GENERAL**

2023-12-19

DATE

◀ **SIGN H**

The effective date of this policy shall be on the date of signature.



**agriculture, land reform
& rural development**

Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA



OFFICE OF THE DIRECTOR: DEMAND AND ACQUISITION MANAGEMENT SERVICES
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INFRASTRUCTURE DEVELOPMENT IN RURAL AREAS POLICY

Supply Chain Management reviewed the Infrastructure Development in Rural Areas Policy and propose the following additions to **paragraph 7: Legislative Provisions** of the said policy:

| Legislation | Relevance |
|---|--|
| <p>Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000) together with its associated Preferential Procurement Regulations Treasury Regulations: SCM Chapter 16A National Treasury's Supply Chain Management Guide for Accounting Authorities dated December 2003, issued by National Treasury Promotion of Access to Information Act, 2000 (Act No.2 of 2000) Department of Agriculture, Land Reform and Rural Development Demand and Acquisition Management Policy</p> | <p>The purpose of the Demand and Acquisition Management Policy is to give effect to the five pillars of procurement, i.e. it must be fair, equitable, transparent, competitive and cost effective, as well as to give effect to the enabling legislation, regulations and strategies to modernise procurement, provisioning and related functions.</p> |


MR. R. DANSTER

DIRECTOR: DEMAND AND ACQUISITION MANAGEMENT

DATE: 5/12/2023

