

## What to make of the Department of Agriculture, Land Reform and Rural Development Budget Vote Speech and Master Plan Launch?

This was an important week in South Africa's agricultural sector. We had a budget vote speech and the signing off of the Agriculture and Agro-processing Master Plan. Both are key for the medium and long-term growth of the sector.

As is typically the case, the budget vote speech for 2022/23 contained a round figure of R17.3 billion for the department. This figure includes an allocation for the provincial departments of agriculture and agricultural entities such as the Agricultural Research Council and the National Agricultural Marketing Council.

Notably, the budget vote speech also gives the sector insight into the department's policy focus, which are areas that will likely utilize a sizable portion of the allocation. To this end, the speech focused on climate resilience, agricultural finance, biosecurity, locust outbreaks, the hemp industry and market access. For all these points, some work is underway, to an extent, as issues like biosecurity, agricultural finance, climate resilience, locust outbreaks, and access constraints to some export markets present threats to the sector's growth.

One area that we have been focused on is the blended finance instrument. The budget vote speech noted that "the department has transferred R400 million of the committed R1 billion grants to the Agri-Industrial Fund as per a Memorandum of Agreement with the Industrial Development Cooperation (IDC)." Agricultural finance is key to boosting inclusion and bringing a new crop of black farmers into the commercial scale. However, these funds are rather limited if you want to make a major difference in inclusive growth.

These more focused and bolder allocations for blended finance instruments would be instrumental in implementing the Agriculture and Agro-processing Master Plan. The master plan also reflects more deeply on the cross-cutting constraints to agricultural growth that we have mentioned above, taking a commodity-specific approach.

The master plan is a social compact approach and requires all stakeholders to be fully committed. The positive outcome of the signing off is that all key stakeholders, except labour, supported the plan. The hope is that labour will join in the subsequent phases. The country is now moving towards the next step of the master plan, which includes its practical implementation.

The first step is for the government and the private sector to have provincial sessions communicating the master plan and ensuring a common understanding of the interventions outlined in it and the allocation of responsibilities. The planning happens in Pretoria, but the implementation is at the provincial and municipality levels.

Additionally, the Department of Agriculture, Land Reform and Rural Development also needs to communicate the master plan clearly to other line departments that are crucial for its implementation and perhaps didn't fully participate in the drafting process. Here we specifically have in mind the likes of the Department of Public Works and Infrastructure,

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which are vital for the vibrancy of the network industries such as roads, water, electricity, railway lines and ports. The poor maintenance, neglect and lack of investment in these areas are currently a significant threat to the growth and sustainability of the South African agricultural sector. If these areas are not attended to, the master plan could be undermined.

Overall, these are not perfect plans by any stretch but are better than no plans. Perhaps, the better way of viewing the documents is through the lens of "better is good", which means having a policy document that is better than a current position is good, to an extent. All social partners had to make compromises in the process. The real action lies in implementing an urgent intervention in the network industries. This is also when rising input costs challenge agriculture, and therefore farmers have limited space for performing maintenance of roads, as has been the case in some regions these past few years.

At the same time, some low-hanging fruit in implementing the master plan is for the Department of Agriculture, Land Reform and Rural Development to rapidly improve its productivity and efficiency. It is also important to deal immediately with critical regulatory matters related to Act 36, Act 35, Agricultural Product Standards, animal diseases, etc.

The area that the budget vote speech was muted on is land reform. We take it that the minister will make pronouncements on this area during the Land Reform and Agricultural Development Agency launch that the SONA 2022 indicated would be launched this year.