

# **Grim realities of South Africa's agriculture infrastructure investment failures**

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One would think every effort would be made in SA for fit-for-purpose, well planned and relatively low-cost agricultural infrastructure investments to be efficiently executed with speed, leading to the creation of thousands of jobs and a much-needed boost in economic activity.

But in the SA case this is seldom the approach to development. We sit in endless rounds of meetings, forums and policy discussions where the need to expand irrigation agriculture to support export growth and jobs is mentioned, in line with the National Development Plan (NDP). Yet most such discussions do not lead to implementation.

This failure to implement policies and programmes is not due to a limit on the number of feasible options. We illustrate this with a case study of the Brandvlei dam project in the Western Cape, a prime example of how SA's lack of implementation capacity is hampering progress to boost economic growth in rural areas.

The Brandvlei dam is located about 100km from Cape Town as you drive towards Worcester, and is the second-biggest dam in the Western Cape. At present about 26,000ha of fruit and wine grapes are irrigated from the dam, making it a critical resource for the entire district. The dam is unusual in that it is an off-channel dam — it is not built on a river but receives its water through divergence from two small rivers and a feeder canal.

However, the canal can only fill Brandvlei dam to 73% of its maximum capacity. Whether the engineers built the dam wall too high or the wall of the inlet canal too low is immaterial. What matters is that by raising the canal walls by 30cm for 4km at a cost of about R20m, an additional 33-million cubic metres of water could be stored, leading to an additional 4,000ha of irrigated horticulture in the area.

Seems straightforward. Indeed, raising the wall of the inlet canal to Brandvlei Dam was included in the list of “strategic infrastructure projects: agri-logistics & rural infrastructure” in 2013. In 2015 the Western Cape agriculture department was mandated to take the lead in co-ordinating this project, which was quite a task given that the project required the co-operation of 17 different organs of state across the various spheres of government.

Yet, within a short time frame there was widespread agreement on the importance of the project and a steering committee was established to drive its implementation. By 2017 all relevant actions had been completed, including the development of an agricultural sector development framework, a hydraulic and fluvial morphology study of the dam diversion, input from environmental affairs on whether an environmental impact assessment was needed for the proposed upgrades, a review of the water rights facilitation process, and a few others.

In the case of water rights there was consensus that the additional water allocation would have a strong focus on black farmer development by locking in water rights for potential joint ventures with existing farmers. In short, there was a clear green light to go ahead with

the project, and the committee spent countless days ensuring there were no practical impediments to the project given its clear benefits.

However, the committee was then informed there would be no funding from national infrastructure budgets, and it immediately started exploring options to fund the project outside the national fiscus. In the end the Western Cape government decided to allocate funding from the provincial budget so that implementation and construction could be completed by March 2020.

Yet, at the time of writing there is still one outstanding step — approval by the national department of water & sanitation, which at the time of writing has still not been granted.

In short, there is a large opportunity and well-developed plan and process in place to make an infrastructure investment at low cost that would have a large economic and socioeconomic impact. It is estimated that the project will attract about R2bn-R3bn in on and off-farm investment and lead to more than 10,000 jobs being created.

As economists we should be writing about how the additional hectares in the Breede Valley are contributing to a thriving rural economy, but instead we are having to record how we have been struggling for four years to get a canal wall raised by a mere 30cm.

Farmers in the area should have been planting new orchards by now, but instead they are worrying over how they will irrigate existing crops, since the latest bout of load-shedding came at a time when farm electricity costs have already escalated by 16% this year.

This is the reality on the ground in SA.

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