



rural development
& land reform

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Rural Development & Land Reform
REPUBLIC OF SOUTH AFRICA

Priority Districts Analyses for Economic Transformation

High impact (catalytic) infrastructure intervention areas

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Contact person: Clinton Heimann
heimann@ruraldevelopment.gov.za

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23 Distressed Districts: District Municipalities and Representatives

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CSI, Built Environment. Spatial Planning and Systems unit:

Elsona van Huyssteen evhuyssteen@csir.co.za

Johan Maritz jmaritz@csir.co.za



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GLOSSARY OF TERMS

In the context of the report:

- District – refers to a District Municipality (in terms of the Municipal Systems Act, Act 96 of 2000) and its area of jurisdiction.
- Local – refers to a Local Municipality (in terms of the Municipal Systems Act, Act 96 of 2000) and its area of jurisdiction.
- Cluster – refers to a group of Districts, clustered together for the purpose of analyses due to their geographic proximity and some similarities such as settlement structure, topography, and other socio-economic characteristics.
- Provincial – refers to the area of jurisdiction of a Provincial government, established in terms of the Constitution of the Republic of South Africa.
- Regional – refers to an area that is characterised by certain activities, homogeneous characteristics and/or functional interactions, for example a tourism region or regional corridor, or crop production area. For the purpose of the report the term region is used when an area under discussion is not bound by administrative boundaries and usually spans across local and/or district municipal boundaries. Also, the term 'region' does not refer to areas that span the extent of more than one country, but would include areas as set out above, where functional linkages span across district, provincial and/or national borders.

Executive Summary

Introduction and purpose of report

In July 2011, Cabinet unveiled 12 implementation plans for immediate action by government. Action Plan 6 called for “Scaling up rural-development programmes including investment in rural areas and the revitalisation of smaller towns”.

Responsibility for implementing Action Plan 6 was given to the Department of Rural Development and Land Reform (DRDLR) in conjunction with the Presidency.

In response to Action Plan 6 – to adequately align the spheres of government and other state entities around core priorities for rural development – 23 district municipalities have been identified as the focus areas for rural development (Table 1 and Figure 1). More recently a 24th district (Umgungundluvu) was included in the focus of DRDLR. The latter is not included in Figure 1 but is already included in some of the latest analyses. These areas are home to almost 18 million of South Africa’s rural residents, many of which are living in poverty.

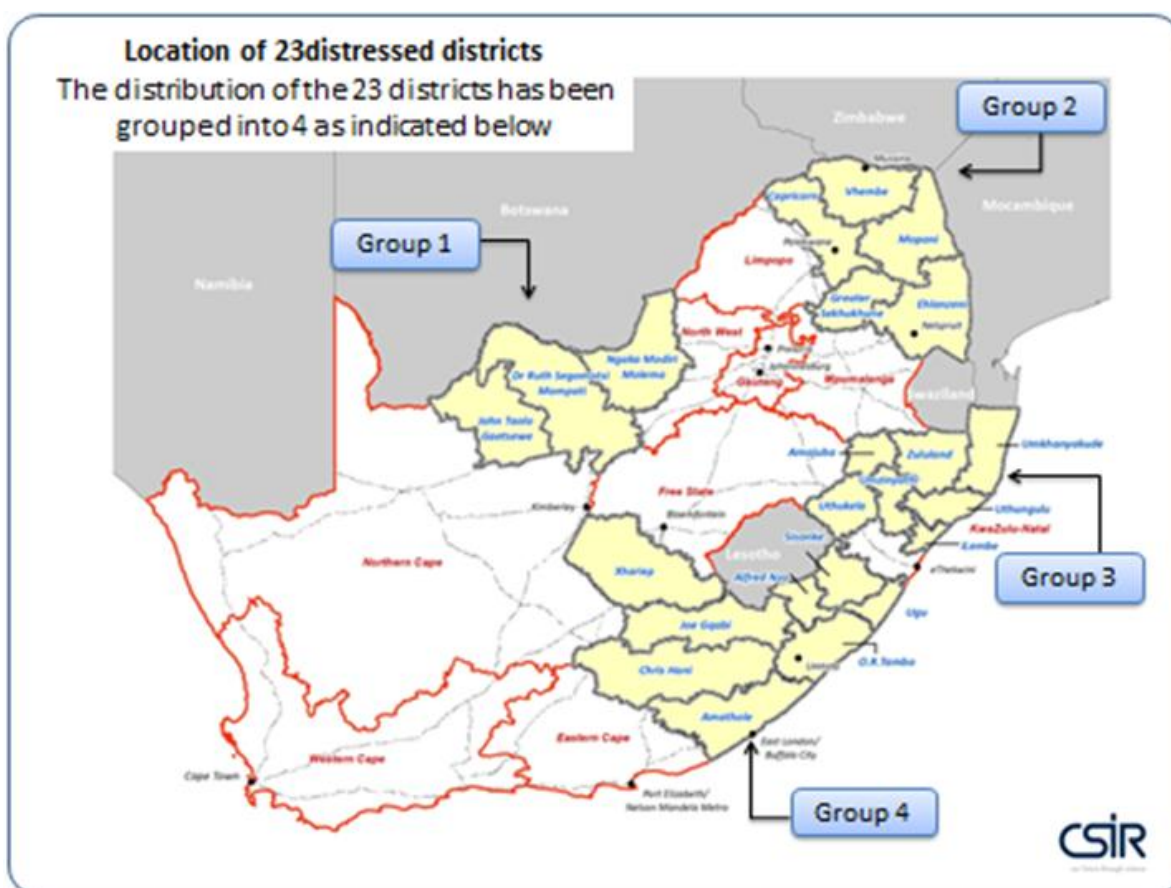


Figure 1 Location of 23 distressed districts

The districts and areas form spatial clusters or groupings, often with adjoining (similar) settlement and land uses. All are experiencing high levels of poverty, service constraints, high unemployment and low levels of economic development and are therefore also described as distressed districts.

In order to enhance the impact of intensified government investment in these areas, the regional economies and the increasing number of dense settlements, the DRDLR has initiated a review of

current developmental realities and potential, as well as of the opportunities and blockages associated with current government investment.

What is evident is that major investment is taking place in the form of access to basic services. In many areas this is by far the biggest investment that will take place in a number of years, and as such provides the single biggest opportunity for the transformation of investment in support of government's goals (as set out in the National Development Plan (NDP)) of stronger regional economies and employment, increased quality of life and the cutting of carbon emissions by 2014. In addition, it is evident that household food security will have to be addressed in a much more integrated way, including employment and entrepreneurship opportunities through unlocking regional economic and agricultural potential.

Following on the above, and through embarking on a much needed bottom-up approach with the relevant municipalities and provinces, the DRDLR, in collaboration with key national departments, has identified a number of key catalytic opportunities for rural infrastructure and economic transformation.

This catalytic pathway entails **short term interventions** in the form of:

- a framework of rural economic transformation to fundamentally shift the nature of inter-governmental infrastructure investment and implementation support;
- the identification, validation and implementation support for a number of locally identified catalytic projects in the respective districts as a first tangible step in the process; as well as,
- the identification of priority settlements and areas for high impact (catalytic) and differentiated service, as well as economic infrastructure investment (Action Plan 6, as well as SIP11 and also informing SIP6).

And **medium to long term interventions** in the form of:

- on-going implementation support to local municipalities and sector departments, as well as monitoring and evaluation of catalytic project implementation (Action Plan 6);
- on-going identification of opportunities and priority settlements and areas for differentiated investment and service delivery in support of rural development and economic transformation (Action Plan 6, as well as SIP11 and also informing SIP6); and,
- a mechanism to inform monitoring and evaluating in order to redirect and ensure higher impact of investment in support of rural economic transformation.

The purpose of this report is to provide an overview of the spatial analyses that are being conducted in order to identify priority settlements and areas for high impact (catalytic) and differentiated service, as well as economic infrastructure investment (Action Plan 6, as well as SIP11 and also informing SIP6).

Overview of the process and report

The above outcomes are the results of a phased approach of on-going engagement between the DRDLR, local and district municipalities, as well as engaging a wide range of sector departments and other stakeholders (Figure 2). The engagement process is also supported and informed through a number of on-going technical studies and resultant findings to inform implementation and policy review (Figure 2).

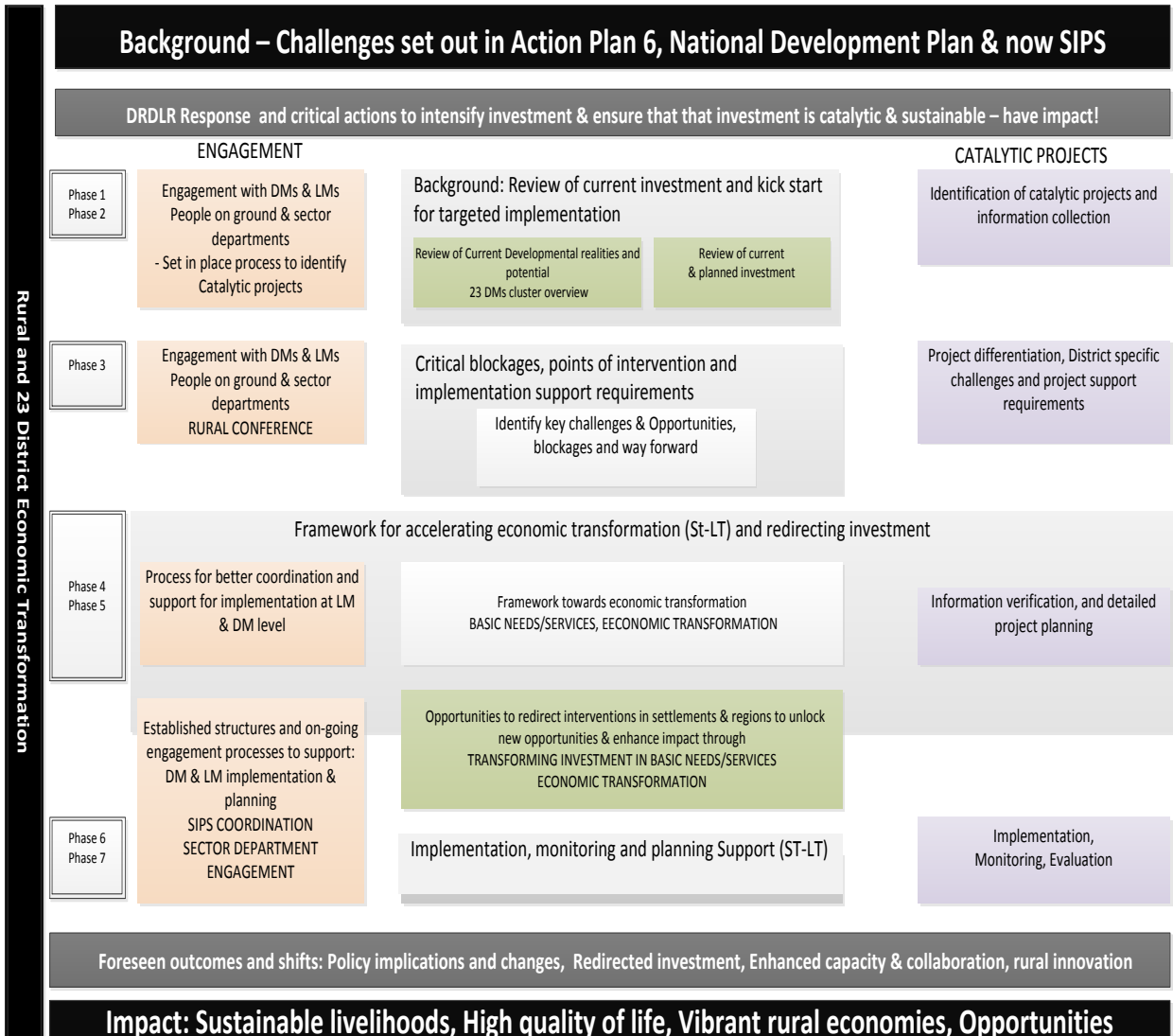


Figure 2 Approach and key outcomes

The purpose of this report is to:

- In Section 1: Provide an overview of the framework for analyses and geo-information collation (Deliverable 4a).
- In Section 2: Provide an overview of the key national and cluster of district analyses to inform identification of high impact intervention areas (Deliverable 4b)
Section 2.1: Provide an overview of key national level analyses
Section 2.2: Provide an overview of the more district specific analyses, per cluster of districts;
Section 2.3: Overview of functional regional analyses (Deliverable 4c)
- In Section 3: Some summary findings.

An indication of the progress and next steps currently being undertaken in development of the mechanism to enable geographic specific trend analyses in support of on-going project prioritisation is set out in [Annexure A](#).

More detail and supporting information is provided in the accompanying Annexures.

It should be noted that the information represented in this report regarding government investment is that of a particular snapshot in time – August to October 2012 – and that there are also differences between the information available for the different sector departments and the different district municipalities. The latter differences are based on the information available and provided at the time, as well as due to specific inputs received from the respective district municipalities (DMs), sector departments and provincial DRDLR offices.

- The clear emphasis by national departments in **addressing remaining (and ever increasing) backlogs** to provide communities with access to basic services (water, sanitation, electricity) and meet sector specific targets, as well as the reality that in numerous areas this investment will have to continue and be up-scaled in future;
- The financial feasibility of municipalities and the environmental implications and sustainability of **increased demands for water and sanitation in growing and densifying rural settlements**. This is placing a huge burden on government's ability to provide services in a sustainable way, as well as being able to redirect funds towards job creation initiatives;
- The enormous challenge in **creating sustainable livelihoods and jobs** within a context of regional economic potential and the well documented capacity constraints in implementation; and,
- The way in which current funding and planning systems, as well as limited local capacity, **marginalise direct municipal involvement**, and the coordination of investment at a local level in support of economic transformation.

Opportunities include:

- Differentiated and more sustainable service delivery options are available and can be implemented to support ecosystems as well as municipal financial viability;
- The provision of basic services provides an enormous opportunity for sustainable job creation;
- Potential exists to support local economic transformation and agrarian reform through the identification of key opportunities and investment potential at a strategic regional scale – including opportunities associated with large scale infrastructure provision, agriculture and collaboration with regional role players within specific clusters/initiatives;
- The successful implementation and roll out of the Municipal Infrastructure Services Agency (MISA); and,
- The DRDLR mandate and coordination role allows the DRDLR to be ideally geared to put in place support for municipalities through local rural development desks. These can facilitate a process to directly influence national investment and prioritisation, and set in place agreements to facilitate and coordinate implementation for enhanced impact on a local scale. Thus, creating people-centred rural economic transformation.

Embarking on a much needed bottom-up approach with relevant municipalities and provinces, the DRDLR, in collaboration with key national departments, initiated a catalytic pathway towards rural economic transformation (Figure ii).

In essence, this catalytic pathway towards rural economic transformation, set in place by DRDLR, is based on:

One: A shared agreement to shift investment and focus from mere service provision towards economic transformation – as set out in the '23 District Economic Transformation Plan' Framework.

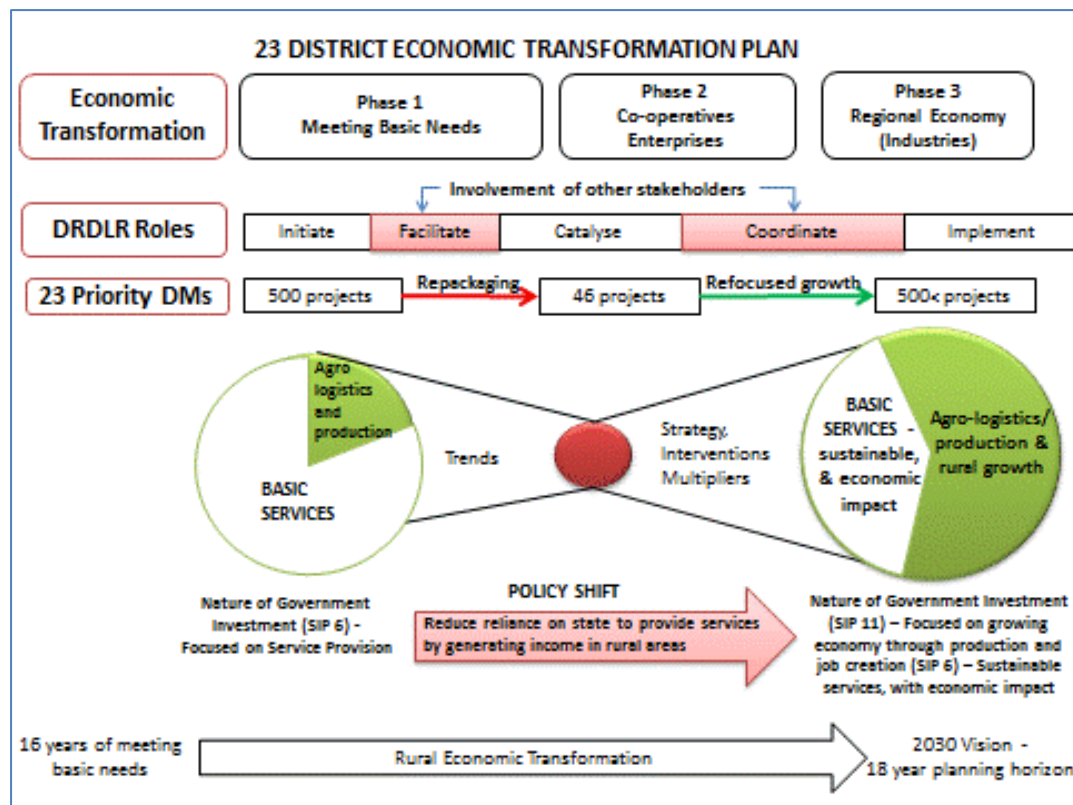


Figure (ii) 23 District Economic Transformation Plan

Two: The transformation is supported by setting in place a bottom-up process, where DRDLR will continue to play a key role in facilitating and coordinating the strategic prioritisation of catalytic interventions and implementation among the local municipalities, key national departments and other stakeholders.

Three: Implementation is being accelerated through facilitating investment by sector departments in a first set of catalytic projects identified by local municipalities, feeding these into the above process and validating and refining them as currently being undertaken.

In support of prioritisation and monitoring by local and district municipalities, as well as by provinces and the relevant national sector departments, more detailed and differentiated profiles of dense rural settlements and priority investment areas and settlements are being developed. In collaboration among DRDLR, the Economic Development Department (EDD) and the CSIR significant growth trends and projections, risks and vulnerabilities and regional potential are being identified to support the design and implementation; firstly, of infrastructure in support of regional economic transformation, such as agro-logistics; and, secondly, a shift towards basic service investment, based on sustainable and differentiated service delivery and high employment levels.

The high impact outputs of the 23 District Framework for Economic Transformation will be:

- a first round of project implementation;
- enhanced and targeted co-ordinated investment through sectors, Strategic Integrated Projects (SIPs) and local municipalities; as well as,
- a set of priority intervention areas and settlements to support the redirection of funding in the next cycle of IDPs, sector planning and budgeting.

Transforming infrastructure investment can thus become a catalyst, not only in changing the fate of the 23 most distressed districts in the country, but also for rural development in the broader South African context. However, given the high density and concentrated nature of settlement and the characteristics of these specific areas, innovative practices need to be pioneered to move towards the Vision 2030 and the interrelated targets of: (i) economic growth and employment creation; (ii) increased quality of life and a higher human development index; and, (iii) a lower dependency on carbon intensive resources, as set out in the National Development Plan (2011).

Section 1: Background overview of current development and investment realities

Overview of current development realities – 23 DMs

The 23 districts are spread across seven provinces, as set out in the table below.

PROVINCE	23 DISTRICT MUNICIPALITIES	Local Municipalities in the 23 Districts			
		Abaqulusi	Greater Tubatse	Mbhashe	Nyandeni
Eastern Cape	Alfred Nzo,	Aganang	Greater Tzaneen	Mbizana	Okhahlamba
	OR Tambo	Amahlathi	Hibiscus Coast	Mbombela	Polokwane
	Chris Hani	Ba-Phalaborwa	Hlabisa	Mfolozi	Port St Johns
	Joe Gqabi	Blouberg	Imbabazane	Mhlontlo	Ramotshere Moiloa
	Amatole	Buffalo City	Indaka	Mnquma	Ratlou
Free State	Gariep	Bushbuckridge	Ingwe	Mohokare	Sakhisizwe
	John Taolo Gaetsewe	Dannhauser	Inkwanca	Molemole	Senqu
Limpopo	Greater Sekhukhune	Ditsobotla	Intsika Yethu	Moshaweng	Thaba Chweu
	Capricorn	eDumbe	Inxuba Yethemba	Msinga	The Big 5 False Bay
	Vhembe	Elias Motsoaledi	Jozini	Mthonjaneni	Thulamela
	Mopani	Elundini	King Sabata Dalin	Mtubatuba	Tsolwana
North West	Ngaka Modiri Molema	Emadlangeni	Kopanong	Musina	Tswaing
	Dr Ruth Segomotsi Mompati	Emalahleni	Kwa Sani	Mutale	Ubuhlebezwe
	Zululand	Emnambithi/Lady	KwaDukuza	Naledi	Ulundi
KwaZulu-Natal	Sisonke	Endumeni	Lekwa-Teemane	Ndwedwe	Umdoni
	Amajuba	Engcobo	Lepele-Nkumpi	Newcastle	Umhlabyalingana
	uThukela	Ephraim Mogale	Letsemeng	Ngqushwa	uMhlathuze
	Ugu	Ezingoleni	Lukanji	Ngquza Hill	Umjindi
	uMkhanyakude	Fetakgomo	Mafikeng	Nkandla	uMlalazi
	Umzinyathi	Gamagara	Makhado	Nkomazi	Umtshezi
	Ilembe	Gariep	Makhuduthamag	Nkonkobe	UMuziwabantu
	uThungulu	Ga-Segonyana	Maletswai	Nongoma	Umvoti
	Ehlanzeni	Great Kei	Mamusa	Nqutu	Umzimkhulu
		Greater Giyani	Mandeni	Ntabankulu	Umzimvubu
	Greater Kokstad	Maphumulo	Ntambanana	Umzumbe	
	Greater Letaba	Maruleng	NW397	UPhongolo	
	Greater Taung	Matatiele	Nxuba	Vulamehlo	

Table 1: Priority 23 Districts and Local Municipalities

The areas differ vastly in terms of population and socio-economic dynamics and geographical characteristics. The Northern Cape and North West Districts (Cluster 1, See Annexure A) are quite arid in terms of topography and not as densely settled. The Limpopo and Mpumalanga Districts (Cluster 2, See Annexure A) are characterised by densely settled areas; however, they are quite connected in terms of regional access routes and a network of towns and cities. In the KwaZulu-Natal area (See Cluster 3, Annexure A), the inland district areas are quite isolated and highly dependent on agriculture, whilst the coastal areas are more densely settled with economies much more focused on mining, manufacturing, retail and tourism related activities. In the Eastern Cape areas (See Cluster 4, Annexure A) the coastal districts are marked by dense dispersed rural settlements, and economic activity related to agricultural, tourism and manufacturing sectors. The more central districts of the Eastern Cape and Free State (See Cluster 4, Annexure A) on the other hand are quite arid and characterised by low settlement densities.

The significance of the resource base, in especially the northern and central parts of the country, is well recognised in terms of the potential for job opportunities within the National Development Plan. In terms of providing opportunities for up-scaling rural development, it is significant to note that more

than 34% of the national agriculture gross domestic product in 2009 and almost 20% of that of mining were generated within the 23 priority districts (Figure 3).

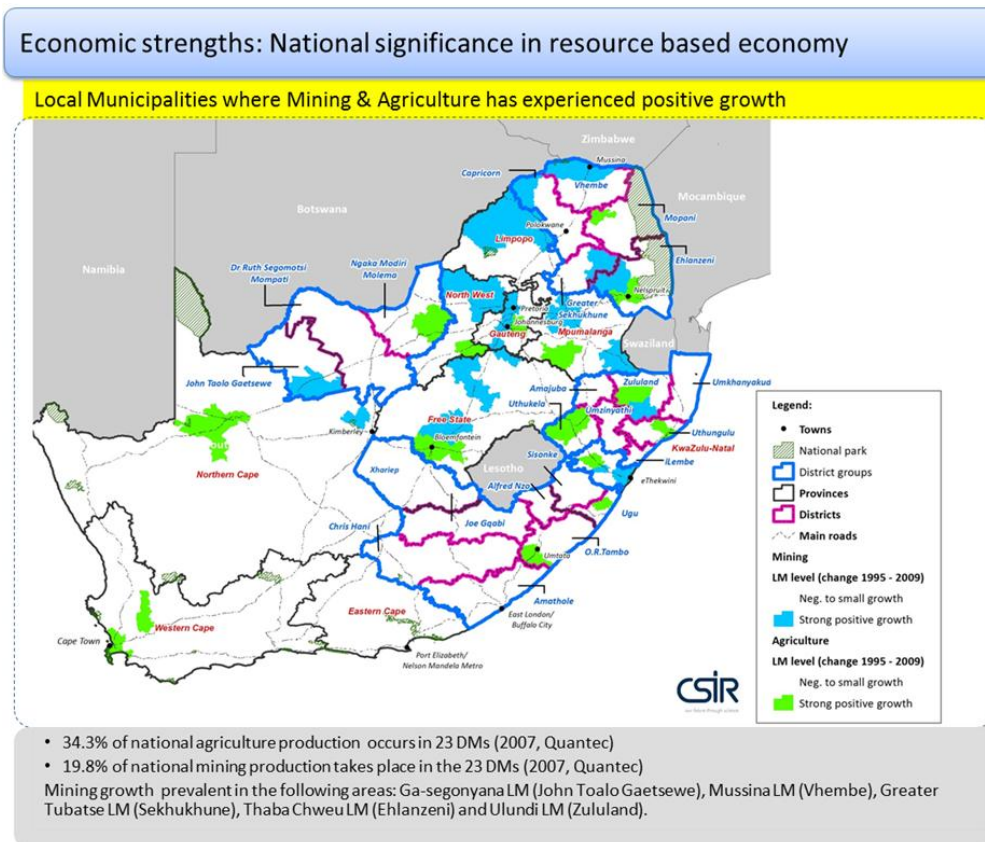


Figure 3 National significance in resource based economy

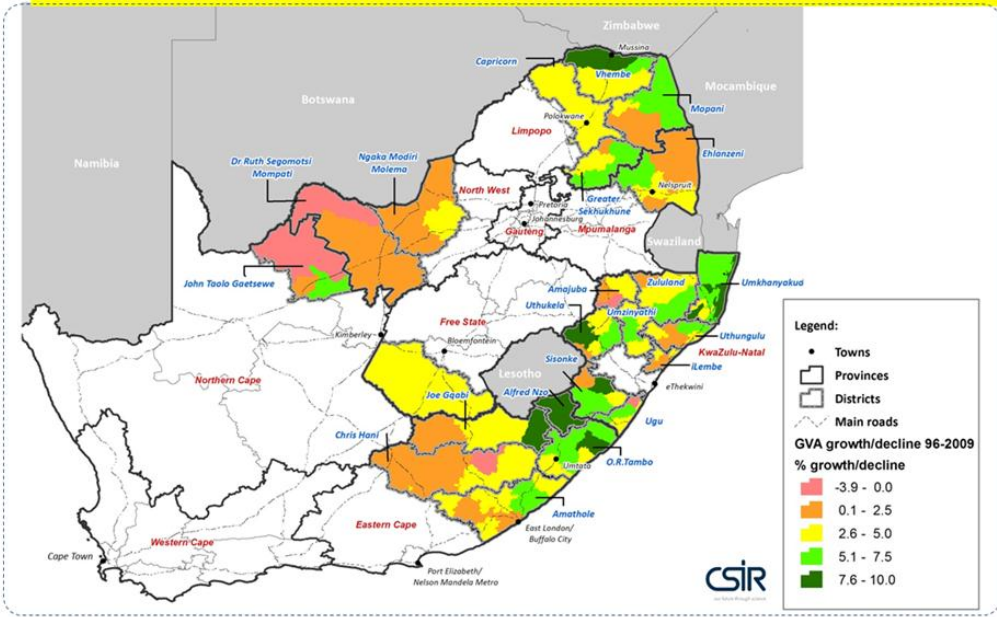
In spite of the recent economic downturn and the largely low base of economic activity in the rural development focus areas (23 districts), districts in the eastern parts of the country (Figure 4) show signs of increases in economic and employment growth (1996-2009).

However, the reality is that most of the areas in the 23 targeted districts are characterised by out-migration (Figure 7). In terms of population dynamics, the Northern Cape and North West Districts (Cluster 1), and the more central districts of the Eastern Cape and Free State (parts of Cluster 4) have relatively smaller population sizes, lower densities and lower levels of population growth but have challenges in addressing basic service backlogs largely due to distances and the sustainability of water resources. In such areas, backlogs in service access are expected to be addressed within the next five years (Figure 8 – Dr Ruth Mompoti as an example).

Districts that have gained population in the period 2001-2009 are Alfred Nzo, Greater Sekhukhune, Uthukela and Zululand (Figure 6). Overall (as is the case globally) it is clear that there is migration out of rural districts (Figure 5). The areas most affected are Amatole, Chris Hani, Dr Ruth Segomotsi Mompoti, Mopani and Ukhahlamba and Vhembe. However, in many of these districts in spite of out-migration and slow changes in their role in terms of the percentage of national population living in the areas, the natural population and settlement growth is still significant. This means a continued demand for access to basic services and rising pressures on municipalities to address backlogs and provide (and maintain) services in a sustainable way.

Economic strengths and growth – slow but upwards in the eastern parts

Eastern areas illustrating sustained growth 1996-2009 (even though from low base)



Map indicates Economic GVA growth in the period 1996 – 2009 for 23 districts only. Taking all economic sectors into account. Mussina LM (Vhembe), Okhahlamba LM (Uthulelo), Ingwe LM (Sisonke), Matatiel LM (Alfred Nzo), Elundini LM (Joe Gqabi), Ngquza Hill LM (OR Tambo) has shown the largest growth. Comparatively the districts in the western part of SA has performed poorly with some (group1) showing a declining economy.

Figure 4 Economic strengths and growth (1996-2009)

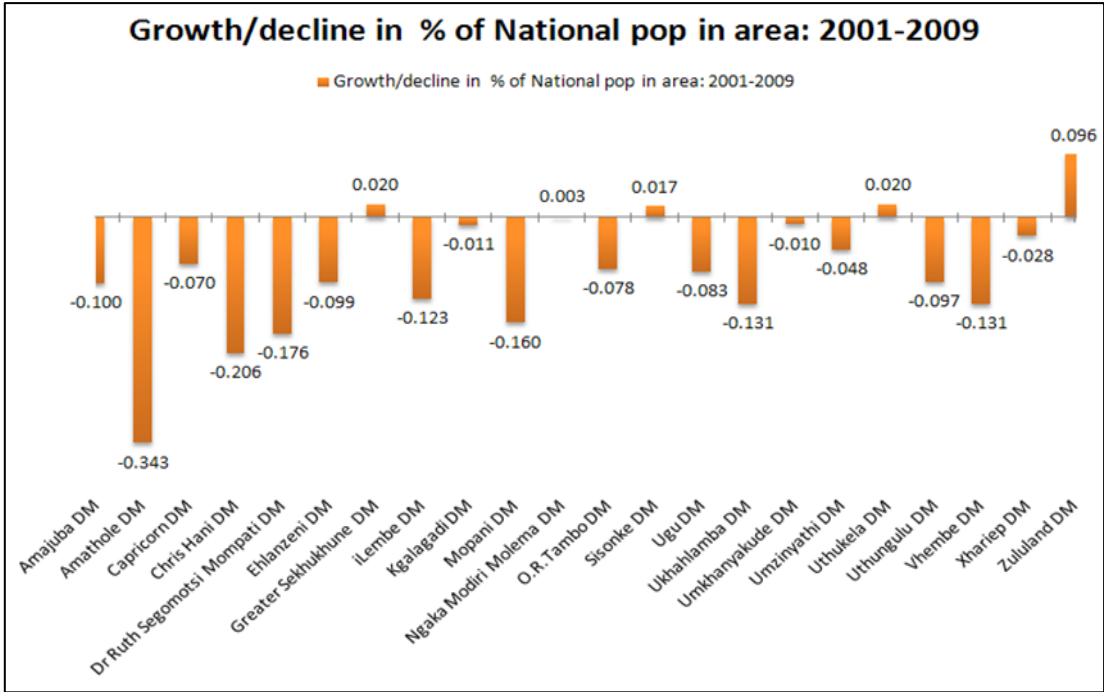


Figure 5 Population growth and decline (2001-2009)

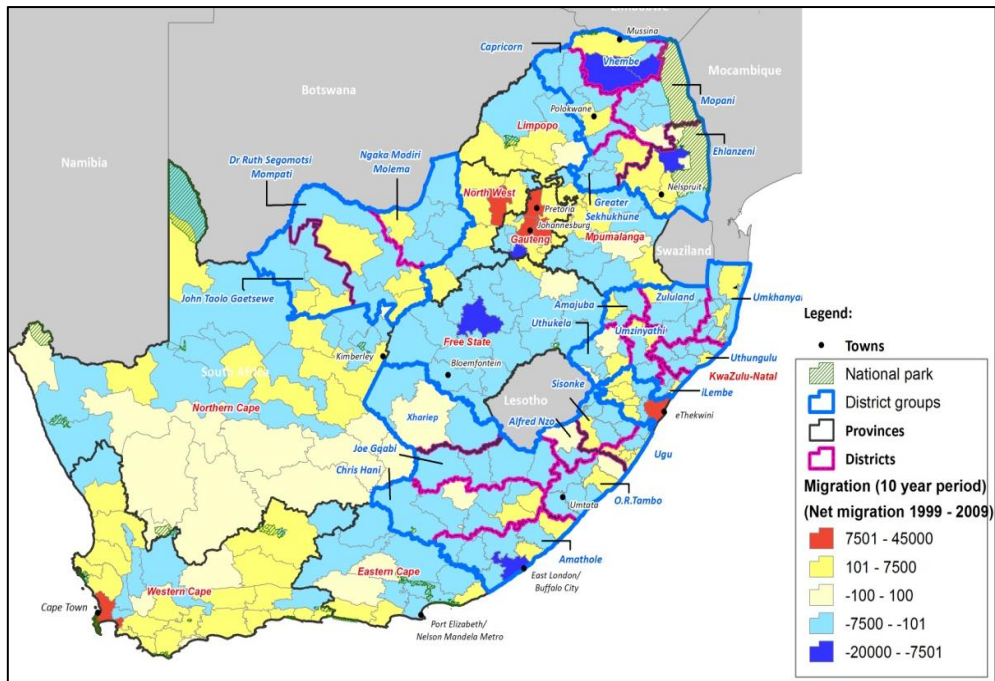
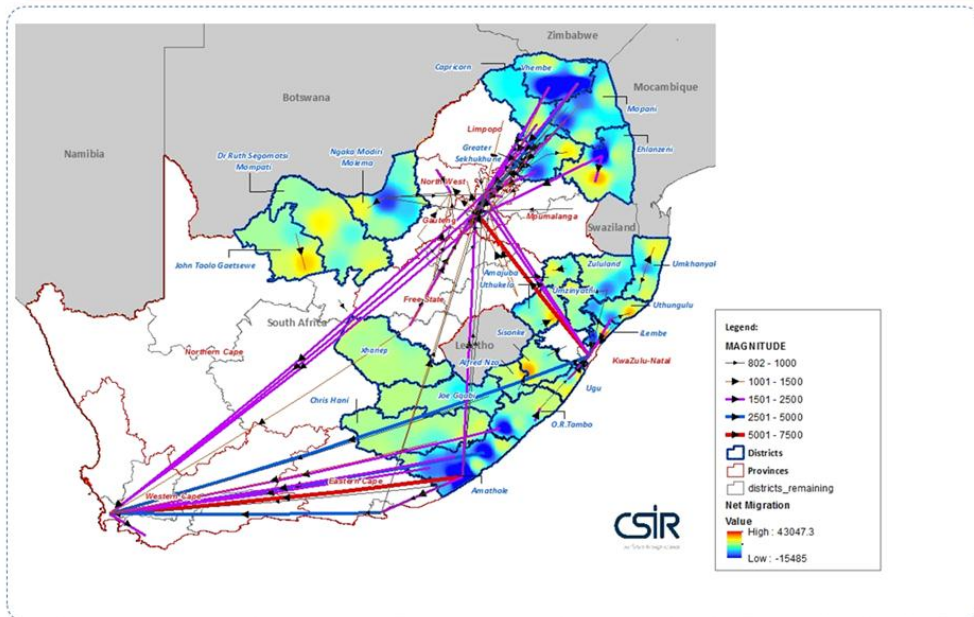


Figure 6 Population gains and losses (1999-2009)/LM

Migration patterns – illustration of net migration flows, using IEC voting district data (1996-2009)#.



Within the 23 districts internal as well as migration to the main urban and metropolitan centres is taking place. Overall a strong out-migration can be observed. The map (above) illustrates the net migration occurring within the 23 distressed districts. # (STEPESA.org)

Figure 7 Migration trends focussing on 23 districts

Within the 23 districts, internal migration as well as migration to the main urban and metropolitan centres is taking place. Figure 6 indicates the net flow (gains or losses) within municipalities. Urban areas such as Nelspruit (Mbombela) and the metros show gains in populations due to migration.

Figures 6 and 7 illustrate the net migration occurring within the 23 distressed districts. Some districts show strong net out-migration, for example Amatole, Vhembe, Mopani and Ngaka Modiri-Molema. It is also noticeable that internal migration (within districts) is occurring especially to sites where growth is occurring, for example the mining areas around Burgersfort and Steelpoort in the Sekhukhune district. Key settlements/towns such as Richards Bay, Mbombela, and Kuruman are showing net positive migration which confirms a trend of people moving from rural, more isolated regions to towns where services and facilities can be better accessed. It is also noticeable that there is a strong trend to migrate from these districts to the main metropolitan centres such as the City of Tshwane, City of Johannesburg, Ekurhuleni Metro and the City of Cape Town.

Increased densities and the growth of dispersed rural settlements are also notable in many of these districts; a large number of people are estimated to stay in high density rural settlements with limited economic opportunities.

Annexure A provides more detail on the cluster analyses and developmental realities of the respective districts. Annexure B provides an overview of the population dynamics according to the latest 2011 census data.

Overview of current and planned investment

In order to enhance the impact and better co-ordinate intensified government investment in the 23 district areas, the DRDLR has initiated a process to compile an overview of current government investment and planning by key sector departments within the 23 distressed districts. (For more detail see Annexure C). The information is aimed at providing an overview of the nature and magnitude of investment and gaps in the respective areas, the challenges associated with implementation, as well as opportunities for enhanced impact and more effective co-operation. A further objective was also to enhance the information base to support the evaluation of DRDLR catalytic projects.

The process was conducted in collaboration with the various District Municipalities themselves, as well as with units from the departments of Rural Development, Agriculture, Forestry and Fisheries, Housing, Water Affairs and Energy. It entailed detailing the nature of government investment in infrastructure (and indicating the number of projects) within the identified 23 district municipalities. Where possible, summaries of project information were mapped using either the local municipal or district levels.

It is evident from the analyses that, in responding to Action Plan 6, significant progress has been made in aligning and focussing contributions by the relevant national departments, namely DRDLR, COGTA, DWA, DAFF, DPW and DHS in the 23 districts. The contributions that have been made specifically relate to:

- Addressing access to basic services in rural settlements and towns;
- Strengthening agricultural production by small-scale farmers, through extending core infrastructure to rural areas;
- Contributing towards increasing jobs and work opportunities; and,
- Land reform and food security.

Addressing major skills and institutional development challenges also forms a key part of these initiatives; these being mostly addressed through the Municipal Infrastructure Support Agency (MISA) initiative.

In terms of planned investment, it seems that the contribution of various sector departments and state-owned enterprises will in future be channelled and coordinated through the President's Infrastructure Co-ordination Committees (PICCs) Strategic Infrastructure Program (SIP) initiative, with a focus on the 23 distressed districts remaining.

Some of the current impacts and implications of the above initiatives are set out below.

a) Addressing access to basic services in rural settlements and towns

With more than 20% of the country's population concentrated in the 23 districts, huge needs and backlogs in access to basic services such as water, sanitation and housing remain key challenges. The main contribution in addressing basic service backlogs in the 23 District areas is made through Municipal Infrastructure Grant (MIG) projects, overseen by the Department of Cooperative Governance (DCoG). In terms of MIG, COGTA's contribution as focused on the 23 DMs over 2011/2012 was R13 772 034 956, which culminated in a contribution of R 1 127.22 per capita for 23 DMs (2007 population data). It is evident that significant progress (DRDLR, ERT Report) has also been made in the reduction of basic service backlogs:

- Water: According to the report from the Department of Water Affairs, the average percentage of rural households with access to a piped water supply is now estimated at almost 90% (89.38%) – a 4.38% increase from December 2011; and,
- Sanitation: The percentage of the rural households with access to sanitation is now estimated at almost 80% (79.22%) as of April 2012 - a 4.22% increase from December 2011.

In addition to the DCoG Municipal Infrastructure Grant funding, the Department of Human Settlement provides rural area with household infrastructure funding, specifically aimed at addressing sanitation in rural areas. During the 2011/2012 period, the total project cost was estimated at R 203 500 000. However, in spite of major progress, sanitation backlogs for rural households are significant and the fund is reportedly to be scaled up in future.

In areas such as the Eastern Cape and KwaZulu-Natal, large population sizes, the large proportion of the young in the population, and areas of high rates of natural population growth will continue to place a huge burden on addressing service delivery backlogs, in spite of the major progress made by government over the last decade. An example of this is the large decrease in actual households without piped water in O.R.Tambo during the period 1994 to 2009, whilst the actual backlog remains very high (Figure 8). In areas close to Gauteng (such as the Sekhukhune District) which is characterised by an influx of people, service delivery backlogs have remained stagnant over the same period in spite of efforts to eradicate these backlogs (Figure 9).

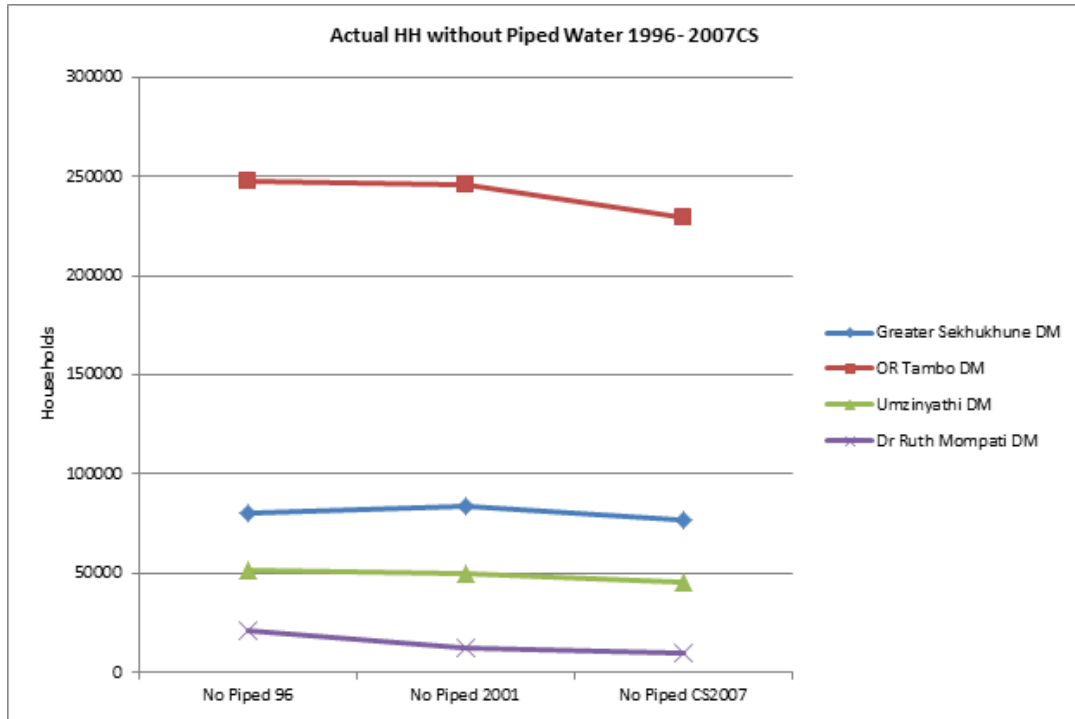


Figure 8 Delivery versus backlogs (Source: CRDP Norms and Standards Report, 2011)

b) Extending core infrastructure to rural areas

Unlocking agricultural production and strengthening local capacity through access to water is recognised as a crucial component in most of the 23 Districts. The availability of water is key, not only to provide access to basic services, but specifically to support agricultural production and the economic empowerment of small-scale farming and other proposed or possible practices.

Bulk water and sanitation services are largely provided through the Department of Water Affairs. For 2012/2013 alone, the total budget allocation for bulk water and sanitation in the 23 Districts is calculated to be R 3 684 918 926.

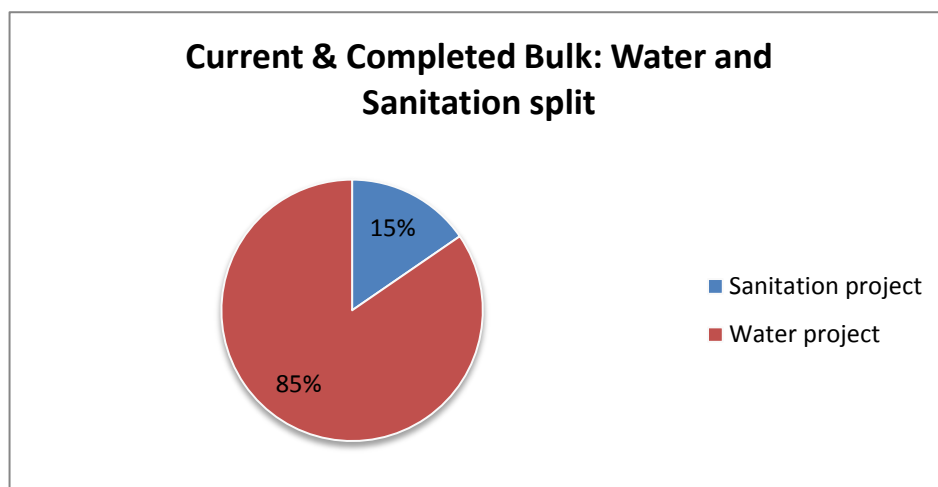


Figure 9 Current and completed: Bulk Water Supply & Sanitation

In line with Action Plan 6, the contribution towards future bulk infrastructure is being scaled up significantly over the next two financial years, with the total allocation for future bulk infrastructure estimated at R 6 537 944 650 for 2014/2015, calculated at about R 355 per capita contribution within the 23 districts.

As part of rolling out rural infrastructure that can support small scale agricultural practices, the DRDLR has contributed R 230 475 561.00 via its Animal and Veld Programme during the 2011/2012 financial year. That is estimated at about R 12.52 per capita contribution.

c) Increasing job and work opportunities

Government has set itself the target of contributing towards the creation of sustainable work opportunities; possibly a quite daunting task especially in the 23 priority districts.

Significant progress has been made in creating work opportunities within the 23 distressed districts through the Expanded Public Works Programme (EPWP), with a total of 354 780 work opportunities being generated for the 2011/2012 financial year (Figure 10), of which more than half (219 5490) were for woman, and the rest mostly for youth (158 876). The work opportunities created can be related to an equivalence of about 101 518 full-time work opportunities.

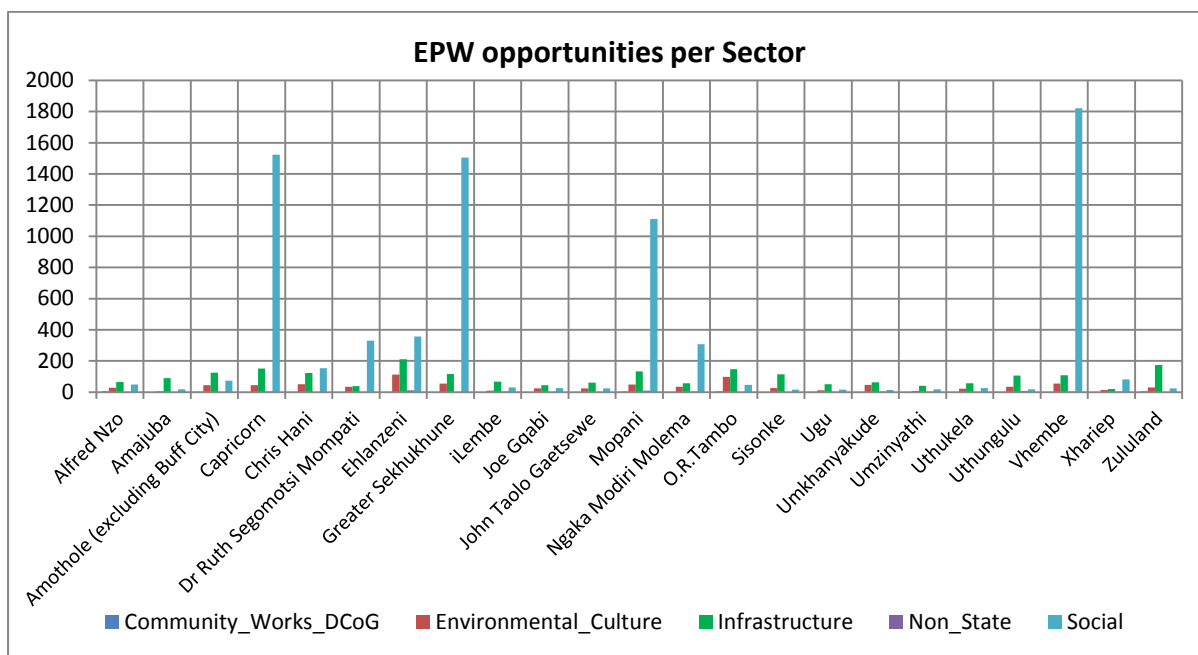


Figure 10 Expanded Public Works employment opportunities per sector 2011-2012

It is evident from the progress data, that most of the work opportunities were created within the community works programme. **It is foreseen that many of the future jobs and work opportunities will be created in, or related to, the maintenance and provision of basic services and in the agriculture sector.** Through investment in the maintenance of infrastructure and services, a large section of these work opportunities can be sustained over the longer term. The value of skills development and training within the operations and maintenance milieus will thus not only be in terms of the work opportunities created, it could also contribute towards effective and sustained service delivery.

The DRDLR has contributed towards agrarian transformation through infrastructure investment within its Recapitalisation and Development Programme (RECAP); the Animal and Veld Management Programme (fencing; boreholes and reservoirs; animal handling facilities; dip tanks; storage facilities; fire breaks and soil rehabilitation); the River Valley Catalytic Programme (development along river banks including agro-logistics) and the revitalisation of Irrigation Schemes (eight schemes being revitalised). In terms of socioeconomic infrastructure development, projects relate to bridges, roads, health facilities; ECD; basic services; youth hubs, ICT Village viewing areas; ICT centres; digital doorways; and the Apple i-school project.

Through the Narysec program, the total recruitment was 8 500 people with 5 400 youth trained in various construction skills in order to play an integral role in the delivery of infrastructure in the rural areas.

In terms of the revitalization of rural towns, guidelines for the revitalisation of rural towns have been developed and work has commenced in Witzenberg (WC); Mayflower (MP); Dyssseldorp (WC); Jane Furse (LP); Jacobsdal (FS); and Nkandla (KZN). In addition, work is also underway in terms of rural development in Gauteng.

d) Access to land and food security

The DRDLR has also made some major strides in terms of progress with land reform, land restitution and the recapitalisation of land for agriculture purposes in the 23 Districts.

In the 2011/2012 financial year alone, progress has been made in addressing 43 backlog claims on state land, 64 claims in terms of financial compensation and 83 through the purchasing of new land. In terms of current projects for the 2012/2013 financial year, backlogs are being addressed by addressing eight claims on state land, 48 through financial compensation, and 68 through land purchases. What is important to note is the large amounts of claims addressed through financial compensation in traditionally rural districts such as Amathole, Amjuba, O.R. Tambo and Alfred Nzo. These are all districts where large tracts of land are actually under tribal ownership (Figure 11).

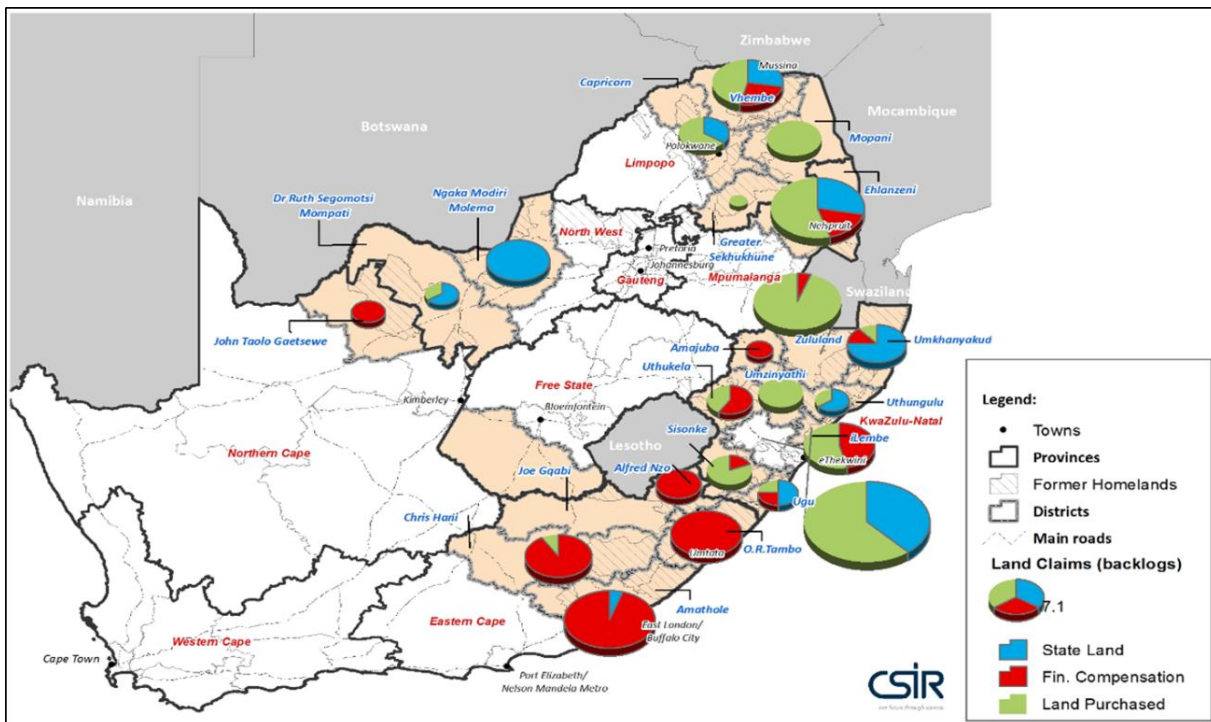


Figure 11 Land claims backlogs being addressed (2012-2013)

Addressing land claims through financial compensation might have a limited impact on the amount of households being supported to engage in farming activities to increase food security within an arid district such as John Taolo-Gaetsewe; the ideal would have been to enable more households to have access to land in areas with a high agricultural potential. The large number of claims addressed through financial compensation in the Eastern Cape districts is **potentially raising a red flag about large parts of the district already under tribal ownership, with potentially very little land available to be made available for re-allocation**. A related issue which was also raised in district IDPs and by youth forums in these areas, is the increase in households and the age of the head of households in these areas, which gives rise to the serious question of how much of the existing tribal land is actually still available to be allocated to new households in those areas. Such realities might be worth exploring as it could significantly impact a notion of agrarian reform aimed at increasing access to land and the farming practices of rural households.

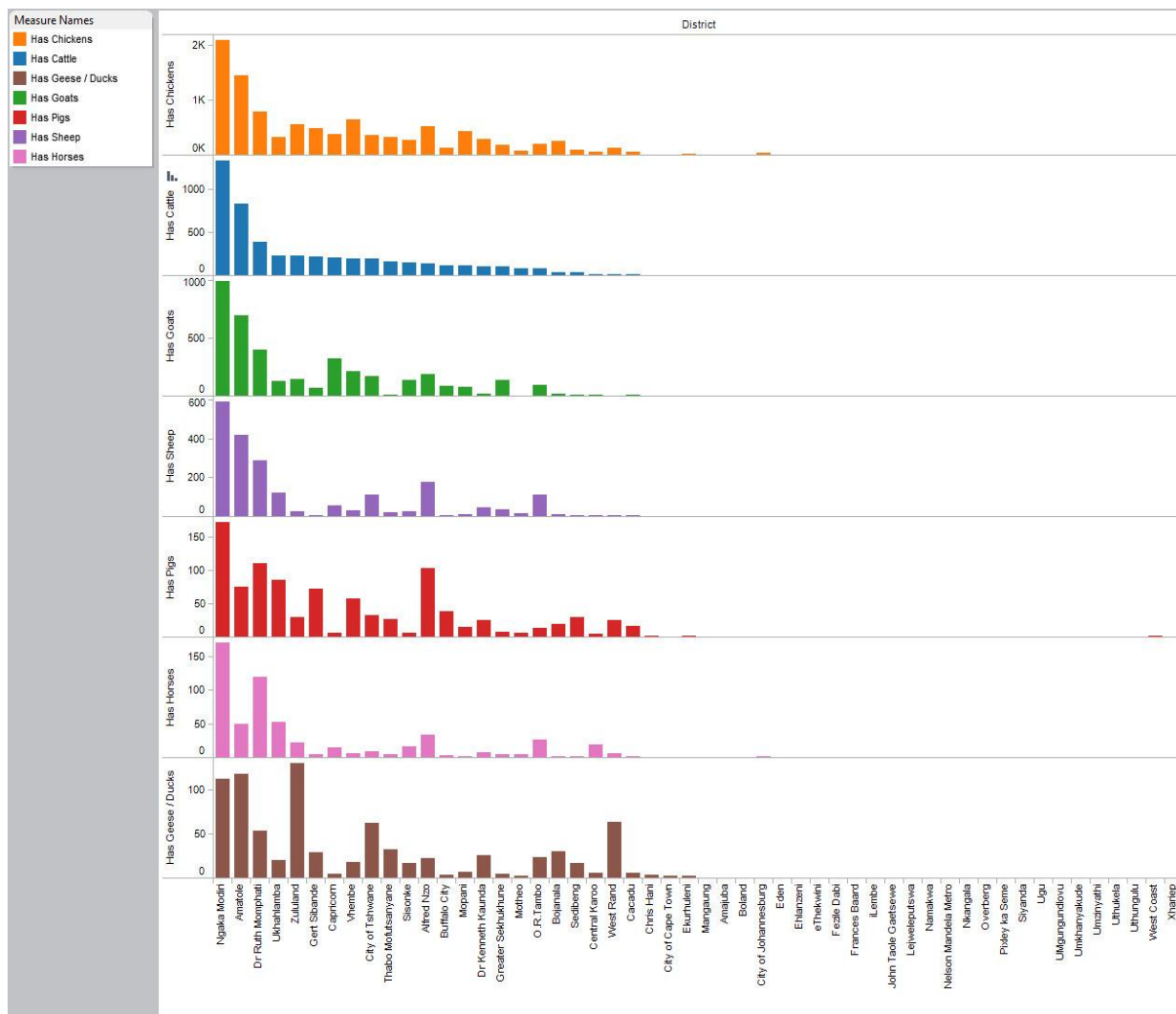


Figure 12 Households with various types of livestock (WoP Household-Survey, Department of Agriculture, Forestry and Fisheries)

As part of the “War on Poverty”, and in order to better understand the nature and extent of poverty and specifically food security, an extensive quality of life household survey has been undertaken amongst more than one million households. Some of the findings, especially those related to food security, challenge conventional ‘wisdom’ about household level farming practices and the role thereof in food production. From the surveys conducted, it is evident that for a wide range of food produce (including green vegetables, yellow vegetables, meat, fish, oil, cereals, etc.) only a limited number of households (2.5%) on average actually consume food produced by the household. It is a stark reality that food security and nutrition is far more dependent on household income than on the production capability of households. Some of the few exceptions are found in the more isolated districts, such as Zululand and Umzinyathi, where household production plays a more significant role in food production. This not only raises questions about the viability and culture of household food production but also highlights the importance of viewing food security from a more integrated approach; where the focus is on agriculture and household production as well as on increasing household income levels through a range of other means. This is especially the case for households who cannot access land for agriculture purposes.

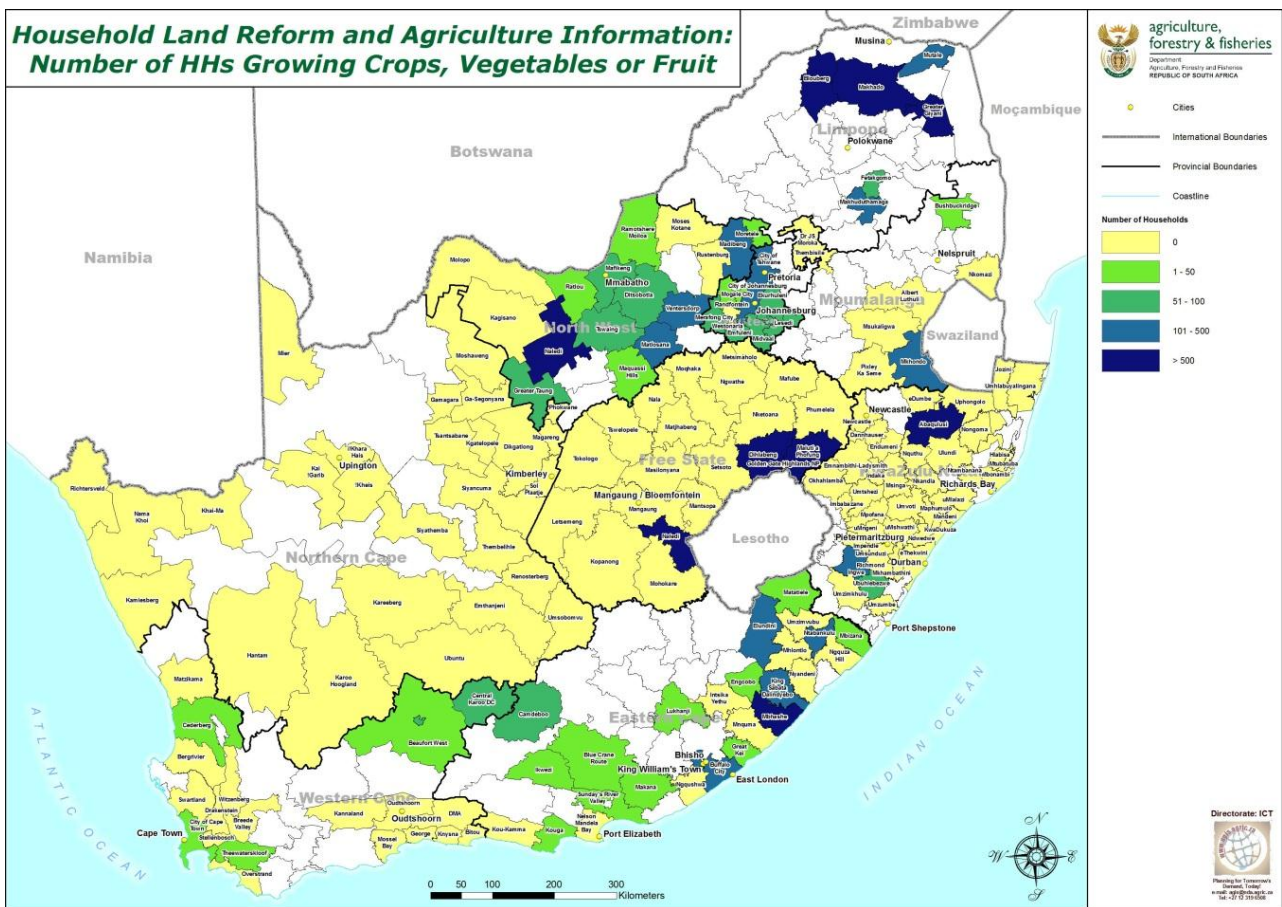


Figure 13 Number of households growing crops (WoP Household-Survey, Department of Agriculture, Forestry and Fisheries)

In line with the above trend of household crop production playing a more significant part of access to food and nutritional value in the more isolated districts of KwaZulu-Natal and the Free State, keeping of livestock also seem to play a more significant role in food production in those areas, as well as a couple of districts in the North-West and Eastern Cape. It is alarming that in most municipalities in the country, it is estimated that less than 50 households are growing food or keeping livestock (Figures 12 and 13). Only in nine of the local municipalities in the country are more than 500 households growing crops or keeping livestock for household level food production (Figure 12). For 11 local municipalities, this figure is 100 to 500 households and for 14 local municipalities it is between 50 to 100 (Figure 12). Thus, overall, only 34 local municipalities in the country appear to have more than 50 households growing crops, vegetables or food for household consumption.

Together with the realities about land reform and availability, the above figures raise serious questions about the viability and feasibility of establishing a culture of household food production as practice in South Africa, or at least the efforts (commitment of financial and human resources) that will be needed to get households producing food. The social grants system does not make this transformation any easier as the perceived opportunity costs of toil and the uncertainties associated with food production are outweighed by the relative ease of accessing grants. It highlights the

importance of viewing food security from a more integrated approach, where the focus is on household production, as well as on increasing household income levels through a range of other means such as larger scale agriculture and agro-processing. This is especially the case for households who cannot access land for agriculture purposes.

e) Direct and indirect implications of government's newly released Strategic Infrastructure Program (SIP) on the 23 priority areas

Given the fact that the infrastructure investment of various sector departments and state-owned enterprises will now be channelled and coordinated through the roll out of the identified SIPs – with a focus on the 23 distressed districts remaining – the likely impact of the SIPs on government investment will also have to be considered.

As some of the SIPs are regional in nature and extend across a number of districts, a high level spatial mapping of relevant infrastructure projects has been undertaken, and a summary list of anticipated projects collated for the priority districts. There are also a number of SIPs that focus on spatial and social infrastructure, but are not yet location specific, which could potentially make a sound contribution in future. These include:

- SIP 6: Integrated Municipal Infrastructure Project;
- SIP 11: Rural agro-processing;
- SIP 12: Revitalisation of public hospital and health facilities;
- SIP13: National School Build Programme;
- SIP 14: Higher education Infrastructure; and,
- SIP 15: Expanding access to communication technology.

In most of the SIPs, the identified construction and maintenance activities could be a source for enhancing job creation in the district. Strengthened transport linkages as set out for specific districts could also present economic opportunities.

Of particular importance is the role out of SIPs 13, 14 and 15. The prioritisation and strategic role of this infrastructure, and particularly service-facility interventions, are crucial in reaching the 2030 NDP Vision. The importance of these interventions in the distressed areas in order to provide opportunities and create possibilities for a positive future for the large number of school-going children and unemployed youth (currently and projected) living within these areas, cannot be overemphasised (see Annexure B for figures illustrating the proportion of youth and dependency on the economically-active population). In addition to infrastructure investment, the current focus on the quality of education and proposed initiatives to raise awareness regarding the role of government and getting the youth actively involved in service delivery maintenance will obviously also be required, in order to have an impact.

Section 2: Critical blockages, points of intervention and implementation support requirements

During the above analyses, numerous challenges and opportunities to enhance the government impact became evident. In summary, some of the key challenges and implications are listed below, as identified by the various role players both in terms of district specific conditions and support requirements, as well as in terms of the broader policy, planning, funding and implementation system and processes.

What is evident is that major investment is taking place in the form of access to basic services. As this is in many cases some of the biggest investment in local municipalities, it also provides the single biggest opportunity for transformation of investment in support of stronger regional economies and employment, as well as in addressing government's other two critical goals (as set out in the NDP) of increased quality of life and cutting carbon emissions by 2014.

District specific challenges and support requirements

a) Food security and farming

It is evident that very little small-scale farming activity is actually being undertaken by households in the 23 distressed districts. In spite of significant progress in land restitution and on-going land reform projects, in addition to huge investments in recapitalisation, limited agricultural production remains the norm for small farmers. Large-scale farming activities, as well as regional and area specific support in terms of farming practices, crop selection and combinations and water availability and accessibility could have a bigger impact in production, as well as job creation. Engagement in farming activities and food production seems to be linked not only to the natural environmental conditions, but also to household capacity and willingness. It also seems that the South African situation reflects the key trends indicated in international literature, that food security (which refers to both access to food and the nutritional value of that food) requires a sustainable mix of income and livelihood creating options, of which production (for either consumption, trade or selling) is merely one mechanism.

b) Basic Services

High rates of natural population growth will continue to place a huge burden on addressing service delivery backlogs and providing basic services in a sustainable way in spite of major progress made by government over the last decade, as illustrated in the highly populated districts of the Eastern Cape and KwaZulu-Natal Provinces. In order to ensure high levels of accessibility to more sustainable and affordable (for households and municipalities) infrastructure provision, the use of differentiated standards and alternative technologies could enable at least higher levels of accessibility. Existing pilot areas (undertaken by DST, CSIR and other institutions) point to ways in which these initiatives can support service provision and municipal financial viability through addressing the needs of the indigent. In addressing basic service backlogs, the focus is most often on new service delivery infrastructure, with very little if any investment relating to maintenance. Evidence seems to be overwhelming that there is limited take-up of agriculture as a mechanism to improve household income levels or household production for consumption. In the same vein, the track record of land reform and restitution cases in creating sustainable livelihoods has also been limited. In contrast therewith, appropriate basic service infrastructure maintenance could provide a much more significant number of sustainable jobs per year. Maintenance needs to be done year

after year, and personnel to do this maintenance will therefore always be required (see the NDP indication that 18% of funding should be set aside for maintenance). Transforming infrastructure for basic services in dense rural settlements through implementing more sustainable and green service infrastructure, through innovations in off-the-grid networks and differentiation in standards, as well as through a focus on maintenance, could significantly impact the number of people provided with access to basic services in more sustainable ways, as well as the number of employment opportunities and the sustainability of ecosystem services and resource use.

c) Land

Migration patterns over the last 15 years, as well as comparative district specific population analyses, indicate an on-going out-migration of population from densely populated districts in the Eastern Cape and KwaZulu-Natal. Especially in communal areas, this trend, together with realities of aging populations and accelerated household formation, raise questions about ways in which future generations will be able to access increasingly densely-settled land allocated under traditional leadership.

d) Social services

The quality of on-going investment in terms of social services is critical, i.e. health and education. It is evident that regional infrastructure (for example the roll out of the SIPs) could make a contribution to local economies and job creation. However, past practices and evidence suggest that these spin-offs are not created automatically or easily, nor do household income generation focused projects 'automatically' add value to local and regional economies. Through SIPs 7 the possibility of place specific targeting of investment in social facility infrastructure and operations could be significant in improving accessibility to services, as well as in creating small local economic agglomerations that link into networks of settlements. Recent developments in terms of determining standards for social facilities can be utilised to determine place specific priorities for investment.

e) Local economic linkages and collaboration

In spite of large scale interventions, government is not always able to create economies, enterprises, jobs and investment on the required scale in rural areas. The importance of actively involving existing industries, business people and farmers in identifying real opportunities for growth and to create possibilities for small businesses to link into existing value chains are evident. Large-scale farming activities could support agro-processing.

f) Municipal capacity

Significant funding is made available for infrastructure and service provision. However, municipal capacity limitations are revealed in MIG funding that does not get spent and needs to be rolled over, as well as choices in favour of new infrastructure versus maintenance. It is evident that the MISA initiative is addressing a major gap in terms of providing professional service capacity, especially required by municipalities that seem almost unable to deal with the extensive requirements placed by the PFMA with regards to procurement and other processes.

Overarching challenges, blockages and opportunities

During this process, a number of key challenges and opportunities were identified within the rural development context and governance system. Some of the significant challenges include the following:

- It is clear that national sector departments will continue to play a huge role in addressing remaining (and ever increasing) backlogs in providing communities with access to basic

services (water, sanitation, electricity). This is not only the case in addressing local service delivery needs and demands but also to address sector specific targets. The reality is that in numerous areas this investment will have to continue and be up-scaled in future due to natural population growth and in-migration trends;

- It is evident that the financial feasibility of municipalities, environmental implications and the unsustainability of increased demands for water and sanitation is growing and *densifying* rural settlements are placing a huge burden on government's ability to provide services in a sustainable way, as well as to redirect funds towards job creation initiatives;
- The challenge to create sustainable livelihoods and jobs within a context of regional economic potential and the well-documented capacity constraints in implementation is immense;
- The limited contribution of household level food production to food security is evident; and,
- The way in which current funding and planning systems, as well as limited local capacity, marginalise direct municipal involvement and coordinated investment at a local level in support of economic transformation is also evident.

From the analyses and collaborative discussions, a number of opportunities have also been highlighted, which include:

- Differentiated and more sustainable service delivery options are available and can be implemented to support increased access to basic services, resource efficiency and opportunities for the green economy;
- The maintenance of basic services provides an enormous opportunity for sustainable job creation;
- The potential exists to support local economic transformation and agrarian reform through the identification of key opportunities and investment potential at a strategic regional scale – including opportunities associated with large scale infrastructure provision, agriculture and collaboration with regional role players within specific clusters/initiatives;
- The successful implementation of MISA illustrates the large gains that can be made in supporting local municipalities and role players through capacity-building and professional service inputs; and,
- The DRDLR structure and coordination role is ideally geared to put in place support for municipalities through rural development local desks, and thereby facilitate a process to directly influence national investment and prioritisation, and set in place agreements to facilitate and coordinate implementation for enhanced impact on a local scale.

The abovementioned challenges and opportunities were also re-iterated at the Rural Conference recently hosted by the DRDLR to facilitate engagement among various role players on the burning issues within the rural development arena.

Section 3: Framework for economic transformation and catalytic implementation

Informed by the above, and through embarking on a much needed bottom-up approach with the relevant municipalities and provinces, the DRDLR in collaboration with key national departments started to develop a catalytic pathway towards rural economic transformation.

In essence, this catalytic pathway towards rural economic transformation, set in place by DRDLR, is based on:

One: A shared agreement to shift investment and focus from mere service provision towards economic transformation – as set out in the **‘23 District Framework for Economic Transformation’**.

Two: The transformation is supported by setting in place a bottom-up **process**, where DRDLR will continue to play a key role in facilitating and coordinating strategic prioritisation of catalytic interventions and implementation among the local municipalities and key national departments and other stakeholders.

Three: Implementation is being accelerated through facilitating investment by sector departments in a **first round of catalytic projects** identified by local municipalities, which is being fed into the above process and is currently being validated and refined.

These three components are set out in more detail in the following section.

Framework for Economic Transformation

It is evident that much work is being done and that the government is making significant and increasing investments in the 23 distressed districts. It is also evident that current government investment (through the respective sector departments and infrastructure grants) is largely focused on addressing basic service provision relating to water, sanitation and roads. However, as set out clearly in the National Development Plan (NDP), government also needs to (by 2014) focus on (i) growing the number of employment opportunities and the economy; (ii) increasing the quality of life of the majority of South African citizens; and, (iii) decreasing the use of carbon-intensive energy sources.

It could thus be argued that infrastructure transformation is positioned to become the catalyst for economic transformation. The NDP makes a strong call for economic infrastructure as a key catalyst for growing jobs and the economy. In the same line, in The New Growth Path the government identified construction and the maintenance of infrastructure as direct spin-offs, as well as investment with major multiplier effects in regional economies. The recently established range of 17 SIPs projects, developed under the umbrella of the PICC, is exactly aimed at operationalising the NDP.

Through SIP 6 the focus is kept on supplying basic services in the 23 distressed districts, whilst SIP 11 (through the lead of DRDLR) is focused on improving investment in infrastructure that supports agriculture production, employment and small-scale farming; all in support of agrarian transformation.

As is evident from the analyses on government investment, the current focus of government investment is largely on the provision of basic services (Figure 14) – the kind of projects that local

municipalities and the MIG actually fund, and the projects largely aimed at meeting basic human needs (as set out in Phase 1 of the CRDP operational phases, see Figure 14).

It is evident from the existing project roll-out that in order to bring about real economic transformation, and to ensure that the national vision actually becomes a reality, major shifts are required. Given the current levels of government infrastructure investment in most municipalities, and specifically the 23 distressed districts, a transformation of infrastructure investment could actually become a catalyst to make economic transformation a possibility. Transforming infrastructure investment can thus become a catalyst, not only to change the fate of the 23 most distressed districts in the country, but also for rural development to pioneer innovative practices in moving towards Vision 2030 and the interrelated targets of: (i) economic growth and employment creation; (ii) increased quality of life and a higher human development index; and, (iii) a lower dependency on carbon intensive resources, as set out in the National Development Plan (2011).

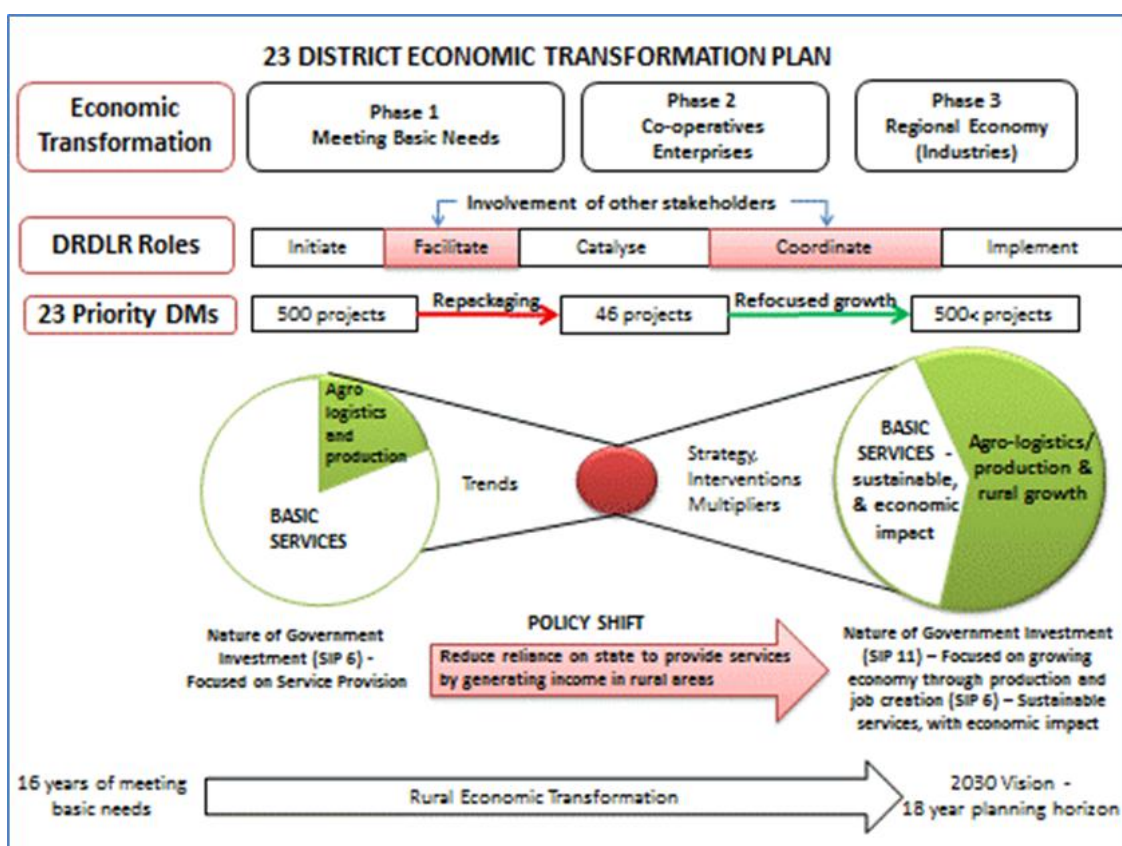


Figure 14 23 District Economic Transformation Framework

a) A catalytic approach to basic service delivery

Firstly, given the huge and foreseen continued investment in basic service delivery, a catalytic approach is proposed to redirect basic service provision from the mere addressing of backlogs to becoming a critical and tone-setting way in which government supports a three-pronged approach of access to high quality services, longer term job creation within the service maintenance field, and a decrease in dependency on carbon intensive resources through green infrastructure and services.

To position basic services as a catalyst for economic transformation, it will thus be crucial to work closely with local municipalities and the relevant sector departments (Figure 16), as well as the DBSA which is responsible for SIP6, to:

- Identify places and settlements that will still grow significantly in the next couple of years, and where basic services will remain a high priority, given projections of settlement growth. This will assist in identifying priority intervention areas for future roll-out, as well as develop scenarios for maintenance and the associated capacity building and job creation opportunities;
- Differentiate various types of high-density rural settlements and the possible risks and opportunities associated with them in order to develop differentiated norms and standards for the sustainable provision of high quality basic services, as well as social services;
- Collate and share learning from case areas on innovative and acceptable ways in providing a combination of on-the-grid and off-the-grid infrastructure, utilising innovative and resource-efficient technologies in association with generating local economic opportunities. For the latter component, support can most probably be galvanised and quick wins realised by collaborating with DST through its rural innovation initiative, as well as through collaboration with the private sector; and,
- Facilitate the engagement of municipalities, national role players and service providers to develop mechanisms and the capacity to support the maintenance of basic services (including possible innovative practices and technologies), employment generation and municipal financial viability. Opportunities also arise to explore alternative modalities, i.e. community base assets and closer co-operation with the private sector (considering functional regional networks and strengths in this regard will be critical). The initiative will have to take cognisance of and engage with municipal and household perceptions and concerns regarding alternative technologies and their efficiency, costs, implications for cost recovery and financial viability, long term sustainability, as well as the impact on household health and quality of life (Figure 15).

In such a way, money spent on basic services can actually become a sustained investment into rural livelihoods and local economic drivers. In Figure 15 the difference between ‘business as usual’ and ‘utilising service delivery as a catalyst for economic transformation’ is presented visually.

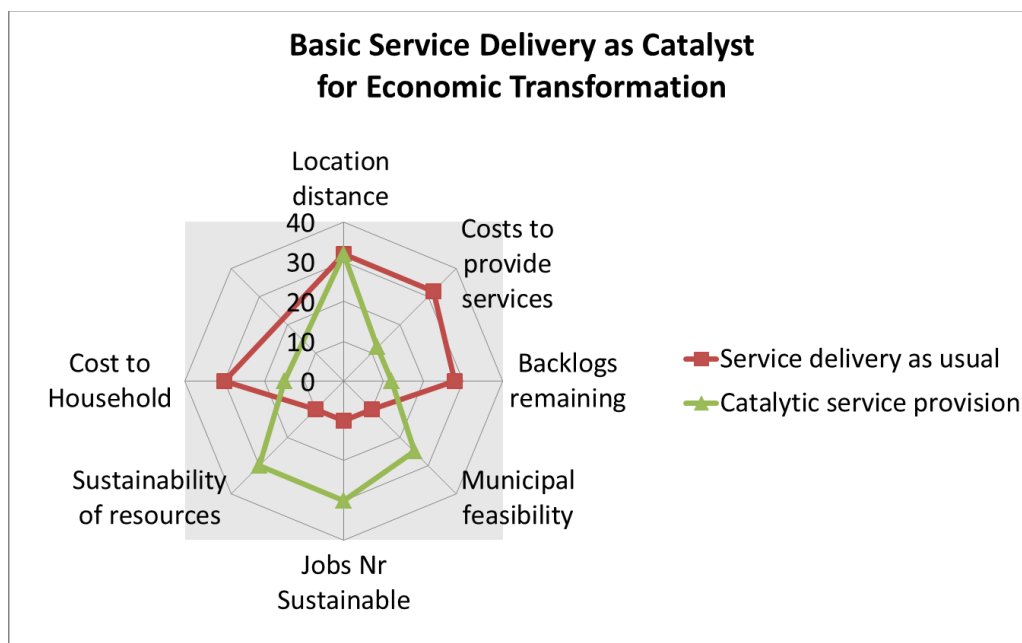


Figure 15 Basic Service Delivery as Catalyst for Economic Transformation

b) Catalytic economic infrastructure: rural growth, agro-logistics and production

Secondly, it is clearly evident that catalytic interventions and projects that can unlock industries and can support development and linkages into regional economies are required. In order to facilitate this transformation, it is imperative to:

- At a policy level, earmark and allocate a bigger proportion of government investment and sector department funding towards economic infrastructure that will specifically support projects in the 23 districts with the potential to unlock economic opportunity;
- Support regional and local intergovernmental co-ordination through dedicated capacity for regional and local coordination within sector departments. Experience has shown that these are often bigger and more integrated projects, which need to be designed and fleshed out by (as well as involving) not only numerous government role players, but also the private sector and local and regional business. Given the challenges of municipalities, relating to involving sector departments in local IDP processes, and the difficulties for sector departments to participate in such a magnitude of processes, well-coordinated district interaction and shared strategic understanding of regional economies can have a huge impact on prioritisation and budgeting. Implementation through service level agreements aligned with district and local IDPs will also in a practical way align investment in space and time;
- Facilitate economic infrastructure investment and provide inputs for intergovernmental planning in support of priority local economic regions, through:
 - Identifying priority regional intervention areas, and conduct more detailed cluster and sector analyses to identify opportunities for economic development, employment and enterprise development. This could also include opportunities surrounding renewable energy, green services and maintenance;
 - Kick-starting regional local economic collaboration amongst relevant role players in selected regions of opportunity, harnessing current economic activities, and tapping into existing linkages, networks and the experience of key agents. This process can be facilitated through collaboration with EDD. Through identifying, supporting and tapping into existing regional and private sector strengths, as well as sector or cluster specific opportunities, in order to support creation of local enterprises, the process will support both Phases 2 and 3 of the CRDP program;
 - Identify the catalytic infrastructure investment required to support real opportunities for rural growth and agricultural transformation such as fresh produce market depots, and local infrastructure to support crop production, forestry, the animal and veld programme, fisheries, bio-fuels, import & export agriculture, revitalisation of irrigation schemes and establishing important linkages (road, ICT) and services; and,
- Identify and invest priority intervention settlements and nodes for higher levels of basic services (the current standard 11 kilo volt ampere line for household equipment and 200 m stand pipes is obviously not conducive for economic activity), road and ICT infrastructure and social service provision in potential economic and service nodes – inter alia considering aspects such as rural connectivity, settlement growth, vulnerability to natural and socio-economic risks, regional economic activities and opportunities, conglomeration points for investment and growth of government provided social services.

Process to support enhanced co-operation and implementation

Thirdly, with this focus on the 23 districts and through the process of the identification of catalytic projects, a key need was identified to enhance the impact of government investment, as well as close the gap between local and national priorities in budgeting and implementation.

Such a process would not only support co-ordinated intervention and impact in shared areas of jurisdiction, but also enable the aligning of budget cycles across the MTF, and through various planning instruments such as municipal IDPs, SDFs and budgets, and provincial and national sector plans and budgets.

A detailed process plan is set out in Figure 16. The purpose of the process is not to set up an additional funding stream or mechanism, but rather to enable role players at a local level, in sector departments and also in relevant SIP teams, to be innovative and strategic in prioritising infrastructure investment in support of economic transformation.

Whereas it is evident that there is a lot of information and planning being done, DRDLR can play a key role in providing support to local and district municipalities to enable the prioritisation of interventions that would benefit rural economic transformation within local and sector planning and budgeting cycles. The process could also be supported by facilitated interaction, as well as making available information on regions and settlements, as well as on catalytic infrastructure interventions to inform collaboration and decision-making.

The process and support requirements can also be tested and adapted within the 1st round of catalytic project identification, verification and implementation support.

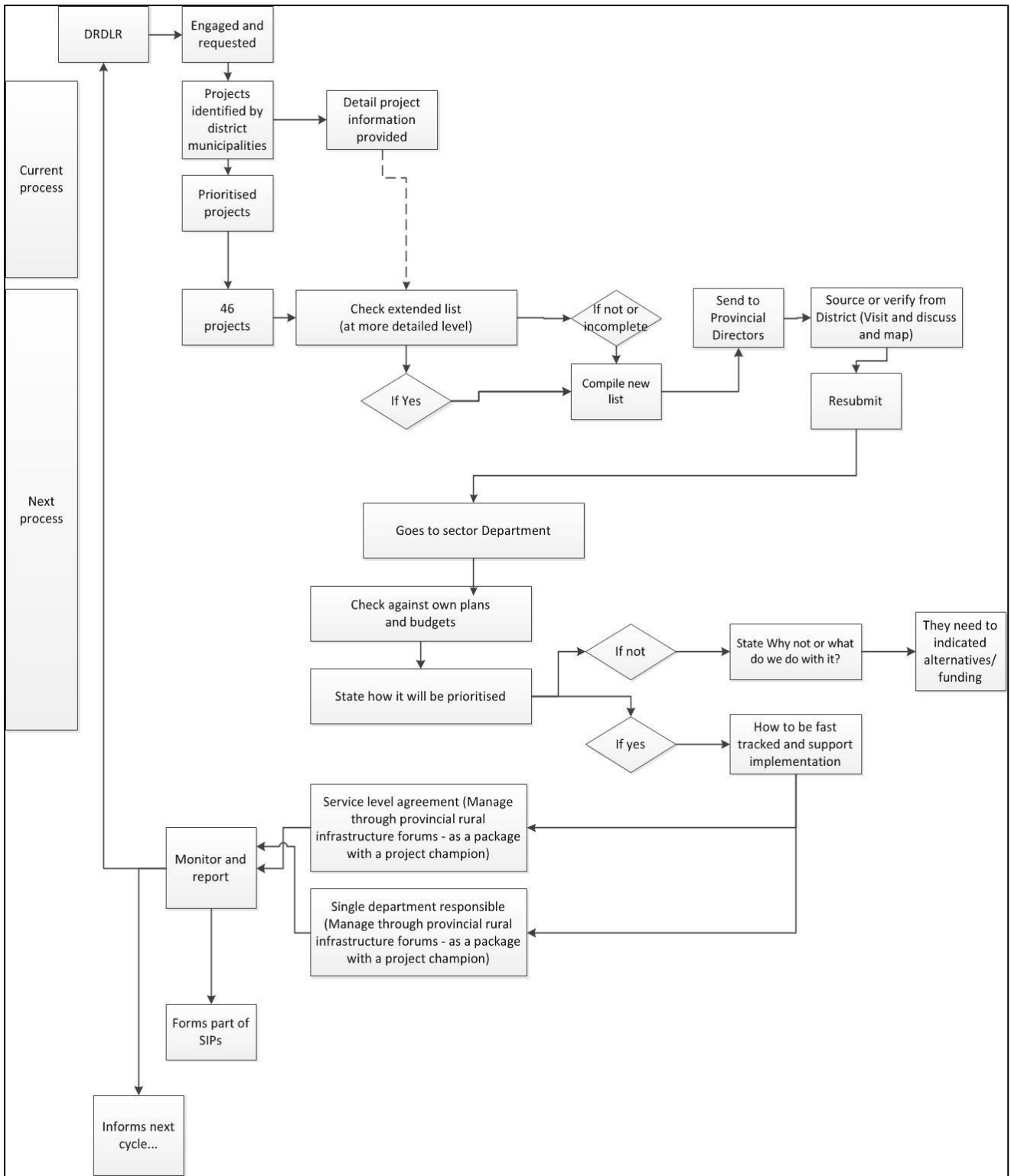


Figure 16 Process Support for Catalytic Projects

Redirecting short term implementation: 1st Round Catalytic projects

The Department has undergone an extensive process of identifying catalytic projects in the respective district municipalities. In the first round of project identification, a total of 450 projects have been identified.

The planning framework depicted in Figure 17 shows the high-level methodology being followed in working with District Municipalities and various sector departments to identify, plan and execute projects aimed at transforming rural communities and making them vibrant, equitable and sustainable.

The Minister of DRDLR addressed the Mayors of the District Municipalities in September 2011. The Minister indicated that each DM should identify water, sanitation, energy, roads and agricultural projects that would bring about the development of their areas.

During the November and December of 2011 road shows were held, which entailed visiting the District Municipalities and working with them to help identify short, medium and long term projects.

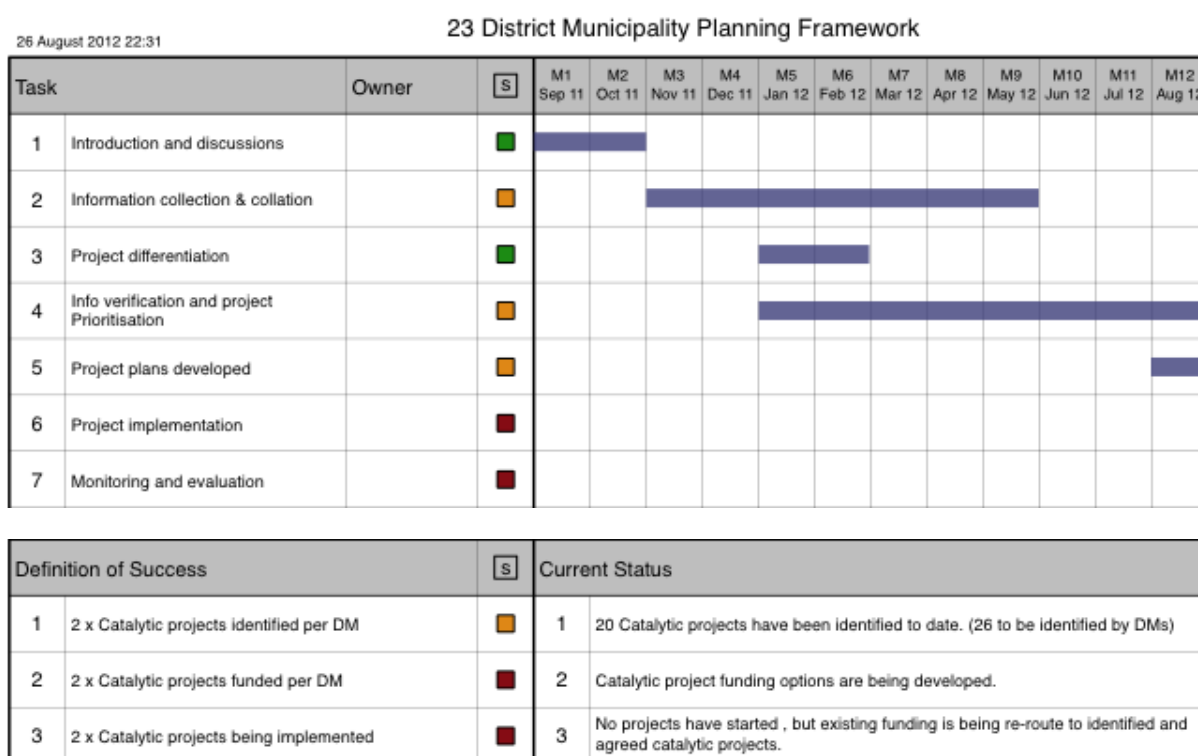


Figure 17 23 DM Planning framework

By January 2012, the DMs had submitted their short, medium and long terms projects. In total 450 projects were submitted for funding; the estimated cost of these projects amounted to R30 billion. The emerging funding needs for infrastructure is reflected in Figure 18 below. The catalytic projects are set out in more detail in Annexure D, where the respective District Profiles provide some context to the districts' development challenges, current government investment and planned projects per district. It should be noted that the information represented in this report regarding government investment is that of a particular snapshot in time – August-October 2012 – and that there are also differences between the information available for the different sector departments and different district municipalities. The latter differences are based on the information available and provided at

the time, as well as due to the specific inputs received from the respective DMs, sector departments and provincial DRDLR offices.

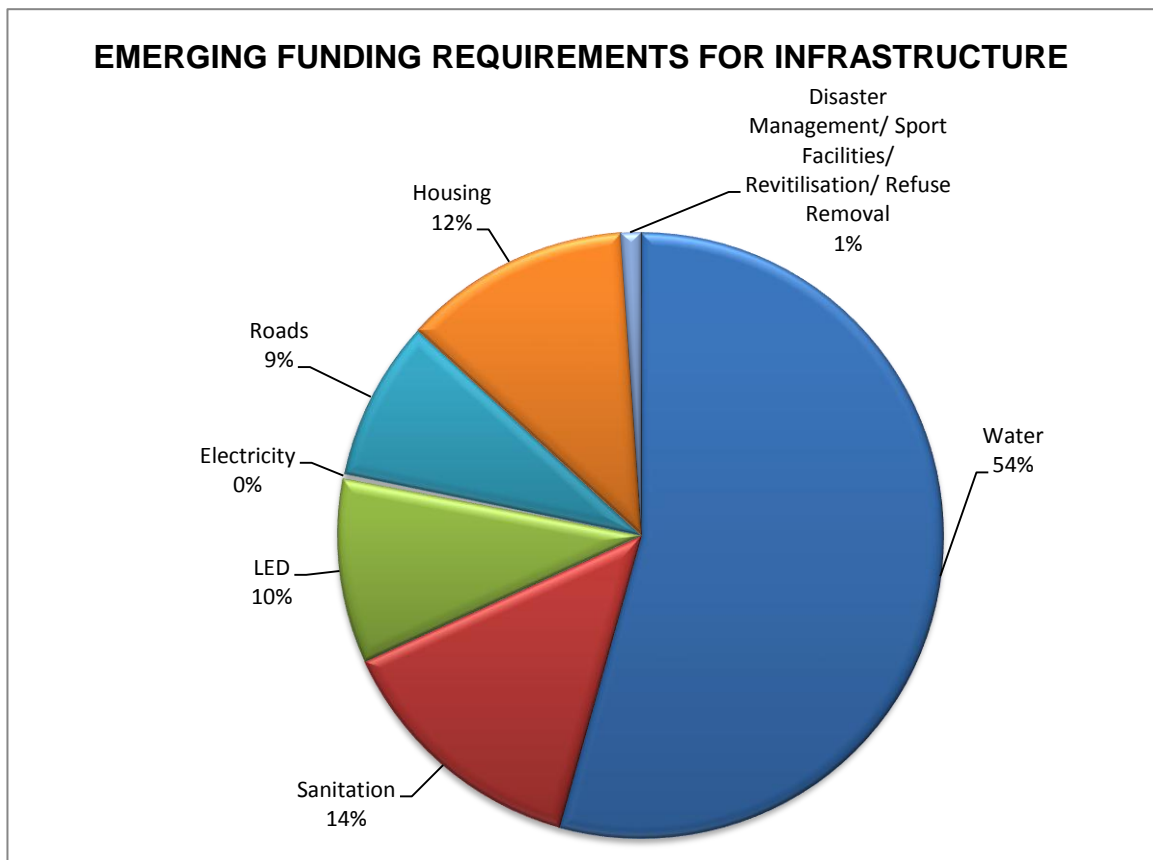


Figure 18 Emerging funding requirements for infrastructure projects (450 project total)

The funding of water comprised 54% of the estimated requirements, sanitation (14%) and housing (12%). LED (referring to the development of agriculture) and road projects required 10% and 9% of the funding requirement respectively (Figure 18).

a) Overview of selected catalytic projects

In March 2012, with the above findings in hand, the Minister of DRDLR again approached the DM Mayors and requested that the projects identified be further refined, so that only two catalytic projects be identified from the extensive lists provided. It was stressed to the DMs that the projects should where possible focus on projects that were ready to be implemented (with existing business plans and/or feasibility studies completed); the projects needed to be bankable, in the short-term.

From the interactions with the respective districts it became evident that huge capability differences exist, even between these the most distressed priority DMs.

April and June 2012 were used to collect the business plans and feasibility studies of the identified catalytic projects, and through a process of close collaboration 46 projects were collected out of a possible 450 projects (Figure 19).

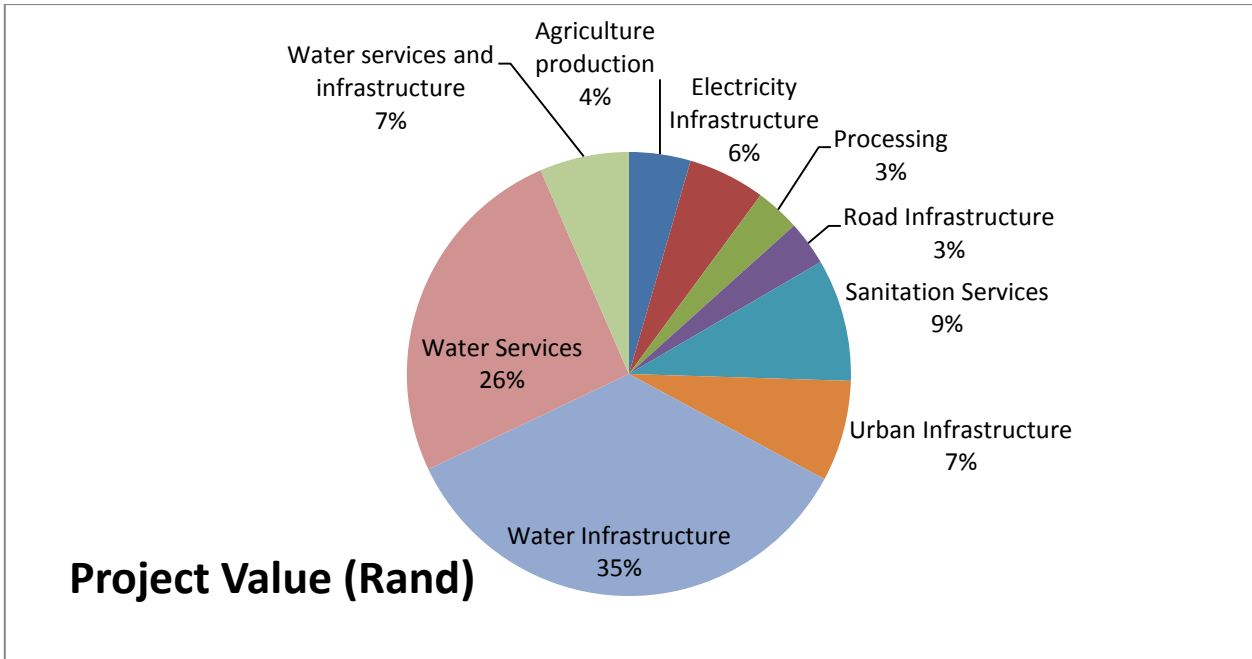


Figure 19 Type of project according to funding requirements for infrastructure projects (46 Projects)

Amongst the 46 projects identified as being a priority by the districts, the biggest funding requirement is for water services and infrastructure, in total about 68% of the estimated requirements, with sanitation at 9%. Agriculture production and processing makes up 7% in total, with another 7% earmarked for urban infrastructure, 6% for electricity infrastructure and 3% for road infrastructure. The estimated project values are set out per category in Figure 20 and per district in Figure 21.

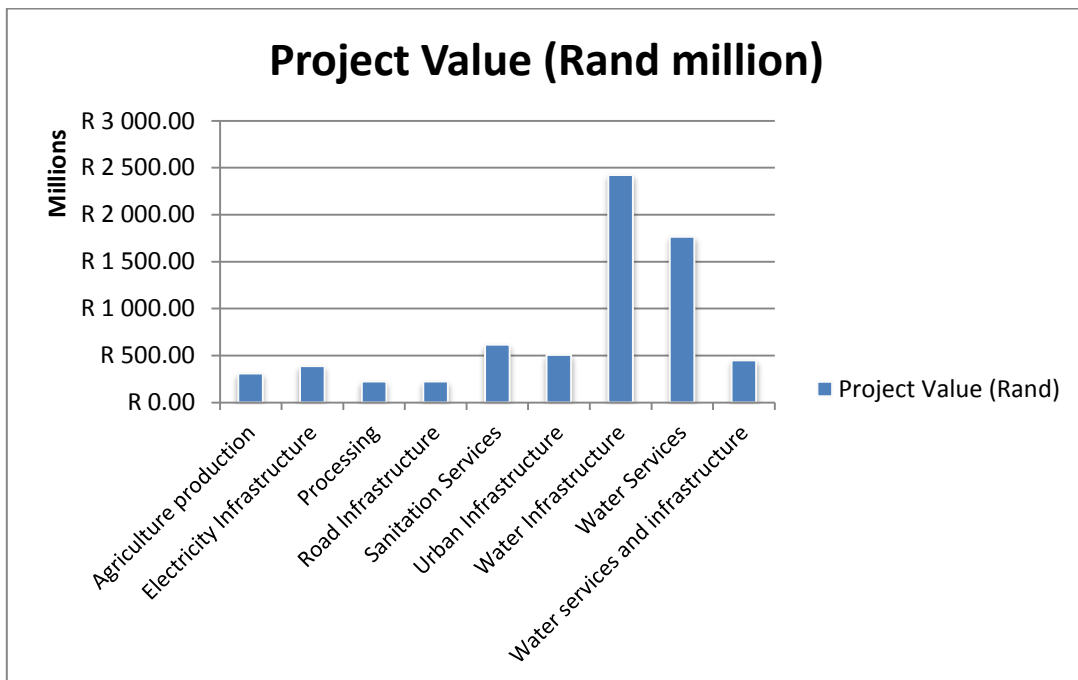


Figure 20 Estimated project value set out per category

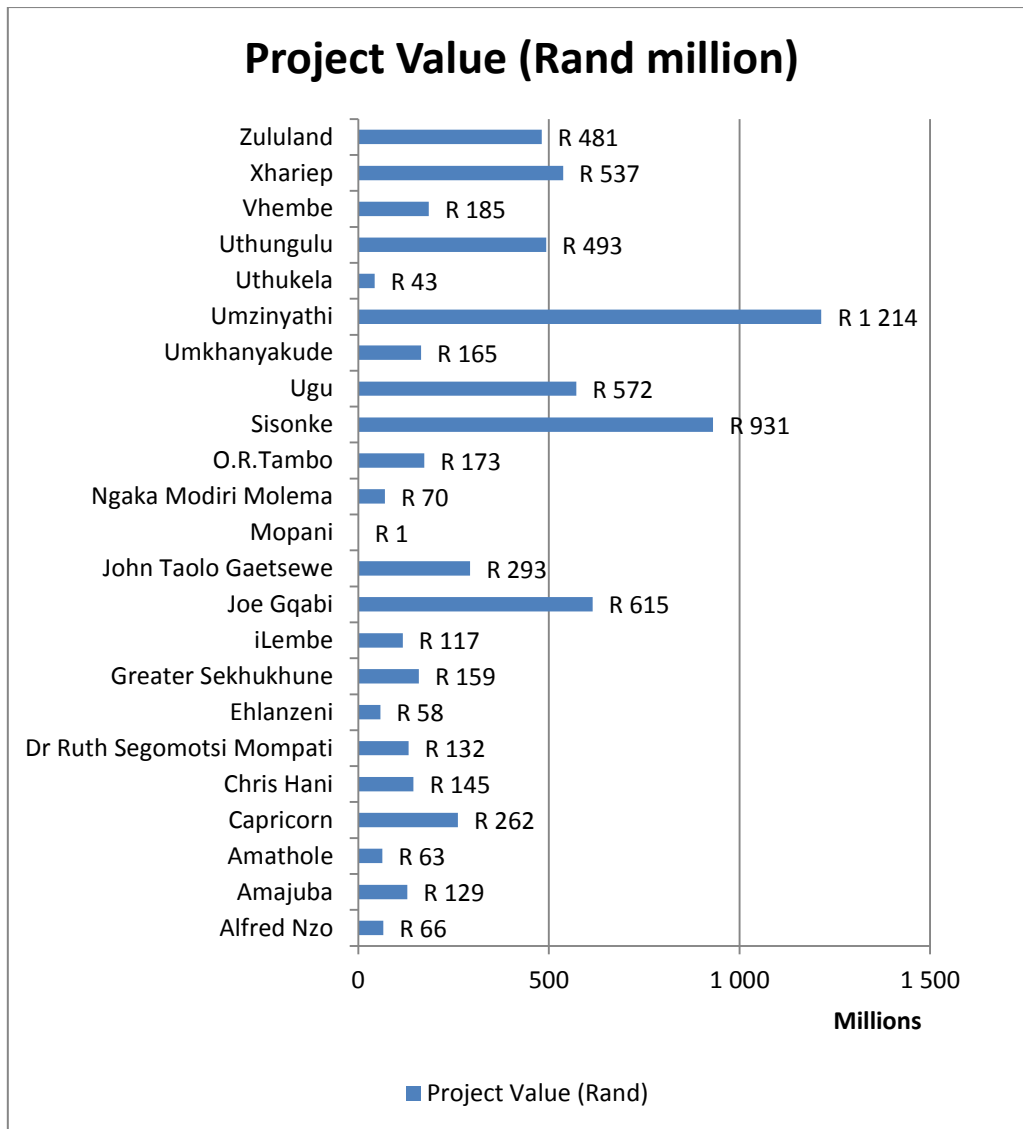


Figure 21 Funding requirements for infrastructure projects per district (46 Projects)

b) Support short term implementation of 1st round catalytic projects

Even though a large number of the catalytic projects at this stage are more basic services orientated, it is important to support implementation in order to support local identified needs, as well as to embed and monitor the process of identifying opportunities, designing and implementing of catalytic projects in a collaborative manner.

Given the identified catalytic projects, DRDLR will play a critical role in getting the catalytic projects implemented. This would require:

- Continued engagement with local and national stakeholders as set out in the framework process;
- Validating project planning and budgeting where required;
- Ensure alignment with the projects on the ground and that everything is ready for roll-out at the start of the new financial year; and,
- Facilitate support to municipalities to ensure and enable implementation.

The aim is that in the next round of calls and the design of catalytic projects, a shift will be taking place from selecting projects that merely address the need for basic service infrastructure, towards selecting projects that provide (1) opportunity for catalytic basic service investments; and/or, (2) a bigger focus on catalytic projects especially in support of rural growth, agriculture production and agro-processing (SIP7 and SIP11 focus areas). Whereas the extensive existing list of identified projects can form a basis for project selection, this shift will specifically be facilitated and supported by DRDLR through the initiatives set out in the Framework for Economic Transition. These include:

- Facilitating intergovernmental institutional support and collaborative planning and implementation processes (as set out above);
- Providing tangible inputs into these processes on identified key settlements and opportunities for catalytic basic service interventions, as well as facilitated collaboration with DBSA and DST on innovation in rural service delivery in support of economic transformation; and,
- Providing tangible inputs into these processes on identified key settlements and opportunities for regional economic opportunities and through collaboration with EDD, kick-starting regional collaboration amongst key agencies and private sector role players who play/could play core roles in economic networks in selected regions.

In such a way infrastructure investment in rural areas, with a specific focus on the 23 districts, can act as catalytic projects being more LED-related and geared at job creation in support of agriculture and economic transformation.

Section 4: Conclusion

As is evident from the analyses on government investment, the current focus of government investment is largely on the provision of basic services – the kind of projects that local municipalities and MIG actually fund, and the projects largely aimed at meeting basic human needs.

However, it is evident from the existing project rollout that in order to bring about real economic transformation, and to ensure that the national vision actually becomes a reality, government's collective infrastructure investment will have to start playing a much more catalytic role in rural South Africa. Given the high levels of government infrastructure, investment in specifically the 23 distressed districts, as well as the renewed focus on infrastructure through the SIPS process, a transformation of infrastructure investment in support of rural development could actually become a catalyst to make economic transformation a real and achievable possibility.

The 23 District Framework for Economic Transformation as set out, provides a number of practical steps through which infrastructure investment can become a catalyst, including as tangible short term high impact outputs:

- a first round of project implementation;
- enhanced and targeted co-ordinated investment through sectors, Strategic Integrated Projects (SIPS) and local municipalities; as well as,
- a set of priority intervention areas and settlements to support the redirection of funding in the next cycle of IDPs, sector planning and budgeting.

In terms of outcomes and impact on the ground, the approach set out in this framework for economic transformation holds the potential not only to change the fate of the 23 most distressed districts in the country, but also for rural development to pioneer innovative practices in moving towards the interrelated targets set out in the national plan of: (i) economic growth and employment creation; (ii) increased quality of life and a higher human development index; and, (iii) a lower dependency on carbon intensive resources.