

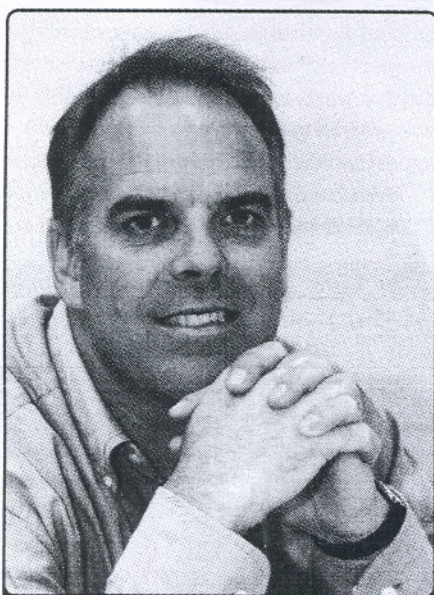
# AGENDA FOR A newly elected government

Irrespective of the results of next year's election, the new government will still face the same problems in agriculture. Prof Johann Kirsten has some advice for the future South African Department of Agriculture.

AS THE POLITICAL POSTURING ahead of next year's election takes shape, it's perhaps critical to provide some pointers for the "agricultural section" of the various parties' election manifestoes. It would be good if all of them adopt these principles.

An important starting point is to recognise that the performance of the agricultural sector since 2000 has been mixed, but generally poor. Policy

- Support for black emerging farmers is limited.
- The private sector isn't playing the role it should to improve sector performance.
- The Land Bank crisis puts the sector in jeopardy.



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COURTESY OF PROF JOHANN KIRSTEN

agendas are largely being shaped by the Strategic Plan for Agriculture, which sets the parameters for the sector as agreed upon by sector stakeholders.

The plan addresses a series of good ideas, and government and the private sector have taken a lot of action over the last five to six years.

However, poor delivery and limited government reaction to the private sector's requests and suggestions caused major frustration and also haphazard and slow implementation of key programmes. As a result:

- Progress with land reform has been slow and rural land claims are incomplete, causing insecurity and the deterioration of valuable infrastructure, and dissuading investment in the sector.

*'The private sector isn't playing the role it should to improve sector performance.'*

- Support for black commercial farmers is limited, with poor extension services and access to finance due to problems at the Land Bank and limited market access.
- The National Agricultural Research System is under stress due to limited funding, career uncertainty, and limited training of new scientists.
- Agricultural imports have been growing faster than exports, so that the agricultural trade balance was negative for the first time in three decades in 2007.
- Investment in the sector hasn't been what it should, given growing food demand from urban areas.
- The sector has shed about 600 000 jobs in the last decade.
- Agriculture has failed to create sustainable livelihoods.

Outside the sector, agriculture is generally perceived as just making plans and writing strategies, without delivery and without any implementation.

It took five years to get a new research and development strategy and the recovery plan for the agricultural extension service still needs to be rolled out. The Comprehensive Agricultural Support Programme is only implemented haphazardly and the Micro-Agricultural Finance Initiative of South Africa has a large bad-debt rate and limited coverage.

Meanwhile, the Land Bank is still experiencing major difficulty as it comes to terms with the managerial and governance problems of the last few years. As the Land Bank is a major vehicle for financing the emergence of black farmers, its crisis is jeopardising the future of the whole sector.

At the same time the private sector, agribusinesses, retailers, traders and input companies aren't playing the role they should to improve the sector's performance. Perhaps government's negative sentiment and slow reaction to suggested plans and solutions has kept them from doing much more than running a few projects.

#### How to fix it

So what should be done? Formulating an answer is simple. Just consider what needs to be in place to be able to farm or to be an entrepreneur in agriculture or in rural areas:

- markets,
- finance,
- advice,
- good roads and other infrastructure,
- technology and research,
- inputs,
- entrepreneurial, farming and managerial skills.

This recipe is simple and well-known, but difficult to implement as everything needs to be in place. Coordination is



The neglect of infrastructure maintenance is a major problem. Badly maintained roads, for example, make it difficult to access markets and mean extra costs are incurred to fix damaged vehicles.

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key. In many rural areas, especially the former homelands, these factors aren't in place, so we see households struggling to sustain themselves and very little farming activity.

#### Providing much-needed structures

So how can we provide these structures? Before 1994, the Development Bank of Southern Africa financed a very successful Farmer Support Programme (FSP) in most of these deep rural areas. We don't need to reinvent the wheel or develop parallel systems or new plans. The FSP, and various programmes in the 1950s and 1960s to promote commercial farming in the white community, offer clear directives.

Given the slow pace of delivery within state machinery, the easiest solution is to leverage large agribusiness networks to deliver important services to black farmers, making them part of mainstream agriculture. Small incentives and strong partnerships with government departments can help roll out advice, inputs, markets and technology.

Currently the private sector serves mainly white commercial farmers who are blocked by high transaction costs from small-scale black farmers. Enticing them with incentives and with predetermined targets and deliverables will go a long way to expand service infrastructure.

Asking the private sector to run rural depots and create places where farmers can sell and deliver, will turn the rural economy around. The BEE scorecard and elements of preferential

procurement and entrepreneurial development could be used effectively to steer them towards important developmental and social objectives.

#### Main areas of interventions

A newly elected government and any future minister of agriculture will need to address the following fundamentals to ensure food security and a profitable sector:

- Leadership: political as well as in farmer organisations. This needs to be changed urgently. The choice of a minister will be critical. The negative sentiment and conflict our leaders generate across the spectrum has been problematic for the past few years. We don't work together as a family. We need to initiate the formation of a single farmer organisation and only card-carrying members who qualify for certain "smart subsidies" could drive growth in agricultural output and job creation.
- The agricultural support system urgently needs to be addressed to prevent its collapse.
- A comprehensive land audit is needed to assess the progress of land transfer to black farmers and communities.
- As agreed by government, the land claims process should be completed. Any attempt to deliberately delay the process should be addressed immediately through strong leadership and day-to-day management to remove all inefficiencies and delays in finalising claims.
- Implement a system of incentives to leverage agribusiness to deliver inputs, market outlets and service delivery, and finance to the many black small farmers.
- *Next week: The role of agribusiness to unite and grow South African agriculture.*
- *E-mail Prof Johann Kirsten at [johann.kirsten@up.ac.za](mailto:johann.kirsten@up.ac.za) or call (012) 420 3248.*

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