

Agribusinesses have an important role in rebuilding South Africa after recent unrests

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We are yet to fully understand the impact and financial costs of the devastation from the recent incidents of unrest in KwaZulu-Natal and parts of Gauteng in the agricultural sector. At a high level, it appears that primary agriculture was broadly insulated from the direct damage. Still, the disruptions in various sugar mills, bakeries, eggs businesses and milling facilities, amongst others, impact primary agriculture by disrupting supply chains and slowing demand from these establishments. Small-to-medium scale farms that directly supplied the retailers are also affected as their typical market channel vanished in a few days. In collaboration with provincial departments and private sector players, the Department of Agriculture, Land Reform and Rural Development should assess the scale of this damage and devise potential response measures to sustain the agricultural sector in its robust form.

While there is no consensus about the motives behind the unrest and on whether these were centrally orchestrated or not, it is increasingly evident that high unemployment and inequality provided fertile socio-economic grounds for the disruptions. Boosting inclusive growth and job creation need to be amongst the key response priorities for the country as we rebuild KwaZulu-Natal and parts of Gauteng that were affected by the unrests. With the current fiscal constraints, the rebuilding process will likely have to be led by the private sector players as the state has limited financial muscle to do so. And this is where the challenge begins.

For the private sector to increase investment, there need to be quick reforms in the security cluster, providing evidence that the government is taking bold steps to ensure that a repeat of the chaos, looting and destruction of public and private economic assets is prevented going forward. Such security reforms, as well as finding and holding those responsible for the violence, will need to be done and communicated in a convincing manner in order to build confidence.

For agriculture and agribusinesses, the stakes are high; this is a long-term investment sector. There needs to be an assurance of respect for property rights, addressing rural crime, and rebuilding the municipalities in the small towns that service agricultural businesses.

The government can utilize its national structures of engagement with the business community in this process and also provincial ones. The agriculture and agro-processing sectors are labour intensive and can absorb the least skilled South Africans. Notably, the provinces of KwaZulu-Natal, Eastern Cape, and Limpopo have underutilized land, ripe for expansion of primary agriculture. If such expansion would happen, it could be followed up with agro-processing to add value to the products produced and also provide further employment opportunities. These are all ideas that were highlighted as far back as 2012 in the [National Development Plan](#). Some of them are resurrected within the government's Agriculture and Agro-processing Master Plan, which will hopefully be launched in the coming months. Therefore, the Master Plan could in a way be viewed as a response measure to the recent disruptions and with a comprehensive view of ensuring additional growth in the sector.

Various role-players who are crucial for ensuring the success of the Master Plan through their financial investments will now possibly be going to meetings with a different outlook and emotion than when the process started. Security is now probably high on the agenda and should be prioritized. In addition, there are four broad challenges which are a major hindrance to faster growth in agriculture will also need to be addressed swiftly. These are (1) inefficiencies in state administration, (2) infrastructure challenges, (3) lack of security in rural areas and (4) prevailing uncertainty in land governance.

On the points about infrastructure challenges, the key challenges include the poorly maintained road networks in the central regions of the country and almost non-existent road networks in the areas of the former homelands. In the case of KwaZulu-Natal, it is plausible that in the small towns, there was further damage in the already under-serviced road networks. These challenges have implications on market access for new entrant farmers and increase transaction costs for the commercial farmers.

Inadequate water infrastructure in some regions of South Africa is another challenge for agriculture, along with a need for more agile management of water rights allocation. This is another area that in KwaZulu-Natal possibly took a knock from the recent unrests.

With respect to the uncertainty in land policy, the discussion is beyond the Department of Agriculture, Land Reform and Rural Development and currently at the National Assembly. The parliamentary committee tasked to "make explicit what is implicit" in Section 25 of the Constitution has until the end of August 2021 to make its recommendations. It is, therefore, prudent that Parliament decides on the Section 25 matter, mindful that South Africa is in a rebuilding process that requires investment, and that also hangs on confidence-building laws and policies. The decision to be taken will have a broader impact on the agricultural sector and other sectors of the economy that are crucial for job creation and growth.

I have [long argued](#) that land reform is an important policy imperative, and I am in full support of it. Yet, I do not believe that an amendment of the Constitution will lead to the country's desired prosperity outcome. Instead, the government should focus on building the Land and Agricultural Development Agency that the President announced at his [2021 State of the Nation Address](#) and utilize the Agency to drive land redistribution. Moreover, the government should also aggressively release the [land acquired thus far](#) to beneficiaries and align this activity with the Master Plan. This would be an important confidence-boosting signal.

Overall, the recent unrests most likely have their political motives, which we are yet to understand fully. Still, the underlying structural challenges of high unemployment, especially in the wake of the pandemic, and inequality remain on ongoing vulnerability for the country as Moody's ratings agency also [noted recently](#).

An undeniable point is that government alone is unlikely to succeed in rebuilding society and creating the jobs needed to improve living standards. The business community could play an important role in this area, but the government will need to move quickly, not only with reform and security matters, but also reinforcing closer collaboration with businesses and other social partners.

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