



EE463 GLOBALIZATION AND INTERNATIONAL DEVELOPMENT

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Impacts of Agriculture Performance on South Africa's Economic Development, 1990-2000

GROUP 4

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Background

South Africa is a country located in southern Africa, with an approximate population of 60 million people. South Africa has a lot of cultural history and vastly natural resources like fertile land, minerals, and long coastlines along the Atlantic and Indian Oceans. Moreover, The agricultural sector is a significant component of the country's economy and plays a main role in poverty reduction and rural development.

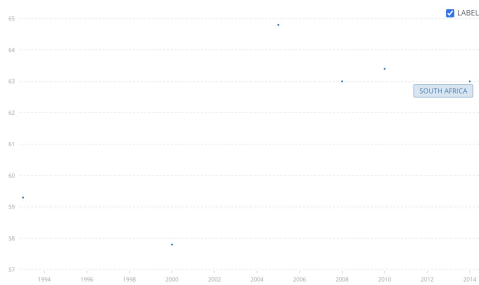


Figure 1
Gini Index

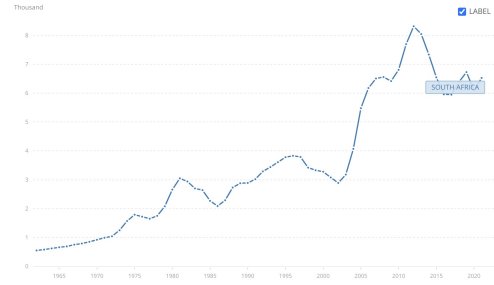


Figure 2
GNI per capita

During the 1990s and 2000s, South Africa faced several challenges related to the agricultural sector, including land reform, labour force, and water scarcity. These challenges had a significant impact on the overall economic performance of the country. According to the World Bank, South Africa's gross domestic product (GDP) was \$283.96 billion in 1990 and increased to \$724.77 billion in 2020. The country's gross national income (GNI) per capita was \$2,660 in 1990 and increased to \$6,440 in 2020. The GINI index, which measures income inequality, was 0.59 in 1993 and decreased to 0.63 in 2015, indicating high levels of inequality in the country. Meaning that there is still work to be done in the context of inequality and helping people to access the opportunities.

This report focuses on the key issues facing the agricultural sector in South Africa, as well as the government policies aimed at addressing these issues. The agricultural sector is a critical component of the country's economy and plays an important role in poverty reduction as well as rural development. However, there are several challenges that hinder the sector's growth and development. In this report, we will discuss three major issues: labour force, land reformation, and water scarcity. These issues have a significant impact on the agricultural sector and must be addressed to ensure sustainable economic growth and development. In the following sections, we will examine each issue in detail and evaluate the effectiveness of the government policies aimed at addressing them.

We know that The agricultural sector in South Africa plays a critical role in the country.

Despite its importance, the sector still faces several challenges, including labour force, land reformation, and water scarcity. This report examines the effectiveness of the government policies aimed at addressing these challenges. The report also analyses the key issues facing the agricultural sector, government strategies, policies, and legislation, and evaluates the impact of these interventions. Moreover, this report highlights the importance of sustainable development and the need for effective policies to support the growth and development of the agricultural sector in South Africa. Therefore, "This report examines the key challenges facing South Africa's agricultural sector, evaluates the effectiveness of government policies aimed at addressing these challenges, and highlights the importance of sustainable development in the sector within the context of the early 1990s to 2000.

Key Issues

Labour Force

South Africa has one of the highest unemployment rates in the world, leading to worsen poverty and inequality. The linkages between population group, gender, age, education, demographic, and employment can determine the labour market for the country. As we can see, in 1990, there were around 40 million people employed in South Africa which contributed only 21 percent of the total population.

In general, agriculture is a major driver to economic growth, and poverty reduction in South Africa. In 1990, the share of population engaged in the agricultural sector was around 65 percent of total population. Agriculture provides food, labour, and savings to the process of urbanization and also industrialization. However, according to research by the National Department of Agriculture (NDA), the employment rate of regular workers in the agricultural sector declined by 7.6 percent during 1994 and 1998. And thus we can observe that there was a declining trend in share of agriculture in GDP and employment. Apart from the migration of labour from a traditional sector to a modern sector, there are several obstacles for the development within the agricultural sector in South Africa.

The level of education of the farmers is low compared to labour in other sectors. According to the statistical survey, the distribution of the farmers' education level by levels of education is significantly lower than grade 10, accounting for 62 percent of the farmers. And none of them complete tertiary education. Since education is a key factor to improve human capital, a low education level implies that the ability of individuals to participate in the growth would not be efficient. In terms of agriculture, farmers with low education levels would have inadequate farming

knowledge, leading to poor performances and returns. Moreover, the access to market information of farmers is relatively low. Most farmers are not well-informed of what is happening in the markets, such as commodity prices. Based on the statistical survey, about 55 percent of sampled farmers could not access the market information. Those farmers typically relied on word-of-mouth, and also self-research for market information which might be biased, not timely, and not accurate to proceed further right actions and decisions.

Although the number of labour force employed in agriculture seems to decline during the 1990s until the beginning of 2000s, in 2021, the employment rate in agriculture increased by 17.3 percent over the periods compared to 2013. This might be due to the National Development Plan (NDP) of the government that expects to support the agricultural sector and thus to improve economic growth and employment rate within the sector.

Land Reformation

According to lecture 9 learned in class, land reformation has affected agriculture in South Africa. It has been ongoing since the end of apartheid. As it was mentioned in the lecture, the apartheid ended in 1990. Since apartheid ended in 1994, there have been many challenges to land reform, which has only begun moving. One issue is that elites have enjoyed the majority of the advantages. Another is how little impact unemployment and poverty have already had thus far. It forced the expropriation of white owned farms and the redistribution of land to black africans. Land reform caused both positive and negative consequences to the agricultural sector in South Africa.

Land reform can increase the access to land and agricultural resources for communities and some historically disadvantaged groups. As the government aimed to reduce poverty and improve food security, they tried to increase the access of land. Many black farmers have been able to access agricultural resources which increased the agricultural production and also led to rural development. However due to the lack of government fundings legal conditions, resistance from some landowners and others, the process of land reform has been controversial and slow. Therefore, the agricultural sector has been mixed. But still, if land reform is not done properly, it could potentially have a negative influence on the agriculture industry. For example, if land is given to people who do not have the resources or abilities to manage it efficiently, this could lead to a drop in agricultural productivity. Moreover, land reform could have social and political consequences. For instance, some landowners would oppose the transfer of land, which could cause social unrest and political instability. On rural livelihoods and food security, this might have adverse effects.

Overall, in the years between 1997-2016, the land reform policies have barely altered in the Agricultural sector of South Africa. They have minor impacts on rural livelihoods. About 9 percent of farmland has been transferred through the restitution and redistribution of land. The land reform policies framework lacks coherence. The strategic and objectives are unclear. The main groups of people who gain the benefit from the policies are not clear enough. The support for black smaller owner farmers was little offered. In 2011, 60 percent of South Africans occupied land and housing without the recording in the official systems. The claims to the property cannot match the requirements and remain off-regis.

Water Scarcity

Water is the basic human need, therefore water scarcity has been a serious problem in the Western and Northern parts of South Africa for a number of years, and it reached the peak of the crisis in the early 2000s. The country faced a severe drought, caused by the need of water to consume in many sectors in RSA and low rate of rainfall and high rate of evaporation, this led to the reduction of available water resources in the country. Moreover the growth of population in RSA, made the demand for water for agricultural, industrial, and domestic use in the country rise. Also many parts of the country are now experiencing urbanization and tightening the water resource of the country.

South Africa is a newly industrial country, with over 59 million people living in the country, making RSA the 23rd largest population on the planet. The South African water crisis was brought on by a number of issues, including climate change, inadequate water management, and a lack of infrastructure investment. Water resources have been strained as a result of the country's widespread decline in rainfall caused by global warming in recent years. Many people, particularly in rural regions, no longer have access to clean water as a result of poor water management. It is also challenging to purify and distribute water effectively and efficiently due to a lack of infrastructure investment.

Structural Transformation

From the class reading material, Perkins, the term "structural transformation" describes the systematic shifts in sector proportions that occur as economies evolve from traditional sectors, like agriculture and mining, to more modern and varied sectors, like manufacturing, services, and innovation. At first, agriculture prevailed both as a share of GDP and employment at low income levels. With the economies developing to the middle income level per capita, the agriculture sector shares a smaller proportion in the GDP and employment of the country. It can

result in both positive and negative effects. structural change may result in a rise in demand for agricultural goods. Farmers may have the chance to raise their output, adopt new technology, and grow their enterprises. Yet, structural change can also provide difficulties for the agricultural industry. For instance, labour may leave agriculture when the economy diversifies, resulting in labour shortages and higher costs for farmers. It could also cause a decrease in the number of people living in rural areas and a loss of agricultural knowledge and practices. A further issue is that as other industries like manufacturing and services develop, they may face competition from agriculture for resources like land, water, and labour, making the agriculture industry less sustainable.

Government/State strategies, policies, and legislation

Labour Force

Initially, unemployment was a crucial issue in South Africa. In the agricultural sector, the major challenges of the labour force are low levels of education and lack of farming skills. The government should not only focus on economic growth but also need to improve employment rate and be concerned about labour in the agricultural sector.

To address issues of unemployment, the government has conducted an expansion of public works programs in which they hired large numbers of unemployed workers, which normally are poorly educated workers. There is evidence that these programs might be effective to provide sustained employment in the future. However, there is another important factor that should be taken into account to create more subsistence agriculture.

Apart from health, education is a key factor that increases the ability and productivity of the labour. Poor education not only limits the capacity of agriculture labour but also contributes to failure of organizational democracy as better-educated individuals have more knowledge over farmers. Government has provided various subsidies to support agricultural production in South Africa, including training and education programs. This aimed to improve the access and quality of education to ensure that workers achieve the skills that are needed, leading to efficiency and better outcomes within the sector.

Land reformation

To improve the agricultural sector, The government has intervened by implementing policies that try to improve the root causes of land inequality and support a more development equitable land tenure system. The South African government has the policy to address the historical injustice and promote land redistribution, restitution and tenure reform.

The government focuses on the funding for land reform programs such as land redistribution and restitution. This can ensure that they are adequately funded and can achieve the objectives. The government has tried to develop a comprehensive land reform strategy. The comprehensive land reform strategy has clear goals and objectives. By 2030, the government aims to transfer 30 percent of the agricultural land to black South Africans which needs to cooperate with private landowners along with the various mechanisms, such as land redistribution and grant land acquisition. For the land restitution, the government is committed to addressing historical land dispossession which includes the returning land to communities. The government also has tried to improve the security of tenure for those people in rural areas and communal land. They provided the formal recognition of customary land rights and improved the ability to access infrastructure and services.

Apart from what the government has done, they can also provide technical support and assistance to land reform beneficiaries. This may help the land be productive and develop sustainable livelihoods. The government may also provide agricultural practices and assistance in accessing financing and markets.

To reduce dispute over land ownership and improve the efficiency of land transactions, the government may improve the land administration by ensuring that the land is recorded accurately and transparently. Moreover, the government can also focus on the border socio-economic problems such as unemployment, poverty and inequality which are closely related to land reform which means it can be improved by giving more opportunities, providing education and others more.

Water scarcity

To cope with this problem the government has implemented some of the policies to deal with it. Here are some of the policies that the government can do to improve the water scarcity problem, develop infrastructure, use new technologies, and water treatment, and implement some framework to look after the water system. Infrastructure development is one of the ways to help increase water resources and provide safe and clean water in the rural area of the country by building dams, pipelines, and treatment plants. New technologies development and approaches to water treatment, storage, and distribution are parts of government investment in research and innovation to improve water management. The government also implemented some framework to help reduce the scarcity of water called the national water act. This framework aims for the sustainable and equitable manners in using the water, also to substantially rewrite previous water resource regulations that were discriminatory and inappropriate for South African circumstances. Moreover, it promotes the integrated

management of water resources with the involvement of all stakeholders in order to protect, use, develop, conserve, manage, and control water resources as a whole. Another framework is national water resource strategy, where it attempts to guarantee that there is enough water for social and economic development.

Structural transformation

The National Development Plan (NDP) is one of the main tactics the South African government has used to achieve structural transformation. By 2030, the NDP's long-term goals are to end poverty and lessen inequality. The plan provides detailed objectives and plans of action for enhancing infrastructure, healthcare, education, and other crucial aspects of the economy. The Comprehensive Agricultural Assistance Programme (CASAP) is the other main method that the South African government has used to encourage agricultural structural transformation. With a focus on encouraging productivity, market access, and competitiveness, this initiative offers solutions to beginner and smallholder farmers. This includes access to credit and financial services, mentorship programs, and assistance with infrastructure development. Also, the government has worked to enhance the regulatory framework for agriculture, with a focus on bettering land tenure and increasing market access. This includes initiatives to rewrite laws regulating land tenure and simplify the regulatory framework for agriculture

Conclusion

In conclusion, South Africa's agricultural sector faces several key challenges, including labor force, land reformation, and water scarcity. While the country has made progress in improving employment rates within the agricultural sector, there are still significant obstacles that must be addressed. The government's National Development Plan (NDP) has played a role in supporting the agricultural sector, but there is still room for improvement in terms of policy formulation and implementation.

One of the main issues with South Africa's agricultural policies is the lack of coordination between different government departments. This has resulted in a fragmented approach to policy making, which can lead to conflicting policies and ineffective implementation. Another issue is the limited resources allocated to the agricultural sector, which has hindered the development of infrastructure, research, and development.

In terms of lessons learned, it is clear that education is a key factor in improving agricultural productivity. To address the low levels of education among farmers, there needs to be greater investment in training programs and support for smallholder farmers. Additionally, efforts to improve market information and access could help to address the information gaps that currently exist in the agricultural sector.

With regards to land reform, it is clear that the process has been slow and controversial, with limited impact on reducing poverty and inequality. There is a need for greater government funding and support to ensure that land reform is implemented effectively and in a way that benefits historically disadvantaged groups.

Finally, water scarcity is a significant challenge for agriculture in South Africa, with climate change exacerbating the problem. To address this issue, there needs to be greater investment in water infrastructure and management, as well as efforts to promote water conservation and efficiency in the agricultural sector.

Overall, addressing these key issues will require a coordinated and integrated approach from the government, civil society, and private sector. By working together, it is possible to overcome the challenges facing South Africa's agricultural sector and build a more inclusive and sustainable agricultural industry for the future.

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