

Policy Paralysis Could Create More Tenant Emerging Farmers

They say an apple does not fall far from the tree, this seems to hold when comparing the current and old policies developed in the agricultural sector. Some policies such as land, marketing, infrastructure and training have been repealed and replaced over the past two decades to correct the structural imbalances caused by historic laws between commercial and emerging farming. However, their design and implementation processes tend to either maintain or exacerbate the situation leading to more marginalized emerging farmers and increasing rate of food insecure households in the country.

- Noble efforts by government and agribusinesses in the sector to encourage the meaningful participation of emerging farmers in the formal value chain can never be overlooked. But is it just an apple with a democratic taste or real efforts by to develop and grow an inclusive agricultural sector. Most indicators show it is still grafted on some roots seen under previous era. These roots perpetuate the belief that communal farming is on the brink of collapse; emerging farmers have limited farming skills, hence preservation of title-deeds to prove themselves over five-year periods; small-scale farming is ideal for emerging farmers and job creation; and low investments in rural infrastructure. The democratic government has somewhat come short to most of its targets to root-out these structural imbalances leading to private sector being partly blamed for unsatisfactory transformation and land reform progress.
- The cause of unresolved developmental goals is largely the created policy uncertainty which diminishes the private sector investment, leaving government with constrained fiscal muscle. In agriculture, the consequence of this failure is the sustained low share of emerging farmers to agricultural output, estimated at less than 5 percent which is not far from the contribution share observed 23 years ago. [Prof Suzan Oelofse and Anton Nahman](#) found that on average 28.79 million tons of agricultural production (31.4 percent) is lost to waste because of developmental factors such as the lack of storage infrastructure, market access and others. A large share of this waste is from emerging farmers. Government programs such as the Strategic Integrated Programs on rural infrastructure and agro-logistics have yielded little progress in creating market and logistics infrastructure to assist emerging farmers over the last seven years
- [Prof Sheryl Hendricks, delivering the Tomlinson memorial lecture](#) on the 22 February 2018, warned that agricultural researchers are exceptionally good in crafting problems, such as policy uncertainty, but less so in providing solutions to agriculture and food security issues. So, this piece seeks to share some ideal decisions on policies and linkages with food security in order to promote inclusive growth in the agricultural sector.

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- Firstly, the increasingly paralyzed policy space needs the creation of sectoral legislation that neither contradicts itself, nor affects the investor confidence negatively. A case in point is the “land ceiling bill” and expropriation without compensation issue, where a single policy framework is required. The [High-Level Panel on the Assessment of Key Legislation and the Acceleration of Fundamental Change](#), headed by the former President Kgalema Motlanthe voiced this need to improve policy transparency and certainty in the country.
- Secondly, the urgent need to redistribute land to correct the skewed land ownership caused by historic laws can never be exaggerated. However, land reallocation, especially agricultural land, must not be divorced from the food security goal and the protection of property rights. Analysis of agricultural industries shows that it takes emerging farmers 3.4 times more land to produce same output produced by commercial counterparts because of their human capital, infrastructure and better access to credit which improves the productivity of land by the commercial farmers. Moreover, for every one hectare of productive agricultural land taken out of production, about seven people are shifted below poverty line. Anecdotal evidence estimates about 4 million hectares procured by government are currently underutilized due to ineffective post-settlement support. A second decision needed is to create a functioning and accessible post-settlement system in partnership with the private sector. The proposed hybrid financing model by Agricultural Business Chamber and Banking Association South Africa is an ideal private-public financing partnership.
- Thirdly, government continues to withhold the transfer of title deeds to land reform beneficiaries and has also done little to change poor conditions in the rural areas, especially in the former homelands. About 40 percent of cattle in the country are owned by emerging and communal farmers but the functioning of the dipping system that monitors and manages animal diseases has deteriorated over the last decade, with exceptions when there are animal health outbreaks. Moreover, [Professor Johan Kirsten, Charles Machete and others](#), have found that the non-transfer of title deeds to beneficiaries and finance-induced grouping promotes a free-rider problem and conflicts, thus contributing to failures of land reform projects. This perpetuates food insecurity in the country. The third decision thus urgently needed is for government to transfer title deeds to enable beneficiaries to raise capital even if it means setting conditions that avoid reversal of already transferred land.
- Fourth, agricultural support was significantly [reduced from 14.7 percent in 1995 to 2.33 percent in 2016 when](#) measured in Producer Support Estimate (PSE) as a share of Gross Farm Receipts. This exposes both commercial and emerging farmers to unfair competition from produce coming from subsidies regions like the European Union and Americas. As a result, local

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industries are increasingly suffering from fast-growing imports. Examples are the chicken, wheat, and sugar industries. South Africa has R2 billion in 'policy space' under its WTO domestic support commitments which can be used to support emerging farmers through market price support or direct payments. This facility was utilized in the early years of democracy, but declined rapidly with dairy industry being the last recipient of support around 2001.

- Lastly, Motlanthe's commission advocated for a transfer of communal land, including iNgonyama tribal land, to government control to enhance tenure security. We argue that government, through the land reform programme, has reserved the transfer of property rights to emerging farmers and there is little evidence to suggest that they will transfer rights to communal farmers. We are of the view that Tribal Trust such as iNgonyama and other tribal authorities should be capacitated to improve their respective governance structures and be linked directly with the deeds system to issue sectional and tradeable title-deeds to emerging farmers and other land users. This will also allow white commercial farmers to come into communal farming space with required skills and capital thus investing in the rural areas.
- Another constraint which limits the partnership between commercial and emerging farmers is the lack of a commonly recognizable definition of the concept of an emerging farmer in the country. This makes it difficult to develop criterion for selecting emerging farmers for land reform and AgriBEE programmes. Government can take a lead in creating proper definition.
- A decisive commitment on these five points can significantly change the landscape in the sector and give the policy certainty required to sustain growth and create profitable and viable emerging farmers. It will provide a much-needed boost to land reform, access to markets and increase the contribution of emerging farmers to the agricultural output. The complexity of developing these policies is recognized but must be attained to grow the sector. As the policy makers conceptualize the modalities of land reallocation, it is important that these required decisions are taken into account.

Article written by: Sifiso Ntombela,

Trade economist and Head of International Trade and Investment, Agbiz

 sifiso@agbiz.co.za;  +27 (0)12 807 6686;  @uSobahle

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