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‘Transform rural areas to grow economy’

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By: **Siyabonga Mkhwanaz**

Cape Town - South Africa's depressed economy could grow at a faster rate if the rural areas were to be transformed.

The Financial and Fiscal Commission (FFC) has noted in its report in Parliament this week that the 3 percent contribution of agriculture to the GDP could be scaled up.

“If the rural economy is no longer a farm economy, the concern is the effectiveness of agricultural policy as the main component of public policy for rural regions,” said the commission.

“Agricultural development focuses on a small segment of the rural population: farmers and others involved in agricultural enterprises, rather than on rural places or areas.”

The commission said there must be a change in the economic structure of rural areas. It should simply go beyond agrarian aspects of the economy.

Minister of Rural Development and Land Reform Gugile Nkwinti is driving an expansive programme to reignite growth in rural areas.

He has injected R6 billion in agri-parks that would revive industrialisation and infrastructure development in these communities.

Nkwinti said recently that infrastructure development was one area that would generate a lot of interest across sectors of the economy.

He said this would provide needed infrastructure upgrade for rural communities to unlock potential.

The government has identified 44 poor rural municipalities where they will boost agricultural production and agro-processing.

The plan also involves a myriad other government departments to make it work.

The government also wanted to rope in the private sector in the agri-parks programme as it believes that in the next few years, the economic landscape of the rural areas would have changed for the better.

The role of development finance institutions, including the Land Bank, the Development Bank of Southern Africa and Industrial Development Corporation has been critical in the financing of rural development projects in the past.

The FFC said that while farming was critical, non-agricultural products were critical in developing rural economies.

It said rural development required co-ordination among institutions and departments. This was a complex process that cut across sectors of the state and the economy.

The commission said departments should drive a process of appointing a champion for rural development, and this would include development finance institutions.

These finance institutions should also draw in private investments to develop the rural economy, it said.

<http://www.iol.co.za/business/news/transform-rural-areas-to-grow-economy-2030022>