

HOW IS AN AREA VERIFIED AS RURAL?

The inclusion of 'Rural' in the criteria of the Generic Codes of Good Practice (Codes) alludes to the government's commitment to Rural Development that identifies infrastructure, poverty, land reforms, education and unemployment, amongst others.

In August 2012, the National Development Plan (NDP) was launched by the National Planning Commission, where the aim is to "eliminate poverty and reduce inequality by 2030". According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state and promoting leadership and partnerships throughout society.

In conjunction with the Codes and Sector Codes of Good Practice, the NDP encourages initiatives to enhance 'Black' socio-economic circumstances in 'Rural' and 'underdeveloped areas' where it targets: ⁽¹⁾

- > Infrastructural development projects;
- > Reconstruction of underdeveloped areas; or
- > Urban renewal programmes ⁽²⁾.

The word 'Rural' pertains to people or groups of people and forms part of the criteria in three elements of the Codes, namely Ownership, Enterprise & Supplier Development and Socio-Economic Development.

Although Schedule 1, which features in Gazette #42496, contains definitions and interpretations, there is no definition for the word 'Rural' or an 'underdeveloped area'. However, a B-BBEE Rating Agency must substantiate the assertion of 'Rural' or an 'underdeveloped area' during a B-BBEE Verification to allow the awarding of points in the elements either appears.

Each B-BBEE Rating Agency has its processes to determine a 'Rural' or 'underdeveloped area'. This article aims to unpack what evidence an organisation needs to present to confirm a 'Rural' or 'underdeveloped area'. Generally, a B-BBEE Rating Agency will take the following into account:

- > The 2008 Verification Manual guides that the answer lies in an area's postal code with an accompanying proof of residence from a tribal chief or proof of postal address ⁽⁵⁾.
- > The Rural Development Task Team published the Rural Development Framework in 1997. It defined 'Rural' areas as "sparsely populated, in which people farm or depend on natural resources, including villages and small towns dispersed throughout these areas. In addition, they include large settlements in the former homelands, created by apartheid removals, which depend for their survival on migratory labour and remittances" ⁽³⁾.
- > Schedule 1 of the Amended Construction Sector Code of Good Practice refers to "Communities with Limited Services", which makes reference to the Population Census:

"The latest STATS SA census results filtered to local municipality level determine the following:

- (a) Do less than 65% of the households have access to piped water? or
- (b) Do less than 85% of the households have access to electricity? and
- (c) In addition to (a) or (b), do more than 50% of the households have an average household income in the first five levels - including none - of the income data table." ⁽⁴⁾.

As this Sector Code is the only one across all sets of codes with an interpretation, one can use this as an indicator to some degree to determine a 'Rural' or 'underdeveloped area' for B-BBEE purposes. Thus based on the Construction Sector Code's definition, STATS SA can be a source of evidence when qualifying a 'Rural' or 'underdeveloped area'.

The Population Census takes place every ten years. Community Surveys take place every five to six years. The last Population Census data is from 2011, with the next one scheduled for this year.

Census Population Data can be found on the STATS SA website under the "Find Statistics" tab. You can search by "Theme", "Place", "Indicators" and "Sustainable Development Goals (SDG)". Under the "By Place" option, searches for areas can be done by Municipality, with an option to select smaller areas or places for specific statistics.

A person claiming residence in a 'Rural' area would have to confirm this status year on year.

Source of reference:

- (1) B-BBEE Codes of Good Practice – Statement 000 9.1.2
- (2) B-BBEE Codes of Good Practice – Schedule 1 – Definitions: (1) B-BBEE Codes of Good Practice – Statement 000 9.1.2
- (3) Rural Development Framework, Department of Land Affairs, 1997
- (4) Amended Construction Sector Charter Codes of Good Practice – Schedule 1 – Interpretations & Definitions
- (5) Verification Manual – Appendix 2 – 5.1.7.6



Since 2016, Yolanda du Plessis has been the General Manager at Authentic Rating Solutions and holds an Honours Degree in Brand Leadership. Her expertise for almost two decades has been in the field of brand management across a broad spectrum of sectors. In her current capacity, she is responsible for implementing and managing processes in line with SANAS requirements that have led to the solid reputation that Authentic Rating Solutions holds today as one of South Africa's leading B-BBEE Rating Agencies.

