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Rural Development and Job Creation

DEPARTMENT OF SCIENCE AND TECHNOLOGY
GOVERNMENT CLUSTER POLICY WORKSHOP

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ACRONYMS

A	Answer
C	Comment
CRDP	Comprehensive Rural Development Programme
CSIR	Council for Scientific and Industrial Research
DAFF	Department of Agriculture, Forestry and Fisheries
DST	Department of Science and Technology
FAO	Food and Agriculture Organisation
GDP	Gross Domestic Product
HDI	Human Development Index
HSRC	Human Sciences Research Council
ICT	Information and Communication Technology
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IFSS	Integrated Food Security Strategy
INCRA	Instituto Nacional de Colonização e Reforma Agrária (National Institute of Colonisation and Agrarian Reform - Brazil)
IRD	Integrated Rural Development
KZN	KwaZulu Natal
LA	Latin America
MDG	Millennium Development Goals
NAMC	National Agricultural Marketing Council
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
PAA	Programa de Aquisição de Alimentos (Food Acquisition Programme – Brazil)
PRONAF	Programa Nacional de Fortalecimento da Agricultura Familiar (National Programme for Strengthening Family Farming – Brazil)
PRONAP	National Programme for Strengthening Family Agriculture
Q	Question
R\$	Brazilian Real (R\$1 = R4.7 = US\$0.50 approx.)
RIA	Research Use and Impact Assessment (HSRC)
RIAT	Rural Innovation Assessment Tool
SA	South Africa
SARS	South African Revenue Service
StatsSA	Statistics South Africa
UK	United Kingdom
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

PREFACE

The Department of Science and Technology (DST), in collaboration with the Social Protection and Community Development and Human Development clusters, the Economic Sectors and Employment and the Infrastructure Development Clusters, hosted a Government Cluster Policy Workshop on Rural Development and Job Creation. The workshop took place on 26 February 2013 at the CSIR International Convention Centre, Pretoria.

The DST Government Cluster Policy Workshops aim to bring the best social science concepts and evidence into the policy arena and stimulate a discussion of how, in light of these insights, policy can be further developed and implementation improved. The workshops are designed to better ensure that research feeds into active policy processes and serve as a vehicle for disseminating policy-relevant research. The goal is to encourage evidence-based policy through an exchange between researchers and policy makers. The workshops are designed to serve the following additional purposes:

- they respond to explicit policy demand and imperatives from the cluster;
- they create space for reflection and the sharing of experience and expertise; and
- they facilitate policy review, dialogue and learning.

EXECUTIVE SUMMARY

Rural development and job creation has remained a key challenge and imperative of the South African government since the end of apartheid in 1994. Despite some progress in addressing the challenge of rural development made from 1994 to date, rural areas are still characterised by greater poverty, unemployment and inequality than urban areas, with many households trapped in a vicious cycle of poverty. Recent evidence of employment trends in rural areas of developing countries, including South Africa, point to a significant rise of non-farm employment and decreasing reliance on farm-based employment. What are the implications of these shifts for the large sections of unskilled and landless unemployed workers in rural areas? It is useful to reflect on South African experiences in a world context and this workshop provided opportunities to learn about policy development in Latin America and compare this with the South African situation.

The workshop was held on 26 February 2013 at the CSIR International Convention Centre, Pretoria, and attended by over 50 people. Participants were drawn from 21 government departments, The American University (Washington, DC), the Universities of Fort Hare and Pretoria, Ryerson University (Toronto, Canada), the Overseas Development Institute (UK) and the Human Sciences Research Council.

The main issues raised and some ideas for further research are summarised below.

- It is important to realise that most of the chronically poor are 'working poor'. In some contexts there is a trend towards greater reliance on wage labour because this offers an escape from chronic poverty. Interventions therefore need to address labourers as well as smallholder farmers.
- Internal migration is an important risk management and livelihoods promotion strategy, particularly from remote rural areas. It is largely ignored or discouraged by policies yet successful migrant support programmes can contribute to poverty alleviation.
- Social grants need to be sufficient to help people get out of poverty rather than merely maintain them where they are.
- Panel data is the best means for monitoring the effect of policy on the chronically poor because it can track the same households over time to ensure that sustained progress is being made.
- The institutional approach to rural poverty in South Africa has similarities to the unsuccessful Integrated Rural Development programme of Latin American countries. Decentralisation and local participation are necessary but *regional* government coordination was found to work better than either national or local approaches in Latin America.
- In South Africa we seem to be too willing to introduce new programmes before finding out what went wrong with the old ones. We do not spend enough time on piloting and modification based on evaluation.
- Until the 1990s, small rural producers were seen as a "social problem" in Brazil but now they are recognised as a key resource. Family Farms employ over 74% of workers in the agricultural sector and they supply the majority of staple foods.
- Civil society in Brazil has been effecting change through policy, unlike other countries where civil society often operates in a parallel process.
- Proper evaluation is necessary before change can be attributed to a particular programme. In Brazil it has been acknowledged that the significant improvements in poverty are the result of an integrated approach – no single programme can claim credit.
- Raising the minimum wage may lead to improved productivity if complementary innovative actions are taken on farms. It is the environment in which the minimum wage is raised that counts, and not the action per se. On-going engagements among farmers, research and development systems, government extension services, etc., are mandatory if the minimum wage increase is not to become inflationary.
- In South Africa, farmers do not know who the buyers are in Europe and are at the mercy of the exporters. In other countries direct export to retailers is possible. Policy can protect but it may also inhibit information and hurt some people while benefitting others.

- We should directly involve resource-poor small farmers and landless farm workers in policy development and implementation.
- Agrarian reform needs an integrated and sound monitoring and evaluation system supported by a regular, nationally representative, small farmer survey.
- The DST-commissioned Rural Innovation Assessment Tool, currently being evaluated by HSRC, aims at making a more comprehensive long-term contribution to innovation.
- Social innovation and self-learning through internalising and reflecting on the notion of innovation should be encouraged.
- About a third of land reform farms are not involved in agricultural production which suggests that things may not be as bad as we thought. Three fifths of farms are producing income which implies there are fewer people operating as just subsistence farmers.
- The way to get acceptance of social innovations may be to measure the impact of social innovations and social changes; social innovation needs to create its own evidence base.

In his concluding remarks the Chair, Dr Moshe Swartz, acknowledged the value of the workshop and suggested that the presentations should be repeated for a wider audience of senior managers in the relevant departments.

INTRODUCTION

Rural development and job creation has remained a key challenge and imperative of the South African government since the end of apartheid in 1994. Recent policy developments such as the New Growth Path, National Development Plan 2030, Outcome 7, and the Comprehensive Rural Development Programme (CRDP) embrace rural development and job creation as part of the key priorities of the South African government. Despite some progress made from 1994 to date in addressing the challenge of rural development, rural areas are still characterised by greater poverty, unemployment and inequality than urban areas, with many households trapped in a vicious cycle of poverty.

KEY ISSUES: SUSTAINABLE RURAL JOBS

Prospects for a rapid expansion of jobs in rural areas depend on changes in the composition and absorption capacity of local economies. Traditionally, rural areas have been characterised by low population densities and economic activities dependent on natural resources, especially farming based on small plots with very limited use of external capital inputs. These natural resource-based activities usually take place on a small scale with low levels of technical efficiency or productivity and draw mainly on local unskilled labour. Recent evidence of employment trends in rural areas of developing countries, including South Africa, point to a significant rise of non-farm employment and decreasing reliance on farm-based employment. As traditional agriculture declines, the rural unemployed formerly tied to farming might find it difficult to transition to sustainable non-farm jobs due to varied location specific barriers. What are the implications of these shifts for the large sections of unskilled and landless unemployed workers in rural areas? Other key policy questions that require in-depth discussions and answers include but are not limited to: How has the government performed in developing rural areas and creating jobs in these areas? Has government critically reviewed rural employment targets and job creation strategies in the New Growth Path and National Development Plan 2030?

It is useful to reflect on South African experiences in a world context. In the three years after 2008, a period marked by an unprecedented global economic slowdown and food price crisis, influential global agencies have flagged strategies for overcoming rural deprivation (World Bank, 2007; IFAD, 2010; UNDP, 2011). In its 2011 Rural Poverty Report, IFAD projects that over the next two to three decades rural deprivation will persist even though rural populations will decrease dramatically. Climate change poses further livelihood risks for the rural poor: the UNDP's 2011 Human Development Report predicts that by 2050 global warming could lower the HDI of most developing countries by 12 to 18 percentage points. Together these two reports urge multiple interventions for sustainable and equitable rural development. They strongly emphasise support for small-holder agriculture, since small farmers form the majority in many developing countries, but further suggestions for raising living standards in rural areas, such as non-farm rural employment and urbanisation, should not be ignored.

The workshop was held on 26 February 2013 at the CSIR International Convention Centre, Pretoria, and attended by over 50 people. Participants were drawn from government departments including: Agriculture, Forestry & Fisheries; Communications; Correctional Services; Economic Development; Environmental Affairs; Human Settlements; Performance Monitoring and Evaluation; Public Works; Regional & Local Industrial Development; Rural Development & Land Reform; SARS; Science & Technology; Social Development; South African Social Security Agency; Sport & Recreation; StatsSA; Tourism; Trade and Industry; Unemployment Insurance Fund; and Women, Children & People with Disabilities. The research sector was represented by researchers from The American University (Washington, DC), the Universities of Fort Hare and Pretoria, Ryerson University (Toronto, Canada), the Overseas Development Institute (UK) and the Human Sciences Research Council.

THE WORKSHOP

WELCOME & OVERVIEW OF ANNUAL PROGRAMME OF GOVERNMENT CLUSTER POLICY WORKSHOPS

Dr Moshe Swartz - Chair – Deputy Director General, Department of Rural Development and Land Reform

Prof Alinah Segobye Deputy Executive Director: Research Use and Impact Assessment (RIA), HSRC

The Workshop was opened by Dr Moshe Swartz, Chairman for the day, who welcomed the delegates. Prof Segobye then thanked the Minister of Science and Technology and his Department for allowing the workshop to take place. She explained that the workshop formed part of a series designed to create a shared platform involving researchers, practitioners and those involved in policy to discuss issues, identify research gaps and create platform for frank sharing of ideas.

Prof Segobye also welcomed the speakers, several of whom were from outside South Africa. The intention was to collectively interrogate South Africa's key development issues, one of which is the 16 million people currently dependent on state grants. This situation makes it imperative to deal with unemployment, especially in rural areas. She summarised the issues as: a decline in agriculture, growing unemployment, challenges due to the attrition of natural resources, and fragile rural landscapes. In the context of the National Development Plan¹ we need to tackle rapid urbanisation and movement of people from rural to urban areas creating a critical shortage of resources in the urban landscape. To address this we need to maintain sustainable livelihoods in rural areas.

KEYNOTE ADDRESS: QUALITY, NOT JUST QUANTITY: EMPLOYMENT AS A PATHWAY OUT OF POVERTY FOR THE CHRONICALLY POOR

Dr Lucy Scott, Chronic Poverty Advisory Network, UK

Dr Scott defined chronic poverty as poverty of extended duration which is frequently passed on to the next generation. The causes of such poverty are multiple but include adverse geography (isolation), inadequate education and skills, limited ownership of material assets, discrimination, and unreliable and poorly paid work opportunities, often involving exposure to risk, insecurity and poor health.

The KwaZulu-Natal Income Dynamics Study² (1993-2004) found 20% of households in KZN were living in chronic poverty and a follow up in 2008-2011 found that 20% remain in chronic poverty. The evidence shows that those who have escaped from poverty are those who were living just below the poverty line and the chronically poor have benefitted less. The rate of growth is less important than the form of growth and the poorest people benefit most from growth in the agricultural sector.

It is important to realise that most chronically poor are 'working poor'. It is usually for low pay, insecure and dangerous and the situation is particularly bad for women. Poor rural households often combine own-account agriculture with non-farm activities, wage labour and migration. In some contexts there is a trend towards greater reliance on wage labour because this offers an escape from chronic poverty. The poorest households make less use of their own land because land ownership is concentrated with the more wealthy. The chronically poor rely on hiring themselves out as temporary labour.

Some of the initiatives that are important for promoting rural areas include road and infrastructure which will increase agricultural productivity. They also provide linkages to markets and labour and create competition for labour. Rural feeder roads in Ethiopia have had the greatest effect on the rural

¹ The National Development Plan 2030 <http://www.info.gov.za/issues/national-development-plan/index.html>

² KwaZulu Natal Income Dynamics Study (KIDS) <http://sds.ukzn.ac.za/default.php?7,12,9,4,0>

poor. Local people, including poor female household heads, can be employed in road building. Saving and credit schemes can also help. Decentralisation of urbanisation into small towns can create more opportunities for both rural related activities and other work. The strategic promotion of urban areas along with regions around them can be an important policy. Rural electrification, including off-grid solutions which could be connected to the grid later, can have a significant effect.

Internal migration is an important risk management and livelihoods promotion strategy, particularly from remote rural areas. It is largely ignored or discouraged by policies yet successful migrant support programmes can contribute to poverty alleviation by incorporating information on job opportunities, rights and ID cards. Education for children of seasonal migrant workers should also be considered. Rather than spending their days in dangerous conditions with their parents it may be better for children to stay at home or in residential hostels where they can access uninterrupted education.

Another strategy is to link education to the labour market. Access to primary education has improved in most places but access to good technical education is less good especially in rural areas. Training needs to go beyond mere literacy but include life skills appropriate for local opportunities.

Social protection policies can help the poor manage income losses and risks, health shocks, natural disasters etc. Given that many of the chronically poor are employed, unemployment insurance can play a part. Emphasising school enrolment can give an 8% increase in future earnings. Pensions also contribute to school enrolment. We need to see if the social grant amounts are sufficient to get people out of poverty or merely maintain them where they are.

Among the chronically poor are two important groups, namely, the agricultural labourer and the agricultural producer. Agricultural labourers are often women, largely casual and temporary workers. Public works schemes can provide a floor for employment wages. Education is important to enable workers to negotiate wages better and collective organisation for informal workers can increase bargaining power. For the agricultural producers the 'Green revolution model' is the least likely to benefit the chronically poor. Evidence from Africa, Asia and Latin America is that increasing assets and diversification of income is needed to benefit the poorest of the poor. Ensuring land rights and saving and insurance schemes are needed. Technology is not usually the issue, though access to appropriate technology is important. A new approach to research needs to recognise indigenous knowledge. Government can set floor prices and encourage contract farming and ensure access to land and water.

The lesson here is that comprehensive policies that focus explicitly on the needs of the rural chronically poor are needed and these will have to operate at the sub-national level. Interventions need to address labourers as well as smallholder farmers. It is the quality of jobs, not just the quantity is essential for people to escape from chronic poverty. Further research is required because there are data challenges that make it hard to identify the chronically poor. In order to monitor the effect of policy on the chronically poor we should ideally use panel data to track the same households over time to make sure that sustained progress is being made.

DISCUSSANT

Catherine Cross, HSRC

One of the problems in South Africa is the way we have tackled land reform. We tend to give people large farms and expect them to produce but they often lack the basic inputs to do this. For example, people often had to work without water and it was not until they began cultivating crops that required less water that they could hope to succeed.

There are also issues around the way people wish to organise production. People typically want to run a household level operation of their farm but may need to buy and sell as a collective.

Rural production is not well connected to urban production. Migration in rural areas is creating densification and this helps with the critically important process of connecting the rural population to become part of the larger economy. Cash flow is essential for a local economy to flourish because it is impossible to set up an informal sector business without a cash economy.

A new economic phenomenon is that shopping plazas are being developed in areas of population concentration, not just towns, and these often undersell the shops in small towns. The towns are already struggling. People then move in around the shopping plazas and start businesses which in turn attract the big supermarket chains to come in to buy agricultural produce. Such initiatives can potentially access funding from government under the cooperative banner. This creates a link back to urban supply chains.

Households are responding to the situation and policy needs to take advantage of what people are doing for themselves. People with poor education cannot move into formal jobs but may be able to start working the unused land. Reconnection to the rural areas is key.

QUESTIONS & ANSWERS

Comment (C): Dept. of Public Works: One of our programmes, the Expanded Public Works Programme, targets the poor and unemployment. It looks at the minimum wage and does assist the community.

Question (Q): You say that the path out of poverty is non-farm income. This is a very general type of activity. Can it be driven by supermarkets? Have you thought about what is driving the non-farm economy, for example, is it tourism or agro-processing?

Answer (A): It is general. We hope to look at the types of work poor people take on and what drives this. We are looking at rural electrification and how this drives certain businesses.

Q: You referred to a comprehensive approach to chronic poverty. Could you elaborate please - is there an example of poverty being alleviated by such a programme?

A. In terms of good practice, there are examples but we are still looking for a nation-wide strategy example. As well as promoting rural areas and connecting them to services there needs to be a focus on collective organisations in the area. Grants help people access the benefits that electricity will bring.

Q: You were talking about unemployment and job creation – these are different things. What are we trying to do for the working poor? Do we want to change things or merely employ people but keep them in poverty?

A: There needs to be definitional clarity about unemployment and poverty. The World Development Report defined a job as any income generating activity either in kind or in cash.

Q: We are interested in development statistics in rural areas and have been pushing for the social grant to be used to create employment. Catherine Cross says these grants help create a rural economy by producing cash flow. Has she identified policy initiatives that help economies develop?

A: Ideally, social grants should create opportunity and should not create dependency. The grant needs to encourage people to engage with the economy. If it is too small it will not be enough for people to move forward.

A: Rural densification is everywhere where economic activity can start. The process of facilitating contacts between the private sector and the household links them to the larger econ. Roads provide connectivity and create employment. Cell phone technology allows people to send money back and forth which is a means of urban-rural interaction (remittances). We need to promote rural linkages that link into the national economy.

C: The FAO is doing a study 'From Protection to Production' on the impact of social grants in six African countries on the economic impact of cash transfers and whether they contribute to productivity.³ Typically in Malawi the rural poor use cash to buy implements so people are investing their grants in the agricultural economy. They are also looking at local economic effects in Lesotho to see how the grants affect the local economy. Hopefully we will have some answers in due course.

C: The social impact of cash transfers is being looked at elsewhere and it does appear to help in 'de-isolating' communities. Previously for people to access cash grants we had to rely on mobile ATMs but now more people have debit or credit cards and cell phone banking. The technology allows people to purchase things more easily but sadly it also exposes them to loans and loan sharks.

C: On the issue of grants – the country is unhappy because some population groups are dependent on the state. These groups are deemed not viable without support, i.e. children, the ill and the aged. We cannot expect them to be economic drivers and grants to these groups are not meant to be poverty reduction. It is a band aid. We have to go to the point where grant recipients are taken to a higher economic level. It is not about linking people to economic opportunities but about building their capabilities. Dr Verwoerd was a social engineer who re-engineered society in one direction; now we need a strong social science analysis to re-engineer society again.

C: In terms of the minimum wage and the Expanded Public Works Programme, if you pay a person minimum wage it may encourage them to stay in the low paid job rather than gaining experience and moving on.

The Dept. of Rural Development is profiling households as part of the 'War on Poverty' and checking the status of those households dependent on grants. About 269,000 households have been profiled so far. We are actively mobilising some of these households in pseudo-cooperatives for bulk buying.

KEYNOTE ADDRESS: PROMOTING RURAL ECONOMIC DEVELOPMENT: LESSONS FROM LATIN AMERICA

Prof Paul Winters, American University, Washington DC

Winters prefaced his presentation by pointing out that he was relying on quite extensive experience in LA but only a desk review of the policies in SA. Latin America (LA) has many similarities with South Africa (SA) and poverty rates are quite high, although it has enjoyed a decade of reducing poverty rates. There is also high inequality although it is improving over time. South Africa is perhaps more comparable to Latin America than much of Africa although agriculture is a smaller employer in SA, at 7.9%, compared to 16.1% in LA.

The background for the research was concern about the slow growth in productivity in Latin American countries (1.9%) when compared with the rest of the OECD countries, where it averaged 2.4%. Poverty rates and food insecurity remain higher in rural areas with two-thirds of the rural population being poor. Many of the poor are smallholders although they often have a diversified livelihood strategy.

The analysis demonstrated that in many LA countries there was potential to increase productivity. There was consensus on the key areas where support is required:

- Infrastructure (roads, irrigation)
- Agricultural research
- Agricultural extension
- Agricultural health and food safety
- Value chains and clusters (including non-farm such as agro processing, tourism)
- Land regularisation (titling and administration)
- Rural finance (credit and insurance)

³ FAO Protection to Production. <http://www.fao.org/economic/PtoP/en/>

- Disaster risk management
- Environment and natural resource management.

But there was considerable variation in the amount of government support for agriculture in LA and the types of support offered. In some countries support was 'direct support' (cash) and others it was for 'public goods' (e.g. roads). The primary issues are the relative importance of different types of investment and the institutional structure for prioritising rural development decisions.

There was a history of World Bank- and USAID-supported Integrated Rural Development activities, from 1970 to the 1980s, which sought to coordinate all the activities of Ministries of Agriculture, Social Welfare, Public Works, the Presidency etc. but it didn't work. It was top down and often produced things that were not needed. Roads were built where they were not needed and irrigation was provided based on wrong assumptions about how farmers worked. It was very costly and could only be sustained by high government subsidies which were terminated at the time of the debt crisis in the 1990s. This led to withdrawal of the state from rural programmes.

The lessons learned from the failed Integrated Rural Development programme were:

- 1) We should rely more on individual and collective initiatives of the poor;
- 2) Rural development must be placed in the macro context;
- 3) We need to achieve competitiveness of the poor in a market setting and help overcome market limitations;
- 4) Rural poverty is more than agriculture— it needs a multi-sectoral approach;
- 5) We should recognize heterogeneity of situations and focus on productive outputs not just inputs; and
- 6) Social investment is important but it must raise productivity/efficiency.

We need to talk to the rural people and find what they need. When markets are limited we need to deal with this at the local level and not in a central city.

Over the last decade there has been a 'territorial approach'. This required a process of productive and institutional transformation in a defined rural space with the objective to reduce poverty. The focus was on productive activities (flowers, milk, coffee) rather than just rural investments. This was followed by altering the institutional structure to manage rural development. There was decentralisation and local participation but regional government coordination was used rather than national or local approaches.

Some of the lessons learnt included that there was a need for more local roads and not just main roads. There was too much emphasis on broad subsidies (e.g. diesel, fertilizer, credit) because this is often poorly targeted and can create perverse incentives.

An overall approach to rural economic development should include the following elements:

- 1) Policy dialogue on rural industries
 - Clean price mechanism
 - Good macroeconomic/investment climate
- 2) Investment in public goods
 - Research in agricultural innovation
 - Infrastructure, generally micro and targeted
 - Agricultural health and food safety
- 3) Focused support
 - Smart, decoupled, conditioned, well-targeted subsidies
- 4) Piloting and impact evaluation – see what works and then scale up.

Prof Winters then presented his perception of the South African rural economic development planning based on:

- The National Development Plan
- The New Growth Plan
- Outcome 7
- The Comprehensive Rural Development Framework
- Comprehensive Agricultural Support Programme
- National Tourism Sector Strategy

He concluded that much of the strategy seems to address low employment rates for young people, which has a potential impact on productivity, and the emphasis is on 'job drivers'. It also seeks to address rural poverty, inequity and food insecurity through a participatory process and a sustainable manner. This is much like what is being done in LA in terms of support for agricultural research, technology adoption, infrastructure, animal health and food safety, and value chains and clusters

The big difference is the emphasis on land reform and that the programme sees land a key asset for poverty alleviation. The institutional approach seems more top heavy and has similarities to the unsuccessful Integrated Rural Development programme of the Latin American countries.

In conclusion, South Africa appears to have similar objectives and overall vision of what needs to be done for rural development as the Latin American countries. Differences primarily appear to emerge in the approach to take to implement this vision. The concern is that problems may emerge with this approach similar to those that emerged in LAC with integrated rural development programmes. Participation seems very localised and lacks the regional approaches advocated in LA.

The way forward

"At this point, our analysis is simply insufficient to distinguish between the many options that might plausibly ease each constraint. Rather, we advocate a cautious approach that includes a focus on experimentation. We believe that much can be learned from smaller-scale interventions that are well designed and which are accompanied by careful evaluation. That is the prudent next step."

- Banerjee et al. 2008

There is a need for piloting in key identified areas (research, extensions, infrastructure) followed by careful impact evaluation to determine if the objectives were met. If the pilots succeed, upscale, if not then modify.

A series of Implementation examples are provided in the slides – see Appendix 4.

Successful projects should:

- include targeted investments (with sufficient returns) to address a particular set of problems;
- be localized but not too localized—participation is at region/sector level, i.e. regions not communities;
- involve civil society/private sector in design and implementation;
- include carefully designed evaluations to assess impact, focusing on key issues; and
- be complemented by broader sectoral policies and institutional strengthening as needed.

DISCUSSANT

Professor Charles Machethe, University of Pretoria

Generally South Africans know what needs to be done to promote rural development. The question is how much to invest in different areas. We know roads can make a huge difference in places you cannot reach in the rainy season. However delivery often fails and there are examples where a 5km

tar road exists in the middle of nowhere because the contractor did not complete the job. We knew what was to be done but it did not happen – the ‘how’ was lacking.

This paper has some theoretical elements but also practical elements. What can we learn from other countries? Integrated Rural Development (IRD) has failed in many places yet some programmes still have IRD elements. Are we learning enough? In some cases we provide services but do not consider if people can afford them. Electricity may be provided but people tell us the price is too high for them to even use it for lighting.

Another point is that rural development should not only look at agriculture. Most households in rural areas generate income from non-farm activities and to promote rural development we must link the agricultural and non-agricultural sectors. An important opportunity for smaller towns where the economy is based on agriculture is to use agricultural processing to promote job opportunities.

Paul Winters’ presentation highlighted the things we need to invest in to promote agricultural development. He pointed out that rural areas are not homogeneous and that while we know a lot about what needs to be done we do not know enough about the ‘how’.

Q&A

C: Regarding the example of a rural road to nowhere; a more regional approach may avoid this. If the community decides where the road is to go, they will make sure that it happens.

We should note the links between agriculture and non-agriculture; if one expands then the other also expands.

In terms of regional lessons for South Africa we should tap into the lessons between countries. In Latin America some countries have joint projects to develop a region across their borders.

For younger people and women the challenge is keeping them on the farms; once educated, people migrate. In North Peru there are no young men because there is no driver of growth and therefore nothing for the educated to do. In this case the education policy is working but rural development is failing.

Q: It is clear that a ‘one size fits all’ approach is not relevant. Do you have experience of targeting the poorest of the poor, as opposed to the entrepreneur, in order to get sustainable drivers for moving the development process forward?

C: A lot has gone into the thinking about development in South Africa by the ruling party. The State pushes the agenda of those who were neglected in the past, yet we still have service delivery protests. One of the issues is that of ‘active citizenship’. In the past the citizens were almost ‘emasculated’ and were deprived of the ability to mobilise themselves. When freedom came and everything shifted back to the ‘benevolent state’, people became passive. It now needs to shift back and people have become more engaged.

We need more monitoring and evaluation of the impact of interventions. The issue is the impacts not just the products delivered. We need to move from delivery mode to evidence-based decision making.

A: Having evaluated development projects I must endorse the previous speaker. Participation in development projects in South Africa is nothing compared with that in Latin America. This is due to disempowerment. We want to address injustices but have emasculated the population in the process.

C: If participation is the issue we need to look at what it is that we are doing in participation that should be done differently.

C: One of the things we are good at is to quickly introduce new programmes and then we are too quick to abandon them for new ones instead of fixing them. We don't spend enough time in the piloting phase.

FAMILY FARMS AND RURAL DEVELOPMENT FOR FOOD SECURITY: THE BRAZILIAN EXPERIENCE

Prof. Cecilia Rocha, Ryerson University, Toronto, Canada

Brazil is being used as an example of a success story because it has made significant progress towards achieving the millennium development goals. It achieved MDG 1, 'Eradicating extreme poverty and hunger' by the end of 2009. Extreme poverty fell from 17.4% in 2001 to 9% in 2008 and child mortality declined 73% since 1990 (compared to the global average of 40%). These changes were the result of some bold and innovative policies including investment in social programmes as a development policy. Innovation is coming from government policy which now encourages collaboration between government and civil society organisations.

The agribusiness sector was responsible for 22.4% of GDP in 2010 and is growing faster than industry or the service sectors. Brazil has become a world leader as a global commodity supplier. Large-scale, capital-intensive farming dominates the sector and although this is criticised as environmentally unsustainable, 84.4% of all rural enterprises in the country are family farms that depend on the labour of the family-owner. Only 16 % of the Brazilian population lives in rural areas but 25% of them are "extremely poor". Of the population employed in agricultural activities, 30% are paid employees, 17% are non-remunerated and 24% are subsistence farmers.

Until the 1990s, small rural producers were seen as a "social problem" and poverty was identified as a rural problem and there were calls for agricultural reform. But a study by INCRA /FAO in the 1990s showed that the agricultural sector provided food and employment. The sector was then seen as sufficiently important to justify the creation of the Ministry of Agrarian Development (separate from the Ministry of Agriculture). The continued importance of the sector was confirmed in 2006 agrarian census. Family Farms employ over 74% of workers (12.3 million people) in the agricultural sector and they supply the majority of staple foods.

Many new policies to support Family Farms were developed by the Ministry of Agrarian Development.

- The National Program for Strengthening Family Agriculture (PRONAF) was developed to support production by small farms (1996).
 - It subsidises agricultural credit, crop insurance and technical assistance.
 - It offers special programs for youth and women, for environmental protection, and food production.
 - By 2009/2010: R\$10.6 billion (US\$5 billion) was spread over 1.4 million contracts.
- The Food Acquisition Programme (PAA):
 - Was developed to support the commercialization of products from small ;
 - Promotes direct crop and milk purchases by the government for building food stocks and to be used in government food programs (school meals, popular restaurants, community kitchens, food banks);
 - In 2010 there were 155 thousand producers;
 - From 2003-2010 R\$3.5 billion was spent on 3.1 million tons of food;
 - 2009 legislation requires that at least 30% of funding for the national school meals program (40 million children/day) must be spent on purchasing food from family farms.

The 'Zero Hunger' strategy has addressed food security through four areas: food access; strengthening family agriculture; income generation; and partnerships and civil society mobilisation. The result has been growth in per capita household income which has favoured the poor. The poorest quintile experienced income growth of 8.1% between 2001 and 2008 while for the richest quintile the growth was only 1.5%.

Urban policies also supported rural development. They did this by supporting local producers surrounding the city and facilitating direct interactions between small rural producers and urban consumers. This helped to limit rural-urban migration.

Cities are important food buyers; they regulate, operate, and facilitate food markets

Civil society in Brazil has been effecting change through policy unlike other countries where civil society often operates in a parallel process.

Lessons from Brazil include the following:

- The Family farm sector is an important economic sector, deserving of specific policy support;
- There is a significant presence of organized civil society in policy making, implementation and monitoring. Councils are institutionalized spaces for dialogue with policy makers. Organized civil society practices are informing the development of policies.

Some challenges remain. There is still poverty and inequality affecting 17 million Brazilians. We are still not sure how to reach the poorest of the poor. Although participation has been key, effective participation requires information, training and education. There are not many signs of sustainable practices among the big producers.

DISCUSSANT

Dr Simphiwe S. Ngqangweni, NAMC/DAFF, Pretoria

A key post-apartheid document was produced in 2002 by the Department of Agriculture, entitled the “Integrated Food Security Strategy” (IFSS) for South Africa. The purpose of the IFSS document was “to streamline, harmonize and integrate diverse food security sub-programmes in South Africa”. The IFSS emphasised the need for institutional coordination in its implementation in line with international best practice. The elements of the IFSS included: increasing household food production; increasing food trade and distribution; increasing income opportunities; improving nutritional status; and enhancing institutional support networks. The IFSS was the first of many government interventions directed at enhancing food security.

The South Africa MDG report 2010 shows some gains including a decline in absolute poverty, using the US\$1 per day cut-off but if we use the US\$2.50 cut-off applied to Middle Income Countries then the goal is unlikely to be met. Using the Household Food Insecurity Access Scale, StatsSA showed a reduction in hunger between 2002 and 2011. However, recent studies show worrying trends: stunting affects 1 in 5 children and almost 1 in 10 children are underweight. Also 10% of children are classified as overweight and 4% as obese (Chopra et al, 2009).

Ngqangweni concluded that both Brazil and South Africa have reduced food insecurity and that political and macroeconomic stability laid the foundation for social transfers targeting vulnerable groups leading to improved access to food. Unlike Brazil, however, smallholder agriculture in South Africa has not made any impact in ensuring food security, despite government attempts to support the sector (Aliber and Hall, 2012). Brazil appears to have done better in terms of institutional coordination.

Q&A

C: In both South Africa and Brazil we need to be careful about attribution. There has been a decline in poverty but economic growth can cause this without any programme. There is evidence of the grants helping in both cases but we cannot say things improved just because these projects were in place. In Bolsa Familia there has been careful analysis. We must make sure the individual programmes are evaluated properly. The National Programme for Strengthening Family Agriculture (PRONAF) is not viewed very favourably at the Inter-American Development Bank.

A: There is no individual evaluation of programmes. The declines in poverty are seen as part of the integrated approach. Some studies of Bolsa Familia show that no individual programme gets households out of poverty but there has been a significant decrease in the severity of poverty. This points to the need for an integrated result.

C: There are concerns that Integrated Food Security Strategy (IFSS) was not properly implemented since 2002. It was revised in 2010. We don't really put enough energy into understanding how things went wrong and in the case of IFSS whether the problems are institutional or policy issues. Besides the role of civil society in Brazil was there anything else going on? Did they tackle one or two issues or everything at once?

A: Civil Society approached food security as a systemic issue - not isolated problems to be dealt with. In the 1990s the food security forum looked at supply, access, production, distribution etc. The workers party came to power with a plan – the Hunger Zero approach had been developed before this government came to power. The integrated approach is also being attempted with obesity, nutrition, education etc.

C: In Brazil seven government departments meet in community halls every second Monday to collaborate. There is a lack of cooperation in SA even at municipal level. In Brazil the schools are producing their own food and cooking it. Municipalities provide sports parks. There is a culture for supporting what the government is doing.

C: Citizenship in Brazil is strong in terms of rights and obligations. People are included and aware of their rights. However, everything is not perfect in Brazil. Spaces are there but some people do not know how to participate and many do not know their rights. There are good things to show but there are many areas where there is no space to exercise and the idea is merely on paper, just to get the money from government.

TECHNICAL CHANGE AND LABOUR ABSORPTION IN LARGE SCALE COMMERCIAL AGRICULTURE IN SOUTH AFRICA – THE HUMAN RIGHTS DIMENSIONS AND IMPLICATIONS FOR LABOUR RELATIONS, PUBLIC SAFETY AND FOOD SECURITY

Professor Ajuruchukwu Obi, Agricultural Economics, Fort Hare University

This presentation examined the price, income and welfare consequences of technological change, drawing on both the conceptual and empirical literature on the subject. More specifically it examined the theoretical role of technical change in agricultural development in general and agricultural employment creation in particular. It also looked at the South African context to explain the emergence of mechanization in South African agriculture and what role this has played in the sector's ability to absorb labour and contribute to job creation.

The background for agriculture in South Africa is large-scale commercial agriculture. There has been better growth in food security in South Africa than anywhere else on the continent but small-scale agriculture has been stifled by deliberate policies (of Apartheid). Labour repressive policies prevented Africans from getting access to land and there was an effort in the 1970s for white farmers to become less dependent on labour by encouraging rapid mechanization.

A recent report by the Human Rights Watch showed that the good agricultural performance came at the cost of serious human rights issues on farms. The recent labour unrest in the Western Cape is presumably related to this issue. The South African Human Rights Commission also found in 2008 that there was an increasing tendency for farm workers to live off-farm and be employed via labour brokers, widespread poor conditions of employment in the industry and abuse of non-nationals who are illegally employed on farms. In August 2011, the Human Rights Watch raised ethical concerns about the fruit and wine industries. The report is not yet fully disseminated and its implications have

not been assessed with regard to how much this will make access to high value markets more difficult, or influence consumer decision-making. The impact will only be known several years from now by means of ex-post studies.

Employment has been declining over the past decade for the agricultural sector (Figure 1) and although it has also been declining in the industrial sector, agricultural workers have an additional challenge because their particular skills mean they have nowhere else to go.

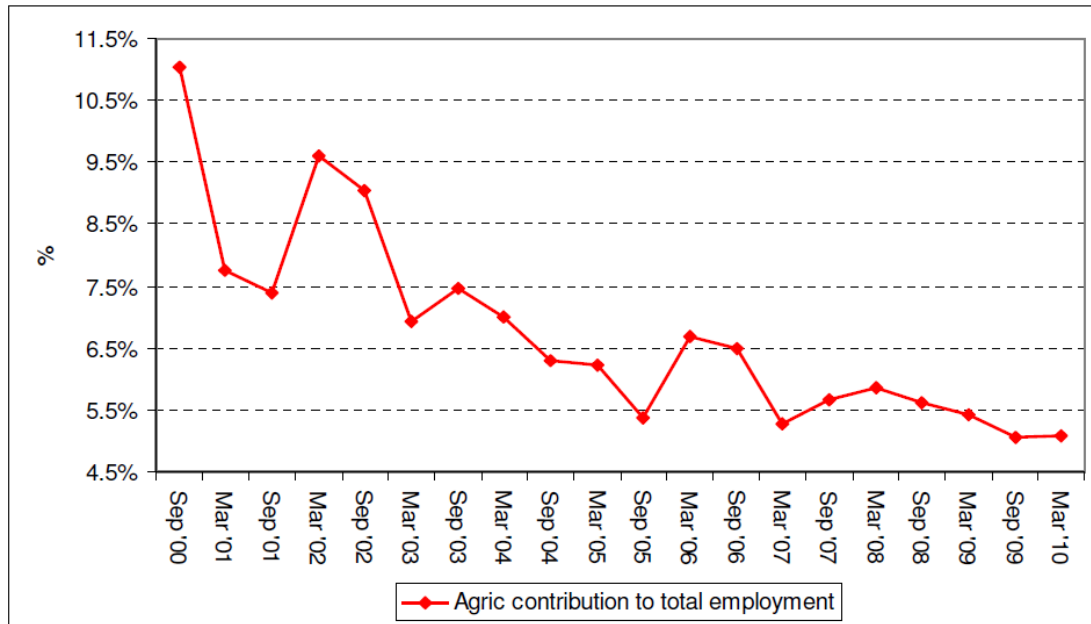


Figure 1 Agricultural contribution to total employment 2000 - 2010

In the period 1994-2004, about 112,352 jobs were lost from the agricultural sector, representing a 12.1% decline. During the same period, the manufacturing sector lost 165,448 jobs, amounting to about an 11.7% decline. This means that agricultural job losses in South Africa were not compensated with increased employment in other sectors as was the case in other countries experiencing agricultural transition.

The main message of the technical change model is one of hope and optimism. Hayami and Ruttan defined technological change as “any change in production coefficients resulting from purposeful resource-using activity directed to the development of new knowledge embodied in designs, material, or organizations”. It holds out the hope that technological progress will lead to expansion of economic opportunities that translates to economic growth and development. There is also improvement in production efficiency which enhances the country’s ability to compete internationally and also raises the levels of individual welfares and livelihoods.

Technical change in agriculture represents a response to changes in relative resource endowments and to growth in product demand. Institutional change in agriculture is induced by changes in relative resource endowments and by technical change.

Technical change can lead to cheaper food but incomes may fall as a consequence. There is little opportunity for increasing income from the extra production because of inelastic demand for agricultural commodities. The implications of this ‘treadmill effect’ can threaten sustained technical advance. Some responses include letting market forces bring domestic prices in line with border prices (Schultz, 1978); using price policy as a means of income redistribution (Taylor, 1980; Streeten, 1987); and those who emphasize the need for price intervention in the short term while aligning to long-term international parity (Timmer, 1986).

The conventional wisdom in South Africa is that the white farmer who operates a large-scale commercial farm is excessively rich. The conventional wisdom is also that this excessive wealth came from Apartheid policies that favoured white farmers, but on the basis of the treadmill effect, the notion of excessive white wealth is erroneous. Policies that exclude white farmers from subsidies because of past privilege are counterproductive and actually hurt the economy.

When reviewing the consequences of the recent minimum wage issue in the Western Cape, Obi speculated about whether a wage increase would cause problems for the sector. He concluded that if a wage increase is accompanied by product innovation it can lead to capturing new markets, increased income and more jobs. However, wage increases can incentivise workers and increase productivity even without innovation. There are two kinds of innovation: process innovation and product innovation. In process innovation new techniques increase efficiency and thus lower costs of production. Fewer workers producing the same output can cause technological redundancy. In the context of agricultural labour, eliminating labour brokers can reduce costs. Cost reduction may lead farms to expand their work force to expand output as market share is gained. On balance this potentially leads to more jobs.

For product innovation, such as bringing new varieties and qualities of products to the market, a farm can capture new or increased segments of markets. Again this is likely to lead to more jobs. So, it is the environment in which the minimum wage is raised that counts, and not the action per se. On-going engagements among farmers, research and development systems, government extension services, etc., are mandatory if the minimum wage increase is not to become inflationary.

Conclusions

- Technical change has been instrumental to the phenomenal performance of the South African commercial farming sector.
- The treadmill theory suggests that large-scale technology adoption may have hurt the white commercial farmers.
- There is evidence that net farm incomes of commercial farms were declining even before the recent financial and food crisis.
- Raising the minimum wage does contribute towards addressing extreme poverty and food insecurity which have important practical implications for transformation and social justice.
- Raising the minimum wage may also lead to improved productivity if complementary innovative actions are taken on farms and also in labour hiring practices.
- There is no justification for the reluctance to debate wage subsidization and other support.

DISCUSSANT: PETER JACOBS

Prof Obi gave us a quadruple model:

1. History and context – evolution of South African agriculture and the present context with labour unrest. This raised the question ‘What is this link between this regime and labour unrest on farms?’
2. In the agrarian structure in South Africa, there is tension between the commercial and smallholder agricultural sectors. This presentation focussed on the large scale farms and technological changes.
3. A rights-based approach to understanding employment conditions on farms.
4. The heart of the presentation is about technological change within large-scale commercial farms.

Much depends on the objectives of the farmer. There is a linkage between innovation and employment. Is there always a trade-off between innovation and employment? Can technology create employment?

So what can be done and what are the policy options?

1. Getting prices right – agricultural outputs and commodities and wage rates. A higher wage may not lead to job losses.
2. Getting institutions right – this is about policies, i.e. the role of the state. Controlling the conditions for workers on farms.

Q & A

Q: Is there always a trade-off between innovation and employment?

A: If costs become higher due to a wage increase there will be some problems unless there is concomitant action to address this. One response is innovation at the same time as the prices increase and if processes are for example faster or more efficient the cost can be moderated. Price ratios are the issue.

Q: What kind of policy interventions are needed to break this trade off?

A: When one group gets something and another does not there will be dissatisfaction. Another thing that can be costly is that the excluded party will try to get the compensation somehow. A group of consultants can spring up trying to get a social grant through some other channels.

We need the right institutions in place. If market access is the goal, then a situation that insulates the farmer from prices is inappropriate. It is not clear why partners of black farmers have to be white commercial farmers.

The supervision of government regulatory bodies must be good. Farms must submit to auditing regarding their achievements. If there is an incentive for farmers to create jobs then they will be more likely to do it.

C: One of the assumptions Obi makes is that subsidies for white farmers ended in 1994. It may no longer be racially defined but most of the benefits still exist for commercial farmers (e.g. the diesel subsidy etc). Some policies are good when introduced but wear thin over time. Initially, they may have been to reduce the 'poor white' problem; later it was to combat sanctions. Policy techniques that drove technological change are still there but fail to drive change any longer because the context has changed. The current tax regime is what was put in place in the 1960s.

A: The Marketing Boards of the Apartheid era – with their guaranteed prices - have all gone. But much of the literature says many other benefits are still in place.

Q: With regard to the treadmill theory – does this mean that early adopters of new techniques do better? Even the new products must continue to be updated.

A: It is easier to use machines as an example of technological change. If you produce more the price falls and income declines. Diversifying production is just as important and then the farmer may not feel any income decline. We cannot do without machines but diversifying the value chain is just as important.

C: There have been lots of demands from the farmers to the State about what needs to be done. They wanted to find ways to get commodities into the continental markets of Africa. A product that leaves the pack house at R42 a box sells in London at R204 per box. Getting just 5% more per tonne would allow farmers to pay up to R200 a day. The response to the farmers was that humanitarian grounds demand a minimum wage of R105 per day and farmers acknowledged that R65 was not a living wage. The University of Stellenbosch has attempted to do an analysis of the value chain from seed to store as part of the Vision 2020 initiative.

A: The agricultural sector requires a lot of overhaul. We can confirm what the farmers spoke about regarding the difference between pack house prices and the product in Europe or the US. There is a conflict of interest between the pack house owners and the market price. Why don't farmers do direct marketing? In SA farmers do not know who the partners are in Europe and are at the mercy of the exporters. In other countries direct export to retailers is possible. Policy can protect but it may also inhibit information and hurt some people while benefitting others. The policy makers know what is going on and have enough information to do the right thing.

AGRICULTURAL SUPPORT AND INNOVATION FOR RURAL DEVELOPMENT: POLICY LESSONS FROM NEW SOUTH AFRICAN EVIDENCE

Dr Peter Jacobs & Mr Tim Hart, Economic Performance and Development, HSRC

The policy context is contained in the New Growth Path⁴ and the National Development Plan 2030.⁵ These policies contain four big land reform and agrarian change themes:

- To expand numbers of and support for smallholder farmers (+300,000 by 2020);
- More farmworkers under better conditions in agriculture (+1 million by 2030);
- Food security for all; and
- “Green economy” initiatives in agriculture.

There are questions about there being more farmers and more jobs in the sector because it is not clear how the target numbers were calculated.

While considering this glorious future we must consider what is proposed for the smallholder farmers. For each municipal district with farmland available, 20% of the land is to be identified by and transferred from established farmers. There is also to be a speed up of tenure reform in former Bantustans and incorporation into the mainstream agro-food value chains.

After 2009, rural development became a strategic priority of policy development in South Africa and it is likely to remain a government priority. The proposed interventions include public investment, institutional coordination, and community social interactions among others. The lead department is Rural Development and Land Reform.

The question has been raised as to whether agricultural reform is in crisis. After nearly two decades, less than 10% of land has been transferred, against an initial 30% target. There is increasing evidence of under-performance and failure of transferred “projects” and there is little evidence of improved rural livelihoods flowing from agrarian reform except for in one Quality of Life Study (2005/06?).

Overall, therefore, how agrarian transformation leads to reduced poverty and inequality is unclear. The HSRC completed a study in 2012 which seeks to find out how the content, design and implementation of agrarian policies influence poverty reduction outcome. The study was a household survey of 301 land reform beneficiary households in North West, KwaZulu-Natal and the Western Cape and compared households with and without agricultural development support. The survey data was supplemented with focus groups and key informant interviews.

There was unequal spread of farmer support across the provinces. Seventy six per cent of households were receiving one type of package but 24% were receiving two types of support and 4% more than three types of support. The time between application and receipt can be 3-4 years. Although the local Department of Agriculture and Land Reform helps people apply for the grant there is varied support once it is received. In North West, 70% of farmers received on-farm production assistance from the Department of Agriculture Forestry and Fisheries and 12% from the Department of Rural Development and Land Reform. In the Western Cape, government-appointed mentors were used by 41% of beneficiaries and 53% of these mentors were previous farmers.

A smaller proportion of those receiving Agricultural Development Support (ADS) were not farming than those without it. Those with ADS sold more crops and livestock than those without it. The main reason for farming was food security for without ADS but with ADS the farm more often became a form of main income. Thirty-three per cent of the land reform beneficiaries were not actively engaged in agriculture.

⁴ New Growth Path <http://www.info.gov.za/aboutgovt/programmes/new-growth-path/index.html>

⁵ National Development Plan 2030 <http://www.info.gov.za/issues/national-development-plan/index.html>

Key insights for policy from the study are:

1. We should promote equitable agrarian reforms that meet the needs of the rural poor;
2. We should directly involve resource-poor small farmers and landless farm workers in policy development and implementation;
3. Better planned and tighter institutional interactions/coordination between the departments of land reform and agriculture are needed;
4. Agrarian reform needs an integrated and sound monitoring and evaluation system supported by a regular, nationally representative, small farmer survey.

Another initiative is the Rural Innovation Project which was commissioned by DST. The brief was to apply 'systems thinking' for broad-based rural innovation, i.e. a mixture of technological, social and institutional factors. The aim was to understand factors and actors influencing new knowledge generation, adaption, adoption, diffusion and use for rural development. This was done by designing, and testing a "Rural Innovation Assessment Tool" (RIAT) to understand and guide interaction among innovation actors and partners.

Scoping and testing of RIAT is currently under way. The tool uses a very broad definition of innovation – invention, adoption, adaption and diffusion of products, processes, marketing strategies and organisational arrangements. It looks at a broad range of stakeholders including farmers/agro-processors/associations, businesses, government departments, parastatals, NGOs, individuals and households and includes other economic sectors such as mining, ICT, tourism, nature conservation etc.

The innovation landscape in South Africa changed in 1996 with a White Paper that re-conceptualised the pre-1994 innovation system. This introduced a systems thinking approach to innovation. It sought to understand the linkages between the different parts of the system, organisations and networks and their roles and contributions to innovation process. It also sought to include the previously excluded and should include social innovation.

A first review of the South African innovation landscape was done by OECD in 2007 and found little significant change in innovation. The DST 2008 10 year plan on Innovation was a response to the OECD review and identified the various Grand Challenges, most of which had a global focus, e.g. climate change, and did not address local issues of poverty and unemployment. A Ministerial review was done in 2010-2013 but this had a Eurocentric view and largely focused on restructuring and coordination of the formal components of the system.

Social Innovation is a relatively new concept with diverse understandings. These include:

1. Products (goods and services) to socially benefit society or marginalised members of society;
2. Organisation of people to access these services and goods;
3. People collaborating to access and develop products and services in a way that results in systemic change – needs based / bottom up, changing both the products and the existing systems of adoption, diffusion and recognition.

Despite some recognition of the concept, the changes have been very weakly attempted.

In terms of the understanding of innovation, few rural people are aware of the national system of innovation and even less think they are part of it. Innovation is narrowly understood as an 'invention'; and adoption, adaption and diffusion are not regarded as 'proper' innovation activities. The concept of social innovation is largely unheard of and is not actively promoted although it is carried out in practice.

Some general observations imply that most formal innovations arise from external sources. Local poverty and links to grants result in adoption of top-down ideas. Primary economic sectors, such as agriculture, with a commercial focus, tend to diffuse outwards and to other similar areas. Despite prevailing inequalities, emphasis is only on conventional innovations and approaches and commercial returns. There is also poor communication of needs due to elite/political/ institutional barriers.

Further key insights for policy include the following.

1. The 1996 White Paper attempted to reconceptualise innovation thinking, NSI components and structures but it was not effectively implemented.
1. A narrow understanding of innovation persists – it is seen as a technical artefact.
2. Social innovation is poorly understood and not promoted.
3. ‘Participation’ and peer dissemination are strong options.
4. The RIAT initiative aims at making a more comprehensive long-term contribution to innovation.
5. Social innovation and self-learning through internalising and reflecting on the notion of innovation should be encouraged.

DISCUSSANT: CATHERINE CROSS, HSRC

This paper demonstrates a desire to get to grips with the basic policy objectives and a project that will look at the situation more closely. We are assuming that we need to deliver land but that may not be the issue. There is a lot going on in the communal areas and these people are not part of the land reform programme. How do you get to livelihoods from land reform? What are people doing besides agriculture?

The study reported that only about a third of land reform farms are not involved in agricultural production which suggests that things may not be as bad as we thought – it has been said to be half of these farms were unproductive. Three fifths of farms are producing income which is also not bad and we do not seem to have many people who are just subsistence farmers. Could you say something about the kind of yields they are getting? What are the other forms of support and how much do they contribute? Where are people getting finance and management skills? Because it seems there is no training except in Western Cape.

You mentioned that social Innovation should be more valued. It seems that the only innovations are coming from government but there are other informal innovations. What other kinds of innovations would you see? A concern is that these innovations ‘apparently don’t travel’, i.e. the idea is only used in its place of origin.

Is there any guarantee that social innovation does not create an exclusionary process? Could we encourage people to use their income to do other things in the households? Everyone helps within an informal sector economy. What does innovation mean inside households?

There is a sense that government owes people, i.e. has to do something to restore them to the conditions they had before Apartheid. Government tries to help people but the effect can be ‘paralysing’ so that do not do their own innovation (in the same way that people no longer build their own houses).

Maybe the way to get acceptance of social innovations is to measure the impact of social innovations and social changes. Social innovation needs to create its own evidence base.

RESPONSE TO DISCUSSANT

Dr Peter Jacobs

1. On methodological issues: the design was purpose built and the sample was based on referrals to projects and then randomly selected households within these projects. It was not a random sample.
2. The questionnaire omitted information on household employment. It captured the recipient’s work but not those they employed. (This was an oversight).
3. The first study on agrarian reform is complete but RIAT is still under way.
4. The larger livelihoods impacts are not available. Qualitative information suggests there has been no substantial positive impact on communities.

5. Information on yields gave mixed evidence. Unfortunately few of the farmers keep records, except those working with mentors.
6. Access to credit used to be through the land bank but now it is through commercial banks. The question is what will the impact of this be at the local level? Some of these farms will end up being taken over by commercial banks when or if they fail.

Tim Hart

1. Are there informal innovations taking place? There are farmer to farmer extension activities. Some farmers are doing their own experiments but the results are not passed on to others. There are people using solar systems and they use it to support other activities, such as using solar power to charge cell phones for a fee (although this is illegal).
2. Some aspects of social innovation have not been considered yet. Who's in and who's out? This is not unique problem. Once we find a benefit we will have to address the exclusion issues. Often it's not the poorest of the poor who benefit but those who pretend to be poor.
3. Children get to Gr 8 or 9 with little reading or writing skill. A programme was adopted and then adapted and when they found that adults needed literacy training too they added that. They also set up after a care group to help with reading. All this has been done – it started with children but had many spin offs. Matriculants are earning money through this programme.
4. Some people innovate to survive. In some areas gardening and intensified land use with grey water is being used to grow food.
5. There is a range of non-farm livelihoods. These include transport, child care, early childhood development, using electricity for welding, etc and are similar to livelihood strategies of the urban informal sector.

SUMMARY OF DISCUSSION AND IDEAS FOR FURTHER RESEARCH

Prof John Seager

After the day's deliberations Prof John Seager provided a brief summary of the various presentations and then highlighted the main conclusions of each paper. The main issues raised and some ideas for further research are summarised below.

- It is important to realise that most of the chronically poor are 'working poor'. In some contexts there is a trend towards greater reliance on wage labour because this offers an escape from chronic poverty. Interventions therefore need to address labourers as well as smallholder farmers.
- Internal migration is an important risk management and livelihoods promotion strategy, particularly from remote rural areas. It is largely ignored or discouraged by policies yet successful migrant support programmes can contribute to poverty alleviation.
- Social grants need to be sufficient to help people get out of poverty rather than merely maintain them where they are.
- Panel data is the best means for monitoring the effect of policy on the chronically poor because it can track the same households over time to ensure that sustained progress is being made.
- The institutional approach to rural poverty in South Africa has similarities to the unsuccessful Integrated Rural Development programme of Latin American countries. Decentralisation and local participation are necessary but *regional* government coordination was found to work better than either national or local approaches in Latin America.
- In South Africa we seem to be too willing to introduce new programmes before finding out what went wrong with the old ones. We do not spend enough time on piloting and modification based on evaluation.
- Until the 1990s, small rural producers were seen as a "social problem" in Brazil but now they are recognised as a key resource. Family Farms employ over 74% of workers in the agricultural sector and they supply the majority of staple foods.
- Civil society in Brazil has been effecting change through policy, unlike other countries where civil society often operates in a parallel process.

- Proper evaluation is necessary before change can be attributed to a particular programme. In Brazil it has been acknowledged that the significant improvements in poverty are the result of an integrated approach – no single programme can claim credit.
- Raising the minimum wage may lead to improved productivity if complementary innovative actions are taken on farms. It is the environment in which the minimum wage is raised that counts, and not the action per se. On-going engagements among farmers, research and development systems, government extension services, etc., are mandatory if the minimum wage increase is not to become inflationary.
- In South Africa, farmers do not know who the buyers are in Europe and are at the mercy of the exporters. In other countries direct export to retailers is possible. Policy can protect but it may also inhibit information and hurt some people while benefitting others.
- We should directly involve resource-poor small farmers and landless farm workers in policy development and implementation.
- Agrarian reform needs an integrated and sound monitoring and evaluation system supported by a regular, nationally representative, small farmer survey.
- The DST-commissioned Rural Innovation Assessment Tool, currently being evaluated by HSRC, aims at making a more comprehensive long-term contribution to innovation.
- Social innovation and self-learning through internalising and reflecting on the notion of innovation should be encouraged.
- About a third of land reform farms are not involved in agricultural production which suggests that things may not be as bad as we thought. Three fifths of farms are producing income which implies there are fewer people operating as just subsistence farmers.
- The way to get acceptance of social innovations may be to measure the impact of social innovations and social changes; social innovation needs to create its own evidence base.

CLOSING REMARKS FROM THE CHAIR: DR MOSHE SWARTZ

In closing, Dr Swartz stated that we need to look at the correlation between successes and failures and the input of research and development to policy. While thanking the presenters he said that he would like these presentations to be made again to the Chief Directors, Directors and Deputy Directors in order for the research to make an impact on the day-to-day work of the departments. This research needs to be part of a process whereby research and development informs policy on an ongoing basis.

APPENDIX 1: PROGRAMME & ABSTRACTS

RAPPORTEUR: Prof. John Seager (Freelancer)

Chair: Dr Moshe Swartz, Deputy Director-General, Rural Enterprise and Industrial Development (REID), Department of Rural Development and Land Reform

08:00 - 09:00 Registration, Tea & Coffee

09:00 - 09:20 Introduction

09:00 - 09:20 **Welcome**

Dr Moshe Swartz, Deputy Director-General, Rural Enterprise and Industrial Development (REID), Department of Rural Development and Land Reform

09:20 - 09:30

HSRC/DST Overview of Annual Programme of Policy Workshops:

Prof Alinah Segobye, Deputy Executive Director, Research Use and Impact Assessment (RIA)

09:30 - 10:30 Session 1

09:30 - 09:50

Keynote address: **Quality, not just Quantity: Employment as a pathway out of poverty for the chronically poor**

Dr Lucy Scott, Chronic Poverty Advisory Network, UK

People living in chronic poverty are poor for long periods of time, sometimes over generations, passing their poverty onto their children. Frequently lacking productive assets, including livestock and land, their main asset is their labour. Increasing the opportunities for chronically poor people to engage in decent work is critical to enable them to escape from poverty. All too often the work which chronically poor people undertake does not provide the basis for people to improve their lives, being underpaid, seasonal, or damaging to health. For chronic poverty reduction there are three challenges; increasing the quantity of jobs available; improving the access of the chronically poor to employment opportunities, and improving the quality of those jobs. This paper examines successful policies and programmes which have enabled the poorest people to escape poverty through employment. Chronic poverty is predominantly a rural phenomenon and the majority of chronically poor people work in agriculture, either as small-holders or labourers. However, current evidence shows that successful poverty escapes are frequently associated with diversification beyond agriculture and involvement in the non-farm economy. The paper also investigates policies which can enable this transition for the poorest people and mean that their hard work contributes to poverty escapes, rather than to their further impoverishment.

09:50 - 10:00

Discussant: **Ms Catherine Cross, HSRC**

10:00 - 10:30

Q & A

10:30 - 11:00 TEA

11:00 - 12:00	Session 2
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11:00 - 11:20 Keynote address: **Promoting Rural Economic Development: Lessons from Latin America**

Prof. Paul Winters, American University, Washington DC

Over the last decade, a number of Latin American countries have seen significant economic growth and corresponding reductions in poverty. While a number of factors have contributed to growth, poverty reduction in the region can at least be partially attributed to social and productive programmes designed to improve the well-being of poor households, particularly in rural areas. The objective of this paper is to consider the programmes that have been enacted in Latin America in the last decade and draw lessons from these programmes for South Africa. Both social policies, such as cash transfer programmes, and productive policies designed to promote agricultural and non-agricultural activities, will be considered

11:20 - 11:30 Discussant: **Prof. Charles Machethe**, University of Pretoria

11:30 - 12:00 Q&A

12:00 – 13:00	Session 3
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12:00 - 12:20 **Sustainable Rural Development for Food Security – Lessons from Brazil**

Prof. Cecilia Rocha, Ryerson University, Canada

In the past few years, Brazil has made significant progress in reducing hunger and food and nutrition insecurity. By the end of 2009 it had met the United Nations Millennium Development Goal namely to reduce extreme poverty and hunger. Brazil had reduced poverty and malnutrition by half, six years ahead of the 2015 deadline. Much of this progress has been achieved through innovative policies and initiatives championed by civil society organisations for over two decades. This paper reviews some of the most important policies and initiatives which are having a beneficial impact on sustainable rural development and food security. Focusing on conditions for small family farmers, the authors describe the main elements of these government programmes as well as relevant civil society initiatives, and the possible lessons to be learned from them. The paper concludes by discussing the challenges the country faces in maintaining recent advances in sustainable rural development and food security.

12:20 - 12:30 Discussant: **Dr Simphiwe S. Ngqangweni**, DAFF, Pretoria

12:30 - 13:00 Q&A

13:00 - 13:45	LUNCH
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13:45 - 14:45	Session 4
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13:45 - 14:05 **Technical change and labour absorption in large-scale commercial agriculture in South Africa – the human rights dimensions and implications for labour relations, public safety and food security**

Professor Ajuruchukwu Obi, Agricultural Economics, Fort Hare University

Large-scale commercial agriculture has been the main source of agricultural growth in South Africa as rural de-agrarianisation has proceeded over several decades and weakened the small-holder sector to

a much greater extent than elsewhere on the continent. Support policies and programmes instituted during the apartheid era encouraged rapid mechanisation which was instrumental to the attainment of a level of national food self-sufficiency unmatched in Africa. But those policies and programmes also engendered an attitude that progressively undervalued the contribution of labour and have over time led to a deterioration of labour relations and job creation by the sector. A recent Human Rights Watch report paints a disturbing picture, suggesting that the human costs of this phenomenal performance have been excessive and have in fact featured gross human rights violations. Those reports are borne out by recent events in the Western Cape Province where stalled negotiations between commercial farmers and their farm workers over wages and working conditions have now degenerated into violent clashes with potential for further deterioration and disruptions. The striking farm workers have also identified the use of labour brokers as a major contributor to the labour problems in the sector. In addition to the loss of incalculable working hours that compromise current and future production and productivity, these developments put the sector's competitiveness at serious risk. At the same time, South Africa's unemployment rates rank among the worst in the world while it is now considered the most unequal society in the world. It is clear from the foregoing that South Africa's current and prospective employment outlook are very bleak and means that a comprehensive assessment of job prospects that embraces all sectors cannot be avoided. This paper hypothesises that failure to align the direction and magnitude of technical change in the sector with the country's changing demographics under a more democratic political environment explains much of the current labour relations dilemmas. What a change in approach could mean for industry profitability and competitiveness needs to be evaluated to ascertain the extent to which large-scale commercial agriculture can fulfil the multiple roles of food security, poverty alleviation and employment creation.

14:05 - 14:15 Discussant: **Dr Peter Jacobs**, HSRC

14:15 - 14:45 Q & A

14:45 - 15:00	TEA
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15:00 - 16:00	Session 5
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15:00 - 15:20 **Agricultural Support and Innovation for Rural Development: Policy Lessons from new South African evidence**

Speakers: **Dr Peter Jacobs & Mr Tim Hart**, HSRC

This presentation reflects on emerging insights from two new projects which aim to better understand how state-funded agricultural support and innovation can boost rural development. South Africa currently has two overarching state-funded packages to assist land-reform farmers: the Comprehensive Agricultural Support Programme (CASP) and the Land Reform Recapitalisation and Development Programme (RECAP). The main purpose behind state-investment in agricultural activities on redistributed farmland is self-evident: programmed agricultural support is a catalyst to help the newly settled farmers to optimally use the transferred farm. This part of the presentation discusses the findings from a 2012 purpose-build survey of 300 land reform farm households. This dataset allows us to compare farming activities of recipients and non-recipients of state-funded agricultural development support. To structure the discussion, this part of the presentation first looks at on-farm production and then turns to agricultural activities post-farm gate.

The ability to innovate is often linked to the ability to generate and use new knowledge for human and social development. Innovation involves – invention, diffusion, adoption, adaption, and improvement of both physical and social technologies (products, processes, organisation of people, marketing and market access) across all economic sectors and enterprise types. Social innovations or technologies are those that involve arranging people as well as developing products that benefit

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people. With the idea of knowledge as a fundamental component of the ability to innovate and the economy to grow as well as invoking a broad view of innovation we present preliminary reflections on the innovation environment in four of South Africa's Rural District Municipalities along with current trends in innovation practices and their relationships to the National System of Innovation.

15:20 – 15:30 Discussant: **Ms Catherine Cross**, HSRC

15:30 – 16:00 Q & A

16:00 - 16:30	Session 7
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16:00 – 16:15 Summary report from Rapporteur: **Prof John Seager**.

16:15 – 16:30 Closure: Chair

Dr Moshe Swartz, Deputy Director-General, Rural Enterprise and Industrial Development (REID), Department of Rural Development

∞∞Departure∞∞

APPENDIX 2: BIOGRAPHIES

MR TIM HART

Mr Tim Hart is a senior research manager in the Economic Performance and Development research programme. He is a social anthropologist and holds an MPhil in social science methods from Stellenbosch University.

Before joining the HSRC in July 2004, he was a senior researcher at the Agricultural Research Council (ARC) Infruitec-Nietvoorbij in Stellenbosch. At the ARC he led a number of evaluation and feasibility studies, notably several focusing on smallholder farmer support. He was also involved in an investigation into the role of indigenous knowledge in the production of traditional vegetables in eight parishes in Uganda. Mr Hart is a member of the international network PROLINNOVA (Promoting Local Innovation in Ecologically-oriented Agriculture and Natural Resource Management).

His areas of research interest include indigenous knowledge and its contribution to sustainable development, with special emphasis on its use in agriculture amongst smallholder farmers and as a means to improve food security amongst rural communities, participatory research methods and their application (use and abuse) within development programmes, participatory programme evaluation, and the conceptualisation and design of agricultural development projects.

Mr Hart's publication record spans the authoring and co-authoring of many conference presentations and popular, semi-scientific and scientific journal articles. He is a member of a number of South African professional organisations. He serves as a reviewer of various scholarly journals.

DR PETER JACOBS

Dr Peter Jacobs is a research specialist in the Economic, Performance and Development research programme. He holds an MA in Economics from Fordham University (New York), and obtained a PhD in Economics from the same university in 2002.

Before joining the HSRC in May 2007 on a part time secondment, he was a senior lecturer in the Department of Economics at the University of the Western Cape (UWC). He has also worked on land reform policy issues at the Institute for Poverty, Land and Agrarian Studies (PLAAS) at the University of the Western Cape (UWC).

His areas of research interest include the economics of agrarian change and rural development, with special emphasis on land reform and small-scale farming, agro-food markets (recently completed a multi-year project NRF/RCN) and food security.

Dr Jacobs's publication record spans the authoring and co-authoring of more than 50 conference presentations and journal articles. He co-edited a special issue of the AGREKON, on the subject of household food security in South Africa. His peer-reviewed articles appeared in journals such as ROAPE, Agenda, Africa Insight, AGREKON and Development in Practice. He has contributed chapters to several books and provided expert input to a volume debating options to boost public support for African smallholder farmers.

DR SIMPHIWE S NGQANGWENI

Dr Simphiwe S Ngqangweni is currently Director of Agro-processing Support at the national Department of Agriculture, Forestry and Fisheries (DAFF) in South Africa. His portfolio involves designing, monitoring and evaluating policies and programmes aimed at development and growth of small and medium agro-processing enterprises. He holds a PhD in Agricultural Economics from the University of Pretoria.

PROFESSOR AJURUCHUKWU OBI

Professor Ajuruchukwu Obi teaches agricultural development and marketing in the Department of Agricultural Economics and Extension of the University of Fort Hare in Alice, Eastern Cape Province of South Africa. Professor Obi obtained his degrees in Agricultural Economics and Economic Policy Management from the University of Nigeria, University of the Free State (South Africa) and McGill University (Canada). For his PhD, Professor Obi examined the trends in agricultural land prices in South Africa. He has previously worked for the University of Nigeria, International Labour Organization (ILO), the United Nations Development Programme (UNDP), and the United Nations Volunteers (UNV), among other institutions. His main research interests include institutions, agricultural land prices and land reforms, crop-livestock integration in smallholder agriculture, water use in agriculture, value chain analysis, technology adoption and technical and institutional constraints to smallholder farming. He is publishing in the fields of agro-food chains, constraints to smallholder farming, water utilization in agriculture, collective innovation and integration of crop and livestock farming systems.

PROFESSOR CECILIA ROCHA

Cecilia Rocha (PhD, Economics) is the director of the School of Nutrition and an Associate Professor of Food Security and Food Policy at Ryerson University, where she is also an Associate Researcher and past Director (2005-2010) of the Centre for Studies in Food Security. Her research interests are on assessing the social efficiency of food security initiatives and programs, the role of market failures in food insecurity, and the effectiveness of markets as policy tools. Dr. Rocha has been invited to speak at international meetings, such as the 2009 United Nations High Level Meeting on Food Security for All in Madrid, Spain, and the 2009 Parliamentary Meeting on the Occasion of the World Food Summit in Rome, Italy. From 2004 to 2010, Dr. Rocha was the Director of the project Building Capacity in Food Security in Brazil, developed in partnership with the Reference Centre for Food and Nutrition Security in Rio de Janeiro. She has authored some of the key papers on the innovative and pioneering policies and programs in food security in the city of Belo Horizonte, Brazil. Dr. Rocha was an active member of the Toronto Food Policy Council from 2006 to 2011, and participated in the development of the Toronto Food Strategy (2009-2010). She has conducted research on food security conditions among immigrant populations in Toronto, and the manifestation of food sovereignty in an indigenous settlement in Brazil. In 2012 she was invited to be part of a distinguished Expert Panel on the State of Knowledge of Food Security in Northern Canada by the Council of Canadian Academies.

DR LUCY SCOTT

Dr Lucy Scott is a Research Officer with the Chronic Poverty Advisory Network, based at the Overseas Development Institute, London. She is also an external associate of the Brooks World Poverty Institute at the University of Manchester. Her interests include approaches to reduce extreme poverty, monitoring and evaluation, social protection and asset transfers. Lucy's PhD, with the Brooks World Poverty Institute, examined the processes resulting from the implementation of a large-scale asset transfer programme in north-west Bangladesh.

PROFESSOR JOHN SEAGER

Professor John Seager is a freelance research consultant with 30 years public health research experience in Africa. His research has covered AIDS and development, tuberculosis, diabetes care, urban health systems, and social determinants of health. He holds a BSc (Hons) in Zoology and a PhD in Ecology and Population Dynamics at the University of Wales and has completed advanced training in Epidemiology and Public Health in the US, UK and South Africa.

He is an Extraordinary Professor in the School of Public Health and a Mellon Senior Scholar at the University of the Western Cape where he is responsible for the mentoring of academic staff working towards PhDs and publications. Prof. Seager is also an Extraordinary Professor at the University of Stellenbosch, where he is a member of the Transdisciplinary Sustainability Analysis Modelling and Assessment Hub.

His main research interest is social determinants of health among the poor in developing countries. Recent work includes health systems evaluation, HIV and AIDS, homeless populations and social aspects of climate change.

Prof. Seager serves on the editorial advisory board of *Development Southern Africa* and is a reviewer for local and international journals. His publication record spans the authoring and co-authoring of more than 60 journal articles, 50 research reports and 100 presentations at scientific meetings.

PROF ALINAH K. SEGOBYE

Segobye is Deputy Executive Director and Head of RIA. Before joining the HSRC she was Associate Professor of Archaeology at the University of Botswana and Acting Coordinator of the Master's in Development Practice Program in the School of Graduate Studies. Prof. Segobye has undertaken research in the areas of the archaeology of southern Africa, heritage studies and development in Africa. Segobye worked in the area of HIV/AIDS as a consultant for the African HIV/AIDS Comprehensive Partnerships (ACHAP) where she focused on cultural approaches to HIV/AIDS and leadership development. She serves in the Botswana National Prevention Think Tank dedicated to policy advice in the area of prevention of HIV/AIDS for women and girls. She has since 2000 focused research attention on the subject of indigenous knowledge systems with specific interest in the cultural capital of local and indigenous communities and the sustainable management of heritage resources.

Prof. Segobye is a Senior Research Fellow at the University of South Africa (UNISA) and has been a visiting Research Fellow at the Australian National University (1995), the University of Cambridge (Wolfson College 2004/5) and University of California at Berkeley (2005/6) where she was a visiting Fulbright Scholar. She was a Mellon Research Fellow at Stanford University in 2009.

Prof. Segobye has served as an advisor, facilitator and expert for a number of international organisations including UNESCO, the African Union and African Futures Institute. She is a founding member of The Observatory of Cultural Policies in Africa (OCPA) and has served as a member of the Botswana National Cultural Council. She is Vice President of Botswana Post Board of Directors. She is a past president of the Pan African Association of Archaeology and Related Studies (PAA).

PROFESSOR PAUL WINTERS

Prof. Paul Winters is an Associate Professor in the Department of Economics at American University in Washington DC and works closely with the Office of Strategic Planning and Development Effectiveness at the Inter-American Development Bank and the Development Research Group at the World Bank. He has previously worked at the International Potato Center in Lima, Peru, the University of New England in Australia, the Food and Agriculture Organization in Rome, and the Inter-American Development Bank in Washington, DC. He has his PhD in Agricultural and Resource Economics from the University of California at Berkeley and has published numerous journal articles and working papers in the areas of rural development, impact evaluation, migration, cash transfer programs, and smallholder agriculture. He has conducted field work and managed surveys in Pakistan, Indonesia, Peru, Bolivia, Ecuador and Ethiopia.

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APPENDIX 3: ATTENDANCE

No.	Title	Name	Surname	Position	Organisation/ Department	Tel 1	Tel 2	E-mail
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11	Dr	Peter	Jacobs		EPD, HSRC			Pjacobs@hsrc.ac.za
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17	Professor	Charles	Machethe	Dept of Agricultural Economics	University of Pretoria		(+27 12) 420 4833	charles.machethe@up.ac.za.

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39	Dr	Lucy	Scott		Overseas Development Institute 203 Blackfriars Road London SE1 8NJ			l.scott@odi.org.uk
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49	Ms	Thandeka	Tshabalala		DST			Thandeka.Tshabalala@dst.gov.za
50		Daniel	Velayutham		Premier Hotels Pretoria		0741199047	daniel.v@opremierhotels.co.za
51	Mr	Jeremy	Wightman		HSRC			jrwrightman@hsrc.ac.za
52	Prof.	Paul	Winters		Department of Economics, American University		Tel: (202) 885-3792	winters@american.edu; Bank--paulw@iadb.org

APPENDIX 4: PRESENTATIONS



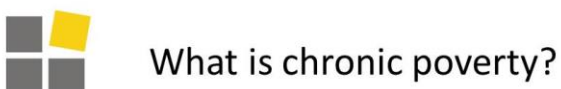
Quality, not just quantity: employment as a pathway out of poverty for chronically poor people

Lucy Scott
l.scott@odi.org.uk

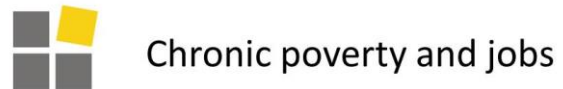
www.chronicpovertynetwork.org



- What is chronic poverty?
- Chronic poverty and jobs
- Promoting rural areas
- Supporting internal migration
- Linking education to the labour market
- Social protection
- Agricultural labourers
- Agricultural producers
- Conclusions



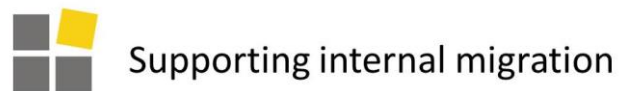
- Defining feature is extended duration.
- Multiple causes: adverse geography, inadequate education and skills, limited ownership of material assets, discrimination, unreliable and poorly paid work opportunities
- Around 20% of households in chronic poverty in KIDS dataset
- Chronically poor people have benefitted the least from recent progress of poverty reduction



- The majority of chronically poor people are 'working poor'
- Poor rural households often combine own-account agriculture with non-farm activities, wage labour and migration
- In some contexts trend towards greater reliance on wage labour
- Escape from chronic poverty associated with shift from agricultural to non-agricultural wage labour, non-farm activities and salaried employment



- Rural roads, particularly feeder roads constructed in labour intensive ways
- Secondary town development and 'strategic urbanisation'
- Decentralised electrification for remote areas



- Important risk management and livelihoods promotion strategy, particularly from remote rural areas
- Largely ignored or discouraged by policies
- Successful migrant support programmes can incorporate information on job opportunities, rights and ID cards
- Education for children of seasonal migrant workers



Linking education to the labour market

- Importance of improving availability and accessibility of training for rural youth
 - Involve potential employers in training from the outset
 - Training needs to go beyond a focus on technical skills to include life skills
 - 'Second chance' schemes
-



Agricultural producers

- Need to differentiate between different types of farm household
 - For poorest farmers a focus on building assets and their protection is critical
 - Research and development outreach appropriate for the poorest
 - Access to secure markets
-



Social protection

- Helps protect households against a range of shocks, including loss of income
 - Can improve educational attainment and childhood nutrition, both associated with increased earnings
 - Review, redesign and expand existing programmes
 - Move towards social protection systems
-



Conclusions

- The quality of jobs, not just the quantity is essential for chronic poverty escapes
 - A comprehensive approach to rural chronic poverty reduction
 - Interventions need to address labourers as well as small-holder farmers
 - Importance of sub-national strategies
 - Data challenges
-



Agricultural labourers

- Chronically poor people largely casual and temporary workers
 - Local labour markets: setting a wage floor through public works schemes and social protection and education.
 - National and global value chains:
 - Self-regulation through certification
 - Changing societal norms
 - Promoting workers organisations
-

Promoting Rural Economic Development: Lessons from Latin America

Paul Winters

Department of Economics
American University, Washington DC
& Inter-American Development Bank



SOUTH AFRICAN GOVERNMENT
CLUSTER POLICY WORKSHOP
Rural Development and Job Creation
26 February 2013, Pretoria, South Africa

1

South Africa and Latin American and the Caribbean (LAC)

	South Africa	LAC
Rural population (%)	40.3%	22.5%
Poverty headcount-\$2 a day (PPP)	33.5%	14.5%
Gini coefficient	65.3	51.8
Ag. value added/worker (2000 US\$)	3344	3282
Ag. value added-% of GDP	3.0%	6.1%
Ag. value added-% growth	1.9%	2.9%
Employment in Ag.	7.9%	16.1%
Employees in Ag. Male	9.2%	20.5%
Employees in Ag. Female	6.2%	9.6%

Source: World Development Indicators: 2003-2009, best available data

2

Approach

- 1) Interviews with LAC experts, particularly from the Inter-American Development Bank*
- 2) Review of LAC literature, strategies and documents
- 3) Review of South African literature, data and government programs**

* I am grateful to Hector Malarin, Sergio Ardila, Leonardo Corral, Cesar Falconi, and Gabriel Montes for their insights on rural development in LAC and providing useful documentation.

** I am grateful to Smiti Tiwari for research support on related to rural development in South Africa.

3

Outline

- 1) Background on LAC rural development, particularly agriculture
- 2) Key lessons from previous approaches
- 3) Recent South African rural economic development policies and comparison to LAC
- 4) Suggested way forward

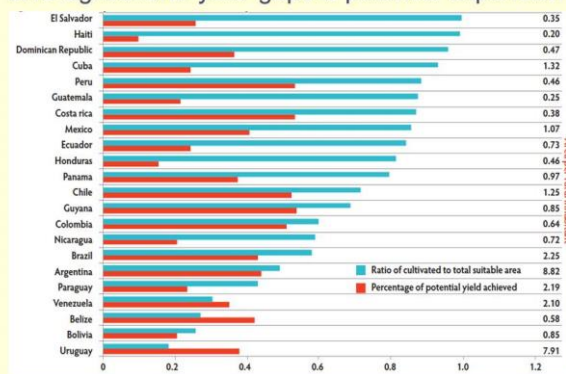
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Consensus on objectives of LAC rural economic development

- Address slow growth in productivity
 - Particularly in agriculture, but also in other drivers of rural growth (e.g. non-farm such as tourism, agribusiness...)
 - Ag. productivity growth 61-08: LAC 1.9% OECD 2.4%
- Address rural poverty/inequity/food insecurity
 - Poverty rates and food security remain higher in rural areas: two-thirds of rural population poor
 - Many of the poor are smallholders although often with a diversified livelihood strategy

5

LAC agricultural yield gaps & potential expansion



Source: High Food Prices, LAC: Responses to a New Normal, World Bank; Taken from: Falconi, Cesar (2012) "Agricultural Innovation in LAC: Evolution and Cases" Presented at Investment Days - TCI FAO, Rome

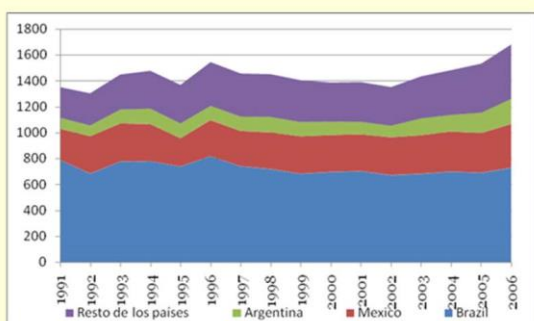
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Consensus on key areas where support is required

- Infrastructure (roads, irrigation...)
- Agricultural research
- Agricultural extension
- Agricultural health and food safety
- Value chains and clusters (including non-farm such as agro processing, tourism...)
- Land regularization (titling and administration)
- Rural finance (credit and insurance)
- Disaster risk management
- Environment and natural resource management

7

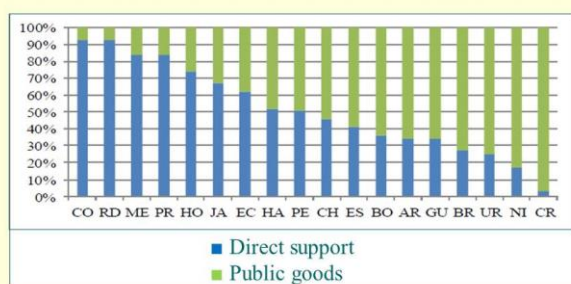
Variation in levels of support
Agric. research in LAC (millions 2005 US\$)



Source: LAC ASTI 2009
Taken from: Falcone, Oscar (2012) 'Agricultural Innovation in LAC: Evolution and Cases' Presented at InvestmentDays - TCI FAO, Rome

8

Variation in types of support



Source: INEERND calculation for IDB agricultural strategy

9

Primary issues:

- 1) Relative importance of different types of investment, which to emphasize, and the manner in which to invest
- 2) The institutional structure for prioritizing rural development decisions

→ Go together

10

LAC institutional background: Integrated Rural Development (IRD)

- 1970-1980s supported by World Bank & USAID
- Mobilized public sector to deliver services to the poor in an integrated manner
- Resources channeled through an implementing agency such as Ministry of Agriculture, Social Welfare, Public Works, Presidency... which coordinated investments
- Theoretically multi-sectoral but focused largely on agriculture, particularly smallholders

11

Integrated Rural Development: Assessment

- Generally deemed to have failed to achieve objectives
- Reasons include:
 - Centrally designed and developed through a top-down approach
 - Investments not always best use of resources
 - Had some impact but not cost effective
 - Insufficiently flexible to allow for differences across region or households in livelihood strategies
 - Only sustained through heavy government subsidy which was not possible after debt crisis
- Debt crisis ended IRD and created an institutional vacuum
- Withdrawal of state from rural investment/programs

12

Integrated Rural Development: Lessons learned*

- 1) Rely more on individual and collective initiatives of the poor
- 2) Rural development must be placed in macro context
- 3) Need to achieve competitiveness of the poor in a market setting—help overcome market limitations
- 4) Rural is beyond agriculture—multi-sectoral approach
- 5) Recognize heterogeneity of situations and focus on productive outputs not just inputs
- 6) Social investment is important but need to raise productivity/efficiency

*Based on de Janvry, A. and Sadoulet, E. (2003) 'Achieving Success in Rural Development: Toward Implementation of an Integral Approach'. Proceedings of the 25th International Conference of Agricultural Economists, Durban, South Africa, August 16-22, 2003

13

Policy/projects: Current approach

An overall approach* to rural economic development should include the following elements:

- 1) Policy dialogue on rural industries
 - Clean price mechanism
 - Good macroeconomic/investment climate
- 2) Investment in public goods
 - Research in agricultural innovation
 - Infrastructure, generally micro and targeted
 - Agricultural health and food safety
- 3) Focused support
 - Smart, decoupled, conditioned, well-targeted subsidies
- 4) Piloting and impact evaluation

*Based on conversations with Hector Malarin, Division Chief IDB/RND

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Last decade: Territorial Approach

- "Process of productive and institutional transformation in a defined rural space with the objective to reduce poverty"*
- Focus on productive activities rather than rural investments
 - Not solely on productive inputs
 - Recognize agriculture as key industry but also that there are multiple paths out of poverty
 - Importance of clusters of activities and value chains
- Alter institutional structures to manage rural development
 - Decentralization and local participation
 - Regional (rather than national or local) government coordination
 - Private-public sector partnerships
 - Demand-driven approaches
 - Piloting to evaluate success

*Schiffman, A. and Berdegue, J. (2004) 'Desarrollo Territorial Rural' Working Paper prepared for the International Fund for Agricultural Development and the Inter-American Development Bank, Santiago, Chile: RIMS/P

14

South African rural economic development planning

- National Development Plan
- New Growth Plan
- Outcome 7
- Comprehensive Rural Development Framework
- Comprehensive Agricultural Support Programme
- National Tourism Sector Strategy

17

LAC policy/project choice: Lessons

- Excessive weight on large rural development projects
- Too much emphasis on broad subsidies (e.g. diesel, fertilizer, credit...) and input provision of private goods
 - Disperse so have limited impact
 - Poorly targeted and often regressive
 - Distortionary so create perverse incentives
 - Very costly
- Uncertain macroeconomic environment and subsidies provide unclear price transmission
- Private sector plays key role, but on its own is insufficient and can lead to marginalization
 - Research, innovation and extension
 - Agglomeration, clusters and smallholders

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South African *objectives* of rural economic development

- Address low employment rates, particularly for young people
 - Through targeted policies, labor absorbing industries (agriculture, tourism...), competitiveness
 - Focus on *job drivers*
- Address rural poverty/inequity/food insecurity
 - Through participatory process allowing rural population to control destiny
 - And in a sustainable manner

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South African programs: Approach

- Key areas of support similar to LAC
 - Ag. research, technology adoption, infrastructure, animal health and food safety, value chains and clusters...
- Differences
 - Emphasis on land reform—land as key asset to rural poverty alleviation
 - Institutional approach and implementation
 - Appears to include some similarities to LAC Integrated Rural Development

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Conclusions: Lessons from LAC

- South Africa appears to have similar objectives and overall vision of what needs to be done for rural development as LAC
- Differences primarily appear to emerge in the approach to take to implement this vision
- Focus on broader government approaches that, when participatory, seem very localized
- Concern is that problems may emerge with approach similar to those that emerged in LAC with integrated rural development programs

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Suggested Way Forward

"At this point, our analysis is simply insufficient to distinguish between the many options that might plausibly ease each constraint. Rather, we advocate a cautious approach that includes a focus on experimentation. We believe that much can be learned from smaller-scale interventions that are well designed and which are accompanied by careful evaluation. That is the prudent next step."

- Banerjee et al 2008

- > Piloting in key identified areas (research, extensions, infrastructure...)
- > Careful impact evaluation of pilots to determine if they meet objectives

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Implementation—Extension & tech transfer Dominican Republic: PATCA

- Objective: Increase agricultural income of smallholders through higher productivity using technology transfers
- Technology innovation subsidies
 - Vouchers to support cost of technology adoption
 - Menu of pre-determined eligible technologies across crops
 - Vouchers used to hire private technology supplier (business plan and technology transfer)
 - Also funds technical and environmental supervision and support to help guarantee the quality of services
 - 9,400 small-scale farmers targeted
- Impact evaluation
 - Experimental approach with vouchers randomly assigned at the community level over project

22

Implementation—Agricultural Research Dominican Republic: IDIAF

- Objective: Increase agricultural productivity through technology generation and transfer
- Support for strategic research
 - Research infrastructure, prioritization processes, transfer strategy, links with international collaborators...
 - Research in 10 strategic areas
- Support for innovation
 - Funding to work with private sector to develop technological solutions to solve specific problems
 - Demand based on technology products co-financed with private sector (e.g. farmers groups)
- Impact evaluation
 - Experiment using demonstration plots with simulations of impact

23

Implementation—Infrastructure Ecuador: IDR-Chimborazo

- Objective: Increase agricultural productivity and access to high-value agricultural markets
- Investment in rural roads
 - Two roads identified through province-level participatory process
- Investment in irrigation
 - Rehabilitation and investment in systems with high return (IRR)
 - Eighteen prioritized through province-level participatory process
- Technological support
 - For managing irrigations system
 - For agricultural transformation expected with new irrigation system
- Impact evaluation
 - Non-experimental using pipeline comparison
 - Focus on agricultural outcomes and food security

24

Implementation—Rural tourism Brazil: Prodetur-Rio de Janeiro

- Objective: Increase employment and poverty reduction through tourism diversification and expansion to rural areas
- Diversifying and marketing tourism product
 - Rural areas within the state of Rio—coast and mountains
- Investment in tourism infrastructure
 - Roads, tourism centers, sanitation and drainage, etc.
 - Site-specific based on participatory process and sufficient returns
- Environmental management
 - Environmental assessment and plans for sustainable management
- Impact evaluation
 - Non-experimental incorporating simulations
 - Focus on local employment and poverty alleviating effects

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Final lessons from LAC

- Projects include targeted investments (with sufficient returns) to address particular set of problems
- Projects tend to be localized but not too localized—participation at region/sector level
- Projects involve civil society/private sector in design and implementation
- Projects include carefully designed evaluations to assess impact, focusing on key issues
- Projects are complemented by broader sectoral policies and institutional strengthening as needed

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FAMILY FARMS AND RURAL DEVELOPMENT FOR FOOD SECURITY: THE BRAZILIAN EXPERIENCE

Cecilia Rocha, PhD
School of Nutrition and
Centre for Studies in Food Security
Ryerson University, Toronto, Canada

Government Cluster Policy Workshop: Rural Development and Job Creation, Pretoria, South Africa, February 26, 2013

Outline

- Why Brazil?
- Agricultural Sector in Brazil
- Policies and Initiatives for Family Farms
- The Role of Civil Society
- Lessons and Challenges

Why Brazil?

- Met the MDG-1 by the end of 2009 – six years ahead of 2015 deadline
- Incidence of extreme poverty fell from 17.4% of population in 2001 to 9% in 2008
- According to UNICEF (2012), child mortality rates declined 73% in Brazil since 1990 (global average = 40% decline)

Why Brazil?

- Success in reducing food insecurity
- Bold and innovative policies – investing in social programs as a development strategy
- New forms of governance (participatory democracy) – diverse channels for collaboration between government and civil society organizations

The Agricultural Sector in Brazil

- Agribusiness sector (2010): 22.4% of Brazilian GDP; 37% of exports; 1/3 of formal employment
- Growth in 2011: 3.9% (compared to 1.6% in industry; 2.7% in service)
- Success as a global commodity supplier: world's largest exporter of sugar, ethanol, beef, coffee, orange juice; second-largest exporter of soybeans and poultry meat
- Large-scale, capital-intensive farming dominates the sector – criticized as environmentally unsustainable
- Yet, 84.4% of all rural enterprises in the country are family farms (depend mostly on the labour of the family-owner)

Work and Employment in the Agricultural Sector

- 16% of the Brazilian population reside in rural areas; of those, 25% are “extremely poor”
- 17% of Brazilian workers are occupied in agriculture
- Regional disparities: 30% of workers in the Northeast are in agricultural activities; but only 9% in the Southeast
- Of the population occupied in agricultural activities 30.4% are paid employees; 17.1% are non-remunerated; 24.1% are subsistence farmers

©IFPRI, 2011

Importance of the family farm sector

- Until 1990s, small rural producers seen as a “social problem”: poverty and demands for agrarian reform
- Study by INCRA/FAO in the 1990s reveal an important economic sector, contributing to food supply and employment
- Creation of the Ministry of Agrarian Development
- The continuing importance of the sector was confirmed in 2006 agrarian census

The family-farm sector

- 84.4% of all rural enterprises
- Average size: 18.37 ha (compared to an average 309.18 ha in the agri-business sector)
- Covers 24.3% of all cultivated land
- Responsible for 38% of the agricultural value produced in the country
- **Employs 74.4% (12.3 million people) of all workers in the agricultural sector**
- Supplies 87% of manioc, 70% of beans, 46% of corn, 38% of coffee, 34% of rice, 58% of milk, 50% of poultry, 59% of pork, 30% of cattle

Policies to Support Family Farms: Strengthening Production (PRONAF)

- The National Program for Strengthening Family Agriculture (PRONAF) was developed to support production by small farms (1996)
- Provides subsidized agricultural credit, crop insurance and technical assistance
- Offers special programs for youth and women, for environmental protection, and food production
- 2009/2010: R\$10.6 billion (US\$5 billion) spread over 1.4 million contracts

Policies to Support Family Farms: The Food Acquisition Program (PAA)

- Developed to support the commercialization of products from small farms (2003) – creation of institutional markets for family farm products
- Promotes direct crop and milk purchases by the government for building food stocks and to be used in government food programs (school meals, popular restaurants, community kitchens, food banks)
- In 2010: 155 thousand producers
- From 2003-2010: R\$3.5 billion for 3.1 million tons of food
- 2009 legislation requires that at least 30% of funding for the national school meals program (40 million children/day) must be spent on purchasing food from family farms

Urban policies for rural development: the case of Belo Horizonte

- Supporting local producers surrounding the city/facilitating direct interactions between small rural producers and urban consumers
- Helping to limit rural-urban migration
- Cities are important food buyers; they regulate, operate, and facilitate food markets
- Main programs: Abastecer, Straight from the country, farmers' markets, Popular Restaurants, School Meals

Context: The Zero Hunger Strategy

i- Food access

- Bolsa Familia (BF)
- National School Meals Programme (PNAE)
- Food for Specific Groups
- Rainwater Cisterns
- Popular Restaurants and Community Kitchens
- Food Banks
- Urban Agriculture
- Food and Nutrition Surveillance System
- Distribution of Vitamin A
- Distribution of Iron
- Food and Nutrition for Indigenous People
- FN Education for Consumption
- Promotion of Healthy Habits/Healthy Diets
- Workers Food Programme (PAT)
- Basic Food Basket Tax Reduction

iii- Income generation

- Social and Professional Training
- Solidarity Economy and Productive Inclusion
- Food Security and Local Development Consortium
- Food and Nutrition Security Organisation
- Cooperatives of Recyclable Material Collectors
- Guided Productive Micro-credit

iv- Partnership and civil society mobilisation

- Social Assistance Reference Centre
- Social Mobilisation and Citizenship Education
- Social and Public Agents Capacity Building
- Volunteer Work and Donations
- Partnership with Private Sector and NGOs
- Social Development Councils

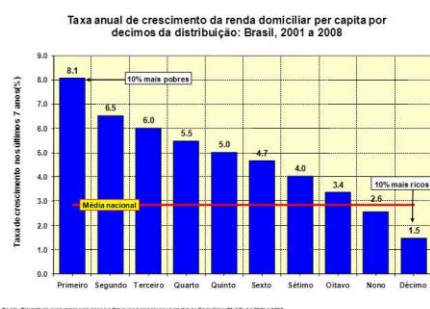
ii- Strengthening family agriculture

- National Programme for Family Agriculture (PRONAF)
- Harvest Insurance
- Family Farming Agriculture Insurance
- Food Procurement Programme (PAA)

The Role of Civil Society

- Since the 1980s, organized civil society has been working towards changing the food system through policy
- Since 2003: effective participation of the National Council for Food and Nutrition Security (CONSEA) and of local councils throughout the country
- In February 2010 the Brazilian National Congress passed an amendment adding the Right to Food to the country's constitution.

Annual growth of per capita household income by deciles (poorest to richest): Brazil, 2001-2008



Lessons?

- Family farm sector as an important economic sector, deserving of specific policy support
- Significant presence of organized civil society in policy making, implementation and monitoring. Councils are institutionalized spaces for dialogue with policy makers. Organized civil society practices are informing the development of policies.
- Policy as social innovation – policy driving change.

Challenges

- Continuous poverty (17 million Brazilians) and inequality – infant mortality rate among indigenous population is 2.3 times higher than the national average
- How to reach the poorest of the poor?
- Effective participation requires information, training and education
- Not many signs of sustainable practices among “big producers”

THANK YOU!

Reference:

Rocha, C, Burlandy, L, and Maluf, R (2012) Small farms and sustainable rural development for food security: The Brazilian experience, *Development Southern Africa*, 29 (4): 519-529

crocha@ryerson.ca

Sustainable Rural Development for Food Security: Lessons from Brazil

Discussant:
S Ngqangweni

HSRC Government Cluster Policy Workshop
CSIR Convention Centre, 26 February 2013

Issues emerging from the presentation

- ✗ Bold policy to invest in social programmes for development
- ✗ Smallholder farm sector in Brazil plays an important role in the rural economy and is treated very seriously – separate Ministry of Agrarian Development
- ✗ A nationally driven strategy: the Zero Hunger strategy that looks at both sides of the food equation (availability and access)
- ✗ Linkages between producers in the rural areas and consumers in the urban areas
- ✗ Big role of civil society in policy formulation
- ✗ Challenges still remain (e.g. How to reach poorest of the poor)

2

Introductory remarks

- ✗ Brazil seems to have made economic strides following the adoption of the 1994 Real Plan and further economic reforms which put an end to the hyperinflation (Woolfrey, 2010)
- ✗ This paved the way towards Brazil's robust economic performance under President Lula, which in turn allowed the government to make inroads into the country's high levels of poverty and inequality (Woolfrey, 2010)
- ✗ Similarly South Africa has been successful in maintaining macroeconomic stability, establishing a sound trade regime, maintaining and broadening the financial and physical infrastructure of the country, strengthening property rights and the legal system, and establishing and maintaining strong institutions
- ✗ RSA has invested in social protection programmes: the question is to what extent have these programmes been properly linked with programmes to enhance rural productivity

3

Developments in food security policy in RSA

- ✗ Important to note that, in line with global trends at the time, apartheid RSA food policy was based on the need to focus on national food self-sufficiency (only the availability part of the food equation)
- ✗ This was further influenced by the threat of economic sanctions against RSA at the time
- ✗ The recognition of taking the equation approach was formalised in the first democratic government's Reconstruction and Development Programme (RDP) of 1994 – refined later in subsequent Department of Agriculture (DoA) documents

4

Developments in food security policy in RSA

- ✍ A key post-apartheid document was produced in 2002 by the DoA, entitled the "Integrated Food Security Strategy" for RSA
- ✍ The purpose of the IFSS document was "to streamline, harmonize and integrate diverse food security sub-programmes in South Africa"
- ✍ The IFSS emphasised the need for institutional coordination in its implementation in line with international best practice
- ✍ Pillars/elements of the IFSS:
 - ✓ Increase HH food production
 - ✓ Increase food trade and distribution
 - ✓ Increase income opportunities
 - ✓ Improve nutritional status
 - ✓ Enhance institutional support networks

5

Developments in food security policy in RSA

- ✍ The IFSS has not been the only government intervention directed at enhancing food security. The following programmes/activities coordinated from different Departments are worthy of mention:
 - ✓ DoA's Comprehensive Agriculture Support Programme (CASP) aimed at supporting expansion of smallholder farming
 - ✓ Integrated Nutrition Programme by Department of Health looking at direct nutrition education and promotion; micronutrient supplementation; food fortification; and disease-specific nutrition counselling and support; provision of healthcare services; improved access to food; parasite control and provision of clean and safe water
 - ✓ Food parcels distribution in disaster-struck areas by Department of Social Development
 - ✓ School feeding programme by the Department of Education
 - ✓ Expanded Public Works Programme by the Department of Public Works
 - ✓ Child Support Grant by the Department of Social Development
 - ✓ Old Age Pension Grant by the Department of Social Development
 - ✓ Zero-rating of certain basic foodstuffs administered by National Treasury

6

Some indicators

- ✍ The official South Africa MDG Country Report (Statistics South Africa, 2010) reports that the proportion of people experiencing absolute poverty has declined
- ✍ Using the \$1/day poverty line, the MDG report states that MDG 1 (halving hunger and malnutrition) has been met (but when using the \$2.50/day – applied or MICs – this goal is unlikely to be met)
- ✍ Using the Household Food Insecurity Access Scale, Statistics South Africa (2011) reports that between 2002 and 2011, the % of households that experienced hunger decreased from 23,8% to 11,5% while the percentage of individuals who experienced hunger decreased from 29,9% to 13% (Stats SA, 2011).
- ✍ Recent studies looking at nutrition indicate worrying trends: stunting and being underweight affect 1 out of 5 children and almost 1 out of 10 children respectively. Also 10% of the children are classified as overweight and 4% as obese (Chopra *et al*, 2009)

7

The future

- ✍ Overall we see mixed results: on the positive side, social transfers have contributed to the decline in absolute poverty – making food more accessible
- ✍ The other side of the equation as envisaged in the IFSS, i.e. getting smallholders to supply food both for households but also into the wider economy has seen a number of challenges
- ✍ Drimie and Ruysenaar (2010) argue that poorly executed institutional arrangements and lack of proper baseline information are to blame for implementation challenges facing the IFSS
- ✍ Additionally, the authors highlight the absence of a food security policy or legislative framework per se as a key constraint
- ✍ Steps being taken to fill the vacuum left by the absence of a food security policy – a draft food security policy is on its way to Cabinet
- ✍ The issue of institutional coordination will receive attention

8

Concluding remarks

- ✍ Both countries have made strides in reducing food insecurity following difficult economic and political hurdles to overcome
- ✍ In both cases, political and macro-economic stability laid the foundation for social transfers targeting vulnerable groups – leading to improved access to food
- ✍ Unlike in Brazil, smallholder agriculture in South Africa has not made any impact at ensuring food security despite government attempts to support the sector (Aliber and Hall, 2012)
- ✍ Brazil seem to have done better in terms of institutional coordination of food policy formulation and implementation – South Africa is still stumbling towards a better institutional framework
- ✍ Both countries are still grappling with unacceptably high levels of income inequality and inequitable access to benefits of growing economies
- ✍ SA has an opportunity to learn how Brazil has managed to establish the smallholder sector as the engine for rural development and food security

9

Concluding remarks

- ✍ For example: government acting as an important buyer of agriculture products – it is not yet clear what potential there is in RSA for such a programme
- ✍ A policy that links both the production (availability) and the access sides of the food equation

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Technical change and labour absorption in large-scale commercial agriculture in South Africa

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Objective

Broadly, this presentation will examine the price, income and welfare consequences of technological change, drawing on both the conceptual and empirical literature on the subject. More specifically, to:

- Examine the theoretical role of technical change in agricultural development in general and agricultural employment creation in particular
- Apply the concepts to the South African context to explain the emergence of mechanization in SA agriculture and what role this has played in the sector's ability to absorb and cater for labour and contribute to job creation.

Preview

- Objectives
- Introduction
- The Technical Change Model and its Implications
- Current Situation of the Agricultural Sector
- Transformation and Social Justice
- Agricultural Employment
- Wage Subsidies and their Economics
- Growth Enhancement and Empowerment Support
- Agricultural Value Chain
- The Ladder of Market Access
- Conclusion

Objective

- This paper hypothesizes that failure to align the direction and magnitude of technical change in the sector with the country's changing demographics under a more democratic political environmental explains much of the current labour relations dilemmas.
- What a change in approach could mean for industry profitability and competitiveness needs to be evaluated to ascertain the extent to which large-scale commercial agriculture can fulfill the multiple roles of food security, poverty alleviation and employment creation.



The New Growth Path

- The framework identifies investments in five key areas namely: energy, transport, communication, water and housing. Sustaining high levels of public investment in these areas will create jobs in construction, operation and maintenance of infrastructure.
- Agriculture: jobs will be created by addressing the high input costs and upscaling processing and export marketing. Support for small holders will include access to key inputs. Government will explore ways to improve working and living conditions for the country's 660 000 farm workers. The growth path also commits the Government to unblocking stalled land transfers, which constrain new investment.

NASCENT INDICATIONS OF CONVERGENCE

RELEVANT ACTION/S	INDICATIONS OF CONVERGENCE
3. Achieving full employment decent work and sustainable livelihoods.	<ul style="list-style-type: none"> i. The NGP and the DNDP have targeted 445 000 jobs in agriculture value chain and improvement of the conditions for around 600 000 farm workers by 2020. ii. The DNDP targets 1 million Jobs by 2030. iii. To effectively address and quantify this target structured collaboration will be needed with other relevant departments, the trade union movement and organized agriculture. iv. The creation of viable alternatives such as smart villages, agri-villages and long term area wide development initiatives will go a long way towards small business development and industry collaborations and value chain access that will ultimately provide alternative or supplementary income streams that are an 'decent and as such competitive. v. These integrated rural settlements will also be sites that enable service delivery and sustainable livelihoods. vi. The support environment and facilitation of development of beneficiary institutions will not only provide certainty for risky agro-enterprise undertakings by beneficiaries but also allow them to be champions of their own destiny. vii. The comprehensive rural development strategy suggests that the green paper on rural development will provide for such support instruments. viii. Communal property association policies and legislation are under review as the FES. ix. There is work underway in the department facilitate agreement on the norms and standards for service delivery in rural areas which is fit for context and purpose.



7

Background – The Antecedents and Nature of Large – Scale Agriculture

- Large-scale commercial agriculture has been the main source of agricultural growth in South Africa
- Elsewhere in the economy, de-agrarianization has continued over several decades
- The smallholder sector of South Africa is weaker than elsewhere on the continent.
- Support policies and programmes instituted under apartheid encouraged rapid mechanization which was instrumental to the attainment of a level of national food self-sufficiency unmatched in Africa.
- But those policies and programmes also engendered practices that progressively undervalued the contribution of labour and have over time led to a deterioration of labour relations and job creation by the sector...

10

TWELVE KEY OUTCOMES AGREED BY CABINET

1. Improved quality of basic education;
2. A long and healthy life for all South Africans;
3. All people in South Africa are and feel safe;
4. Decent employment through inclusive economic growth;
5. A skilled and capable workforce to support and inclusive growth path;
6. An efficient, competitive and responsive economic infrastructure network;
7. Vibrant, equitable and sustainable rural communities with food security for all;
8. Sustainable human settlements and improved quality of household life;
9. A responsive, accountable, effective and efficient local government system;
10. Environmental assets and natural resources that are well protected and continually enhanced;
11. Create a better South Africa and contribute to a better and safer Africa and world;
12. An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.

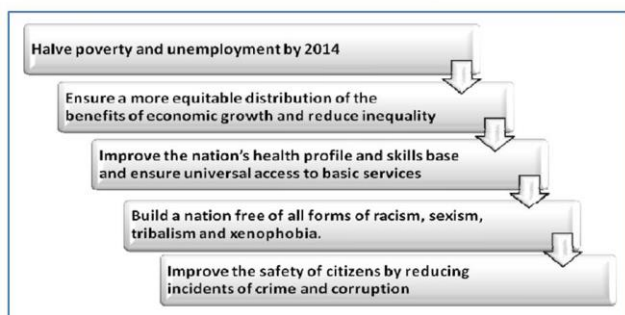
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Background - Labour Repressive Policies

- Government took explicit steps to ensure that white farms obtained labour at the lowest cost possible to enhance its competitiveness vis-à-vis black farms.
- The literature reveals that one effect of the Native Land Act of 1913 was to limit the ability of the black population to acquire assets, notably land.
- Under such deprivation, the only option available for earning income was wage employment.
- Labour mobility was also limited so that residents sought jobs only in a few designated areas.

11

The Medium-Term Strategic Framework (MTSF) 2009-2014



9

Background - Labour Repressive Policies

- The high demand for the low-paying farm and mine jobs came about as a result of this policy.
- The white commercial farmers therefore dictated the tune in a situation where a single farmer was the sole employer over a very large area.
- In many cases, the same farmer employed a man, his wife and children.
- Notable sources include: Hendricks, 1990; Bundy, 1979; Davenport, 1987; Simbi and Aliber, 2000; Obi, 2011; Van Schalkwyk, Groenewald, Fraser, Obi and Van Tilburg, 2012.

12

Background – entrenching white dominance in agriculture

- The literature, notably Lipton, 1975; Van Schalkwyk, 1995, among others, summarize the following actions that favoured mechanization:
 - Income tax provisions that made equipment write-off easier and faster
 - Enactment of the Subdivision of Agricultural Land Act of 1970
 - Negative real interest rates on agricultural loans
- There was nothing random about making the black farm worker redundant and eventually eliminating him:
 - The Du Plessis Commission of Enquiry into Agriculture recommended a gradual reduction in dependence on black labour to the point that it is completely eliminated (Lipton, 1975).

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Human Rights Situation on SA Large-Scale Farms

- In August 2011, the Human Rights Watch came up with a report on ethical situations in South African fruit and wine industries.
- The Human Rights Watch carried out an industry survey that is more inclined towards compliance with the ethical trading codes.
- The contents are not yet fully disseminated among the scientific community and its implications have not been assessed with regard to the extent to which it can add to market access challenges, consumer decision making and South African fruit flows into the high value markets.
- The impact can only be known several years from now by means of ex-poste studies.
- It is thus, worthwhile to analyse the report and assess the opinions and views of the stakeholders with regard to the implications of the recommendations made by the report on the demand and supply of the South African fruit into the high value markets

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Human Rights Situation on SA Large-Scale Farms

- A recent Human Rights Watch report paints a disturbing picture.
- The Report suggests that the human costs of this phenomenal performance have been excessive and have in fact featured gross human rights violations.
- Recent events in the Western Cape Province are a sad reminder.
- Dispute over wages and working conditions soon degenerated into violent clashes and further deterioration and disruptions in agricultural production.

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Human Rights Situation on SA Large-Scale Farms

- Farm workers in the South African fruit and wine industries have been found to be subject to exploitative conditions and human rights abuses without sufficient protection of their rights and thus benefit very little from the success of country's valuable fruit and wine industries (Human Rights Watch, 2011).
- The Human Rights Watch highlights very sensitive issues such as:
 - the lack of hand washing facilities,
 - the lack of toilets and
 - lack of access to drinking water and descent housing.
 - Difficulty for seasonal farm workers to demand wages and benefits owing to lack of contracts that stipulate work conditions have been cited as prevalent cases.

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Human Rights Situation on SA Large-Scale Farms

- In June 2001, the South African Human Rights Commission (SAHRC) (2003) conducted an inquiry into the Human Rights Violation in farming communities of South Africa.
- The inquiry focused mainly on:
 - the general widespread lack of compliance with labour legislation,
 - the vulnerability of women and seasonal workers on farms,
 - unacceptable levels of crime and violence experienced in farming communities,
 - limited access to services and housing among many others.
- The South African Human Rights Commission (SAHRC) (2008) made a follow-up investigation to establish the progress since 2003.
- Its general findings were that there was lack of awareness of human rights, lack of mechanisms to enforce rights, lack of access to farms and skewed power dynamics between dwellers and owners.
- SAHRC (2008) also found out that there was an increasing tendency for farm workers to live off farm and be employed via labour brokers, widespread poor conditions of employment in the industry as well as abuse of non nationals who are illegally employed in farms. Few farm workers were members of trade unions and though child labour existed in farms, there was limited information on how prevalent it was.

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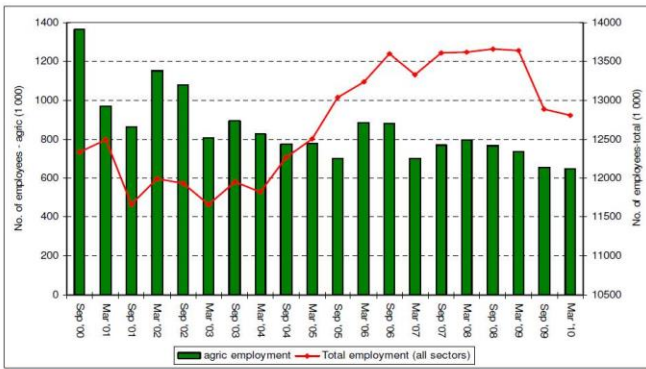
Agricultural Employment Situation

- **Unemployment Rate:**
 - 31% in 1995
 - 35% in 2010
- **Unemployment rate of Africans:**
 - 38% in 1995
 - 45% in 2005
- **Redistribution:**
 - Gini Co-efficient: Rose from 0.64 in 1995 to 0.68 in 2009
 - Workers' Share: Declined from 56% in 1995 to 51% in 2009
 - Expenditures: 50% of the population lives on 8% of national income
 - Apartheid wage gap persists: On average, Whites earn 7 times more than Africans

Statistics consolidated from COSATU and StatSA sources

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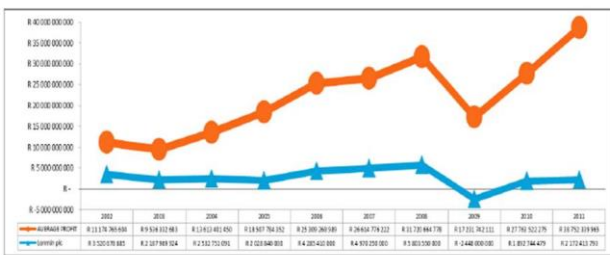
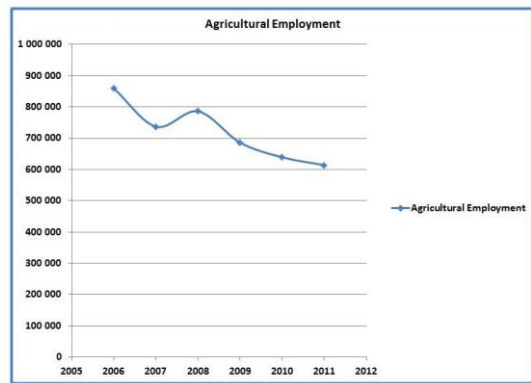
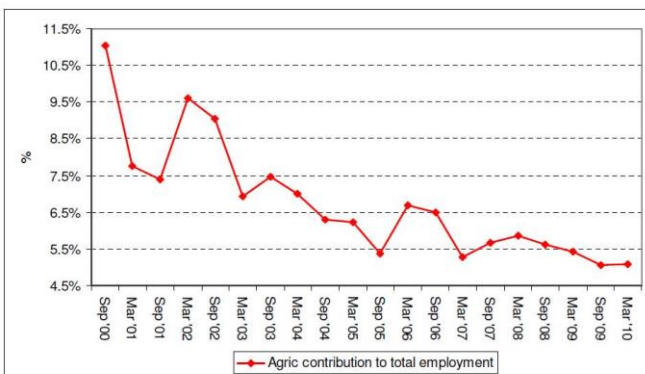
Rural Development and Job Creation
DST Government Cluster Policy Workshop 26 February 2013



Trends in agricultural sector employment and total employment, Sept. 2000 – March 2010
Department of Agriculture, Forestry and Fisheries (DAFF)

Employment	2006	2007	2008	2009	2010	2011	2012
Agriculture	859	737	786	686	639	614	685

Source: Quarterly Labour Force Statistics by StatsSA, 2012



Financial performance of South African mines 2002-2011

Agricultural Employment Situation

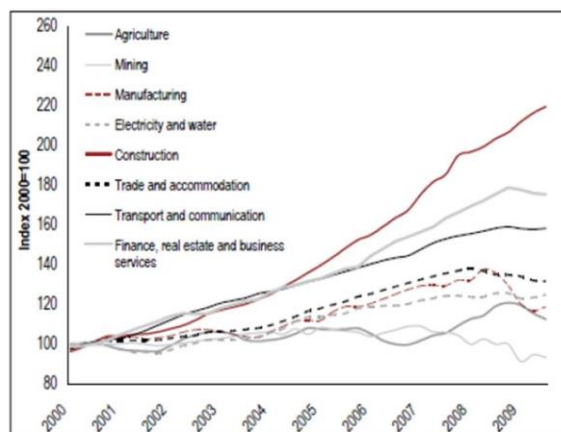
- "Continuation of current trends":
 - 100 000 to 200 000 fewer farm jobs;
 - 75 000 to 100 000 livelihoods created or boosted via land reform;
 - 1 million additional food security plots
- 'Large-scale land reform + re-peasantisation of former homelands':
 - 170 000 to 300 000 fewer farm jobs;
 - 1 to 1.5 million livelihoods created or boosted;
 - 1.25 to 1.5 million additional food security plots;
 - Significantly changed racial ownership pattern
- De-racialisation via land reform + commercial development in former homelands':
 - No change in farm jobs, but some relocation;
 - 85 000 livelihoods created or boosted, but almost exclusively black commercial farmers;
 - 0 to 0.5 million fewer food security plots;
 - Significantly changed racial ownership pattern

Findings of Human Sciences Research Council

Summarizing the evidence

- In the period 1994-2004, about 112,352 jobs were lost in SA's agriculture, representing a 12.1% decline.
- During the same period, the manufacturing sector lost 165,448 jobs amounting to about an 11.7% decline.
- This means that agricultural job losses in South Africa were not compensated with increased employment in the tertiary sectors as was the case in other countries experiencing agricultural transition during that period.
- This somehow explains why South Africa's unemployment rates are among the highest in the world.
- It probably also explains the fact that South Africa has the ignoble distinction of being the most unequal society in the world.

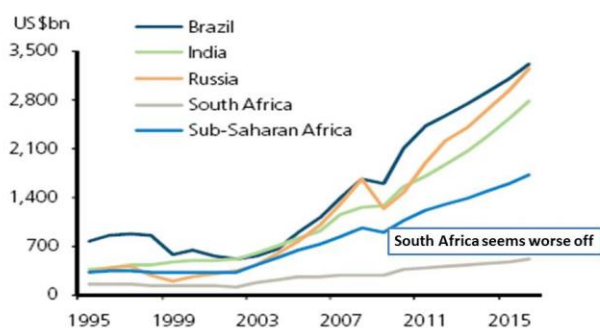
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Contribution of Agriculture to Gross National Product 2000-2009

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Comparison with other BRIC countries



Source: IMF, RMB FIC Research, August 2011

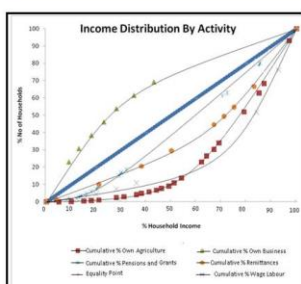
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The Technical Change Model and Implications for SA Agriculture

- We now look at the concept of technical change.
- The main message of the technical change model is one of hope and optimism.
- Hayami and Ruttan defined technological change as "any change in production coefficients resulting from purposeful resource-using activity directed to the development of new knowledge embodied in designs, material, or organizations".
- It holds out the hope and promise that technological progress leads to expansion of economic opportunities for a country which translates to economic growth and possibly development.

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Growing Inequality



- Farm income continues to go down
- Inequality continues to worsen
- Non-farm work increasing

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The Technical Change Model and Implications for SA Agriculture

- There is also improvement in production efficiency which enhances the country's ability to compete internationally and also raises the levels of individual welfares and livelihoods.
- Technical change in agriculture represents a response to changes in relative resource endowments and to growth in product demand
- Institutional change in agriculture is induced by changes in relative resource endowments and by technical change

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Of the 3 basic factors of production, land and labour constitute the primary factors of production, while capital substitute for either of them based on the factor-cost ratio which is a function of the level of technology employed.

Land saving capital: biological, chemical, & water control investments (seeds, fertilizers, insecticides, irrigation)

Labour saving capital: machinery & equipment, particularly tractors

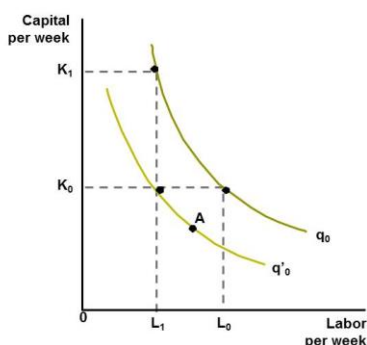
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Empirical evidence shows that over time, the following three classes of changes will lead to changes in factor ratios:

1. factor substitution along a current production isoquant (l_0)
2. factor savings due to technical change along an innovation possibility curve (such as l^*_0)
3. factor savings due to higher research budgets & scientific advances that shift l^*_0 to l^*_1 (i.e moving closer to the origin)

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FIGURE: Technical Change



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Two Effects of Agricultural Technological Progress

- But there are two kinds of problems associated with agricultural technological progress that the technical change model only addresses obliquely and that have important practical and policy implications.
- One is that the technical change works through a change in factor proportions in production.
- This means that outcomes foreseen in the model result from changes in relative factor intensity of production in response to changes in relative factor costs.
- So, while the use of some factors increase (a gain for those factors), the use of other factors decrease (a loss for those factors).
- Real-life illustration that “you cannot eat your cake and have it”.

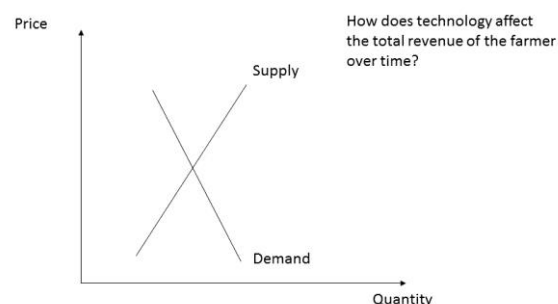
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Two Effects of Agricultural Technological Progress

- The second problem relates to the consequences of supply response to the technological change.
- As Cochrane found in 1958 for the US Agriculture, new technology leads to what he termed the “treadmill effect”.
- In spite of their constant adoption of new technologies, farmers experience a decline in their profits as a direct result of the positive effect of the technologies on their output/supply.
- The notion of the treadmill is that farmers find themselves constantly trying to move ahead while remaining at the same level because new technological progress produces output expansion that keeps prices low, thus wearing away producers’ margins.

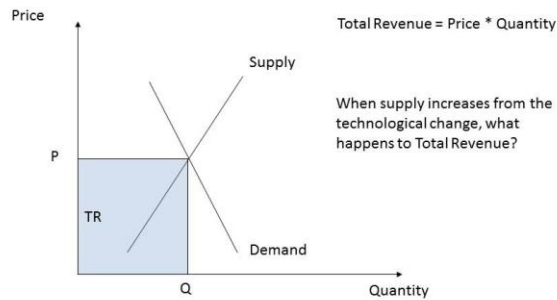
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Empirical Tests of Technological Treadmill Theory



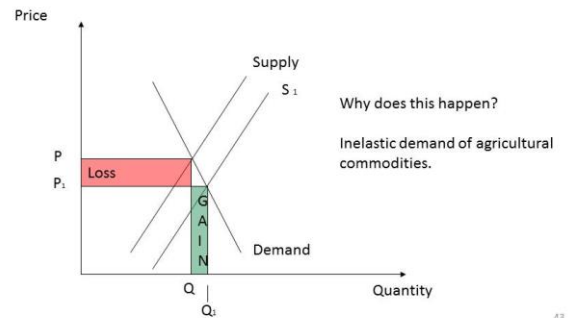
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The Technological Treadmill Theory



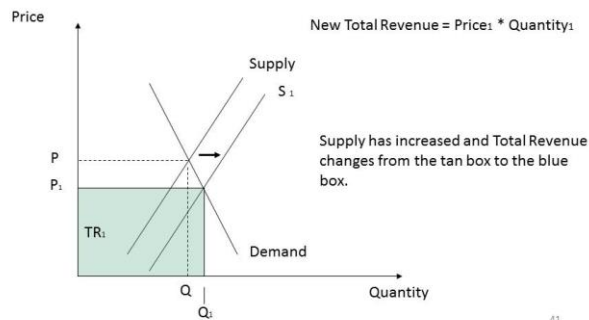
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The Technological Treadmill Theory



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The Technological Treadmill Theory



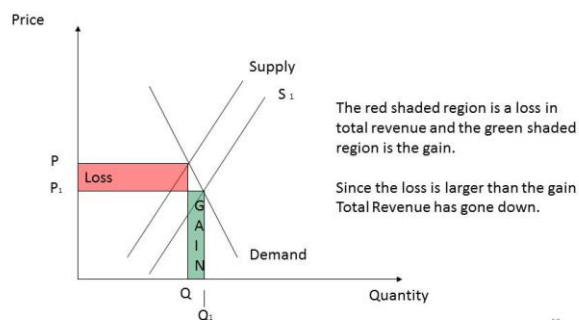
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Implications of the treadmill effect and policy responses

- With the expansion of output through technological change while market demand for agricultural products remained relatively inelastic, the substantial output price decline that results lead to:
 - adverse income consequences for technology adopters and
 - threatens the very process of sustained technological advance itself.
- As a result, the following 3 schools of thought have emerged in agricultural policy making in respect to the role of technological change and how to deal with its effects:
 - letting market forces bring domestic prices in line with border prices (Schultz, 1978);
 - using price policy as a means of income redistribution (Taylor, 1980; Streeten, 1987); and those who emphasize the need for
 - price intervention in the short term while aligning to long-term international parity (Timmer, 1986).

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The Technological Treadmill Theory



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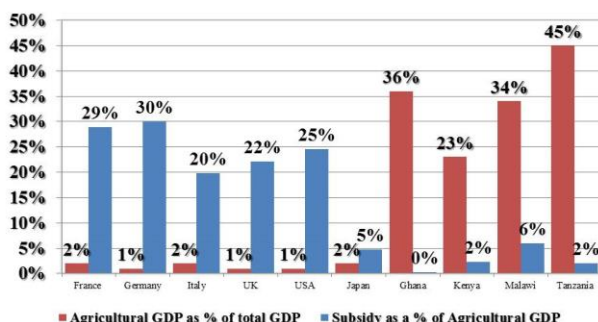
Debunking the Myth of White Farmer Wealth

- The conventional wisdom in South Africa is that the white farmer who operates large-scale commercial farm is excessively rich.
- The conventional wisdom is also that this excessive wealth came from Apartheid policies that favoured white farmers as outlined earlier.
- On the basis of the application of the treadmill effect, the notion of excessive white wealth is erroneous.
- The problem is that policies that exclude white farmers from subsidization because of the past privilege is counterproductive and actually hurts the economy.

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Making a case for price intervention

Comparison of agricultural GDP and % subsidies for selected Sub-Saharan Africa and OECD countries



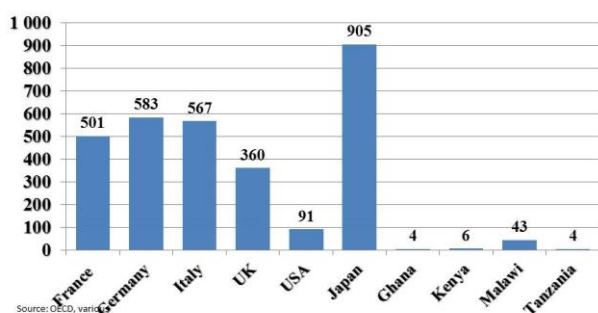
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The Recent Labour Unrest

- Localized in the Western Cape Province but all the same national given the importance of the province in national agric.
- Negotiations over wages had stalled.
- Workers currently paid R69 per day
- Their demand was for R150 per day
- Both organized labour and organized agric disagreed
- Farm workers went on strike

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Agricultural Subsidy per Hectare (US\$) in selected OECD and SSA Countries



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Reactions to the New Minimum Wage

- New Minimum wage set at R105 per day with effect from 1 March 2013.
- Farm workers and their unions have called off industrial action
- But farmers are not happy
- Government seems unhappy as well, for different reasons.

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Why does United States continue to subsidize its cotton farmers?

- There will be large US and world market impacts of removing US cotton subsidies.
- On average, US production would be 20% lower or more and US exports will fall by more.
- World price would be higher by about 10%.
- While producers elsewhere will benefit from such price increases, what will happen to consumers?
- Without a doubt, overall global welfare will decline significantly.
- The US will therefore not even consider that.
- But developing countries are asked to withdraw all subsidies.

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Effects of the Labour Unrests

- Unquestionably, for the producer, has meant disruption of production leading to revenue losses.
- For farm workers, lost daily wages. Once money ran out, they gave up the fight.
- For the consumer, potentially harmful for prices and consumer welfare. It is hard to tell the extent at this stage, but highly probable.
- For the Organized Agriculture, Organized Labour, Government, old tensions have been re-awakened:
 - "it is clear that the farming sector, especially whites, does not recognize the government and its laws".
 - "...they are not transparent"

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Effect of Wage Increase

- It depends.
- National wealth is the market value of the gifts of nature and of the durable value of ideas and labour of the current generation and all past generations.
- There are reasonable competing claims for how wealth should be distributed.
- It is also non-negotiable that work must be *decent*, otherwise it is not work. This is as much a human rights as an economic issue.
- So wage increase can motivate and incentivize workers and thus raise productivity.
- Redistributive mechanisms to ensure a national minimum level of wealth is necessary.
- Danger is that government intervention to correct market failure often also leads to government failure, which itself is exacerbated by *rent-seeking* and *log-rolling* tendencies.
- But doing nothing is not an option.

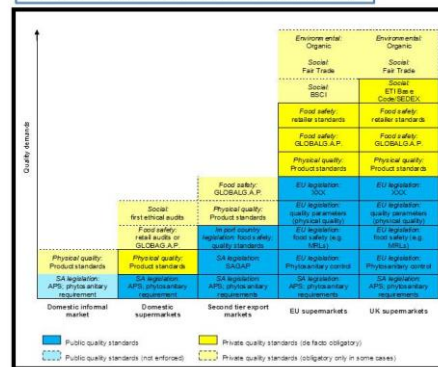


This can eliminate the redundancies and ensure that workers are employed year-round instead of only seasonally.

Does increase in minimum wage destroy jobs?

- It will if it is not accompanied by innovations.
- It can add to costs without commensurate improvement in productivity which means that profit-maximizing farmers will reduce demand for labour.
- Two kinds of innovation:
- **Process innovation** – new ways of making and delivering products
- New technique increases efficiency and thus lowers costs of production
- Fewer workers can produce same output
- This can cause technological redundancy.
- In the context of agric. labour, eliminating labour brokers can reduce costs.
- Cost reduction may lead farm to expand work force to expand output as it gains market share
- Potentially this leads to more jobs on balance

The Ladder of market access in the citrus industry



The book: *Quality and Innovation in Agrifood Chains: Lessons and Insights from Africa* being published this month by Wageningen Academic publishers has one chapter contributed by Dr Portia Ndou and I with these tentative thoughts on how facilitation can help farmers access more profitable markets

Innovation to create demand for Labour

- **Product innovation** – firm brings new varieties and qualities of products to the market
- Farm can capture new or increased segments of markets
- Again this is likely to lead to more jobs
- Vertical integration is one way this can happen – moving up the value chain.
- So, it is the environment in which the minimum wage is raised that counts, and not the action *per se*.
- On-going engagements among farmers, R&D systems, government extension services, etc, are mandatory if minimum wage increase is not to become inflationary.

AREAS FOR IMPROVEMENT

As indicated throughout the presentation some key areas for improvement which will result in exponential programme efficiency and effectiveness are:

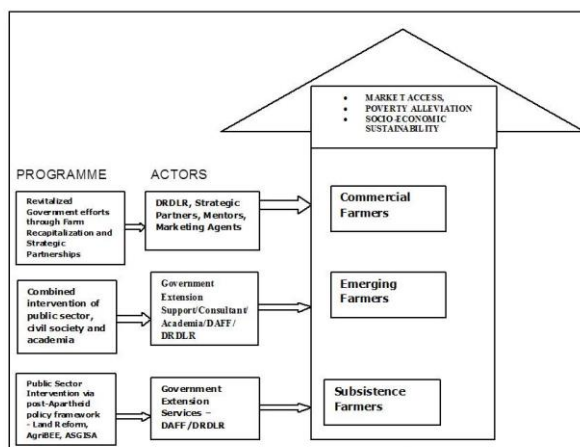
- The strengthening of intergovernmental relations.
- Support to the tenure and land reform needs of other departments to unlock development.
- Create the basis for strategic land acquisition.
- Strengthen beneficiary selection,
- Improve knowledge information and skills in the area of rural development and land reform.
- Improve communications of both challenges and successes.
- Continue to build the capacity of rural development and land reform beneficiaries to champion their own development.
- Strategically position to both administer and implement the SLUMB as a Department.

Growth Enhancement Support @ work in Africa: Kenya

- National Accelerated Agricultural Input Access Programme (NAAIAP), designed by Rockefeller Foundation and the Government of Kenya (2006)
- Step 1: Unlock poverty traps
Kilimo Plus (or Kilimo-Bora):
 - Input subsidy for poor smallholder farmers (10 kg hybrid seed, 50 kg of basal fertilizers; 50 kg of top dressing fertilizer; inputs enough for 0.4 ha or 1 acre
 - Target to reach 2.5 million farmers
 - There was stiff resistance by donors (including World Bank)
 - Programme has expanded into 100 districts
 - World Bank in 2009 put in additional funds to reach an extra 150,000 farmers
 - World bank additional funding provided for orphan crops to reach 500,000 farmers

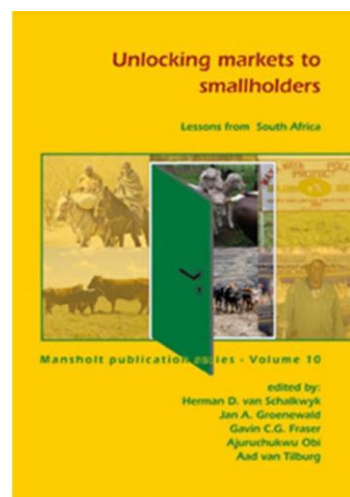
Source: Adesina, 2010

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Source: Figure 1: Developmental-Transformational Path Under South Africa's Post-Apartheid Agricultural Restructuring Programme

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Conclusion


- Technical change has been instrumental to the phenomenal performance of SA commercial farm sector.
- But the treadmill theory suggests that large-scale technology adoption may have hurt the white commercial farmers.
- There is evidence that net farm incomes of commercial farms have been declining even before the recent financial and food crisis.
- Raising the minimum wage does contribute towards addressing extreme poverty and food insecurity which have important practical implications for transformation and social justice.
- Raising the minimum wage may also lead to improved productivity if complementary actions embodying innovative approaches on farms and also in labour hiring are taken.
- There is no justification for the reluctance to debate wage subsidization and other support.
- International experience shows that subsidy can work if it is self targeting, self adjusting and self liquidating.

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 **Agricultural Support and Innovation for Rural Development: Policy Lessons from new South African evidence**

Peter Jacobs and Tim Hart

26 February 2013



Economic Performance and Development




Policy Context: NGP& NDP 2030

- **What future for smallholder farmers?**
 - in each municipal district with farmland available, established farmers help to identify 20% of land to redistribute through local land market
 - Speedup tenure reform in former Bantustans
 - incorporation into mainstream agro-food value chains



Overview of presentation

- Policy context- macro & rural development
- **Agrarian reform and agricultural support**
 - Brief overview of "Agrarian Reform Study"
 - Key Findings- emphasis of 'Farmer Support'
 - Insights for policy (1)
- **Rural Innovation Assessment Tool (RIAT)**
 - Brief overview of "RIAT Study"
 - Emerging Evidence – ideas on 'Social Innovation'
 - Insights for policy (2)



Rural Development Policy Context

- Rural development is a strategic priority of the 2009-2014 administration; articulated in Outcome 7 & Plan of Action
- Infrastructure backlogs and low levels of human development indicators in 22 + 2 Rural District Municipalities
- **Interventions**= public investment, institutional coordination, community social interactions, etc
- **Lead Department** = Rural Development and Land Reform (DRDLR)
- Public Participation a key means of achieving Outcome 7



Policy context: NGP& NDP 2030

- **4 BIG** land reform and agrarian change themes:
 - **Expand numbers of & support for smallholder farmers** (+300,000 by 2020)
 - **More farmworkers under better conditions in agriculture** (+1 million by 2030)
 - **Food security for all**
 - **"Green economy" initiatives in agriculture**



SA's Agrarian Reform in 'crisis'?

- To date, SA's agrarian reform project has been unable to reach its stated targets and goals
- After nearly 2 decades, less than 10% of land transferred- against initial 30% target
- Increasing evidence of under-performance and failed transferred "projects"
- There is no comprehensive long-term picture on improved rural livelihoods flowing from agrarian reform- except for 1 Quality of Life Study (2005/06?)
- Overall, how agrarian transformation leads to reduced poverty and inequality is unclear- 2012 HSRC study



Agrarian Reform & Poverty Reduction- 2012

- How the content, design and implementation of agrarian policies influence its poverty reduction outcomes
- Purpose-built household survey of land reform beneficiaries
 - with and without agricultural development support
 - *Supplementary methods:* focus groups and key informant interviews



Land transfers....

- More than half (55%) of all the respondent households received land via the LRAD; 27% SLAG; PLAS (10%); Restitution (<5%)
- 54% of respondent households indicated that men were more likely to own land distributed through land reform



Where did we conduct this study?

	Province	Targeted Sample-land reform beneficiaries
Dr Ruth Segomotso Mompoti	North West	75-100
Ngaka Modiri Molema	North West	75-100
Zululand	KwaZulu-Natal	75-100
Uthukela	KwaZulu-Natal	75-100
West Coast	Western Cape	75-100
Eden/Karoo	Western Cape	75-100
Total		450-600



Agricultural development support

	Western Cape N=46	KwaZulu-Natal N=27	North West N=46	Total N=119
On-farm Infrastructure (CASP)	30.43	7.41	39.13	28.57
Production inputs (CASP)	4.35	48.15	32.61	25.21
Training support (CASP)	54.35	37.04	6.52	31.93
Land Reform Recapitalisation	8.7	3.7	15.22	10.08
MAFISA Loans	0	0	2.17	0.84
Other Agricultural Support	2.17	3.7	4.35	3.36



Survey participants

- A total of 301 land restitution and redistribution beneficiary households were surveyed
- Land transfer- SLAG, LRAD, PLAS & Restitution
- State-funded Agricultural Support- CASP (inputs, training, infrastructure), RECAP, MAFISA, other.



Unequal spread of farmer support?

- Some households have received more than 1 type of the farmer assistance package
- Approximately 76% of households indicated that they have benefited from at least one form of state-driven farmer support
 - 20% have received 2 types of support
 - 4% of household reportedly obtained more than 3 types of support
- PLAS farmers are the dominant recipients of RECAP with almost 70% of them indicating that they have benefited from it



Apply... but wait for support...

- When land reform beneficiaries apply for farming assistance, they rely on the local departments of agriculture and land reform
- Uneven distribution of support for farmland use and on-farm production
 - North West** = 70% of farmers received on-farm production assistance from DAFF; 12% from DRDLR.
 - Western Cape** = government appointed mentor (41%) & previous farmer (53%)



Key Insights for Policy Action-1

- Promote equitable agrarian reforms that meet the needs of the rural poor
- Directly involve resource-poor small farmers and landless farm workers in policy development and implementation
- Planned and tighter institutional interactions/coordination between the departments of land reform and agriculture
- Agrarian reform needs an integrated and sound M&E system supported by a regular nationally representative small farmer survey



Agriculture on transferred land

Activities		N	With ADS	Without ADS
Actively farming	Yes	167	63.69	72.83
	No	82	36.31	27.17
Selling Crops & Livestock	Yes	111	28.67	58.12
	No	156	71.33	41.88
Main Purpose for Farming				
Main Food Source		117	43.86	35.29
Main Income Source		99	27.49	43.7
Extra Income Source		52	15.2	21.85
Extra Food Source		93	35.09	27.73
Leisure Activity		69	21.64	26.89



Rural Innovation Project

- HSRC contracted by DST to apply 'systems thinking' for broad-based rural innovation, i.e. a mixture of technological, social and institutional factors
- Understand factors and actors influencing new knowledge generation, adaptation, adoption, diffusion and use for rural development
- Design, Develop and Field Test a "**Rural Innovation Assessment Tool**" (RIAT) to understand and guide interaction among innovation actors and partners



A foothold in output markets...

- 33% of respondent households did not actively engage in agriculture
 - Land reform (37%)
 - With programmed support (28%)
- Land Reform farmers find it difficult to get a firm foothold in unstable farm-output markets:
 - 24% of farmers in North West reportedly have been helped by DAFF;
 - other 2 provinces in the 5%-8% range.



Scoping and Field Testing

- Broad definition used: **invention**, **adoption**, **adaption** and **diffusion** of products, processes, marketing strategies and organisational arrangements
- Time period: 2011 & 2012
- Field testing in 4 districts: Chris Hani, Umzinyathi, Mopani and Dr Ruth S Mopati.
- 6 weeks in each district: DM, LMA, projects, farmers/agroprocessors/associations, businesses, Government Departments, Parastatals, NGOS, individuals and households.
- Variety of economic sectors



Innovation Landscape

- 1996 White Paper reconceptualise thinking and structure of SA's pre-1994 innovation system
 - Adopted a systems thinking approach to innovation
 - Understand the **linkages** of the different parts of the system - organisations and networks - and their **roles** within the system - **contributions** to innovation process
 - Include the **previously excluded**
 - NSI must now include formal actors Government, Research Institutions, Private Sector, **Civil Society** (NGOs) and **informal** (households and individual users/innovators)
 - Should include **social innovation**
- DST and NACI come into being as part of White Paper
- COFISA - main focus on material innovation - technical artefacts



Social Innovation

- Relatively new concept with diverse understandings
 1. Products (goods and services) to socially benefit society or marginalised members of society
 2. Organisation of people to access these services and goods
 3. People collaborate to access and develop products and services in a way that results in systemic change - needs based / bottom up changing both the products and the existing systems of adoption, diffusion and recognition
- Changes have been very weakly attempted - NSI still largely composed of Govt actors and HE&RI



Innovation Landscape

- 2007 OECD Review some change but nothing significant
- 2008 10 Year plan on Innovation - reaction to OECD Review and emphasises GGC
- 2010-2012 Ministerial Review of the Landscape
 - Eurocentric view
 - Largely concerned with restructuring and coordination of the formal components of the system



Understandings of Innovation

- Few rural people are aware of the NSI
 - Less think they are part of it
- Innovation is narrowly understood
 - Adoption, adaption and diffusion not **'proper'** innovation activities
- Concept of social innovation is largely unheard of
 - Not actively promoted although carried out in practice



New Thinking on Innovation

- But innovation not just a technical artefact
- Need to recognise importance of social innovation - widespread
- Limited practical change - NSI still only emphasises the innovations of formal actors



General observations

- Most **formal** innovations arise from **external** sources
- Make use of **formal systems** that are limited – e.g. agricultural innovation system
- Local poverty and link to grants results in **attraction and adoption of top-down** ideas
- Primary economic sectors, such as agriculture, with a commercial focus tend to diffuse outwards and to other similar areas
- Despite prevailing inequalities **emphasis only on conventional** innovations and approaches - commercial returns!
- Poor communication of needs: elite/political/ institutional barriers



Key Insights for Policy Action-2

1. 1996 White Paper attempted to reconceptualise innovation thinking, NSI components and structures
BUT not effectively implemented
2. Narrow understandings of innovation persist – conventional technical artefact
3. Social innovation is poorly understood and not promoted
4. 'Participation' and peer dissemination are strong options
5. RIAT initiative aims at making a more comprehensive long-term contribution to innovation
6. Promoting social innovation and self learning through internalising and reflecting on the notion of innovation

