

EMPLOYMENT, INCLUSIVE GROWTH AND FOOD SECURITY: HOW CAN AGRICULTURE CONTRIBUTE?

14 September 2010

MERC Seminar

Simphiwe Ngqangweni

Based on contributions from:

**Nkgasha Tema, Jeffrey Ngaka, Mapula Ramaila, Sandile
Mahlangu, Daan du Toit & Daniel Ramonyai**



**agriculture,
forestry & fisheries**

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

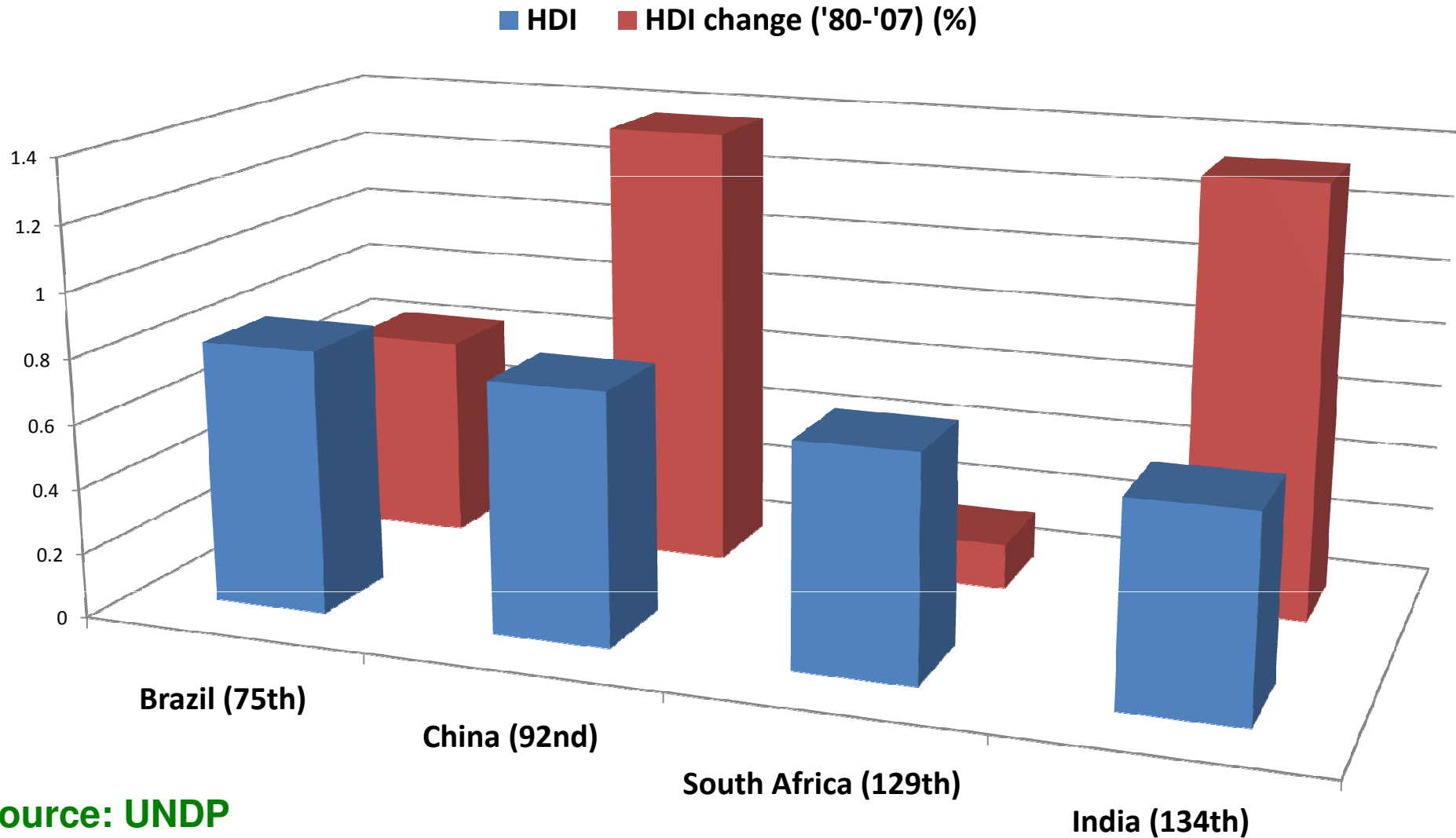
In This Presentation

- ✓ RSA Human Development vs. Other 'Emerging' Economies
- ✓ Some Trends in RSA:
 - ✓ Employment
 - ✓ Income Inequality
 - ✓ Food Security
- ✓ How Can Agriculture Contribute
- ✓ Questions for Further Research
- ✓ Discussion



RSA Human Development vs. Other 'Emerging' Economies

Human Development Index (HDI)



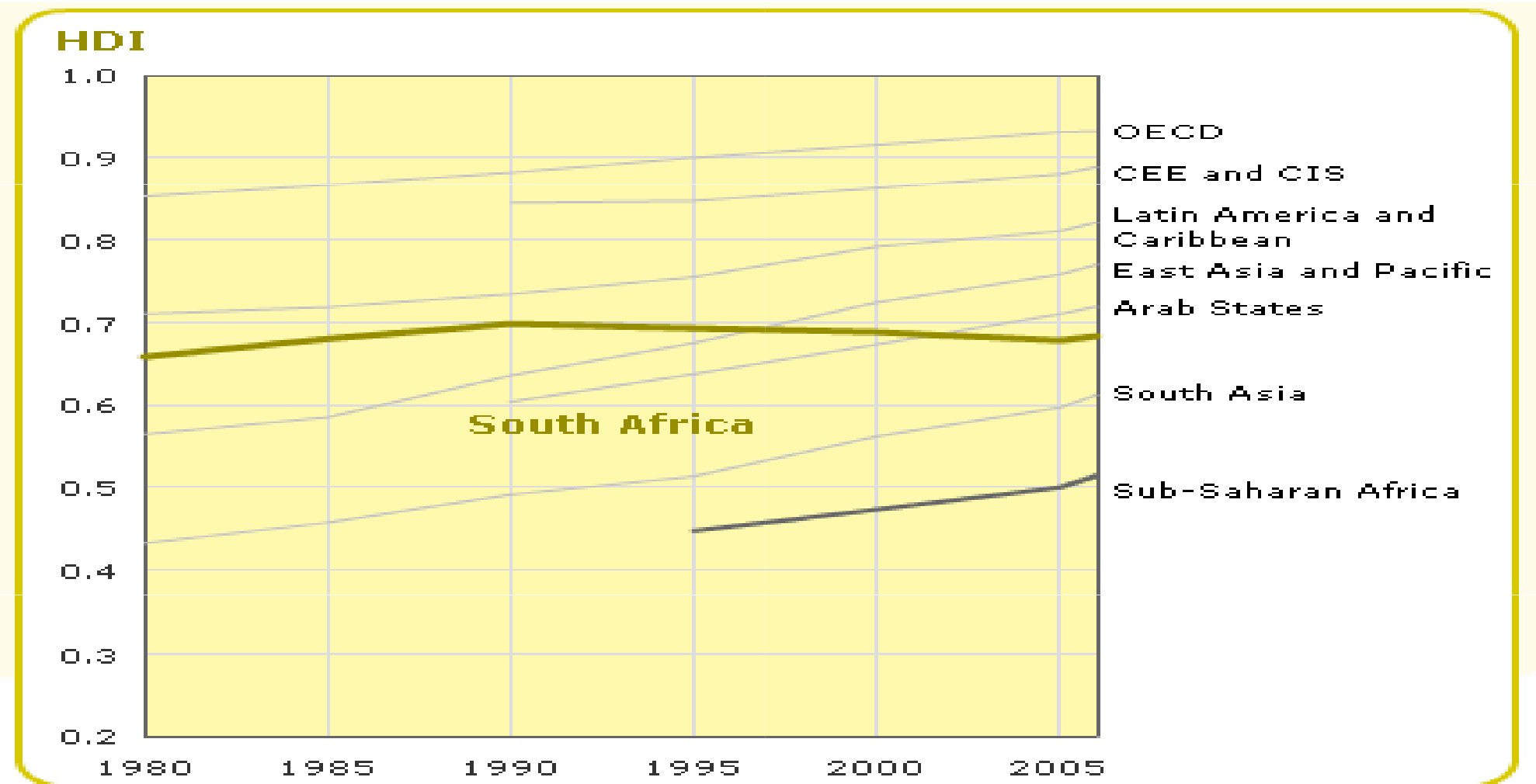
Source: UNDP



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Development Progress?



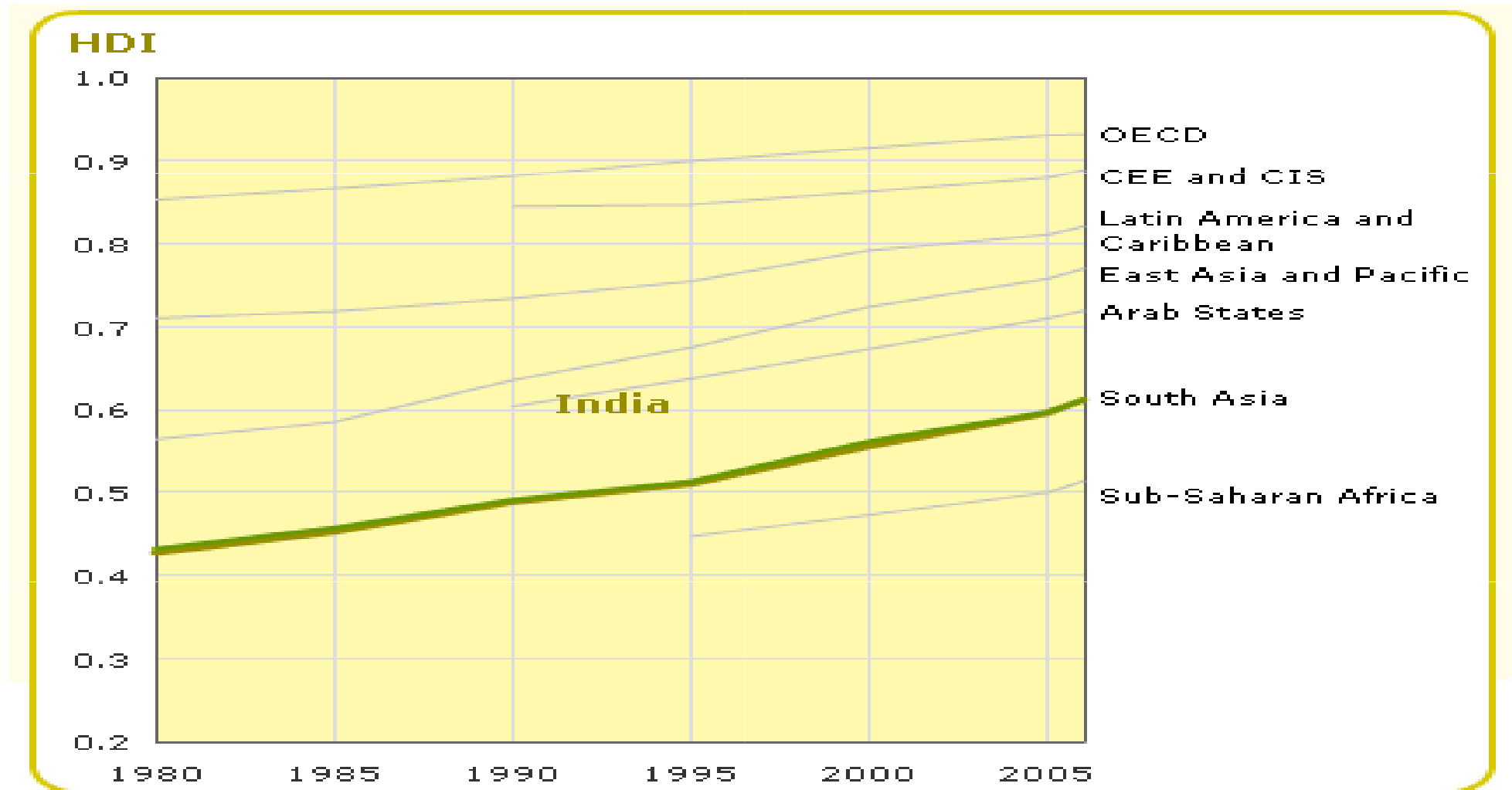
Source: Indicator table G of the Human Development Report 2009



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Development Progress?



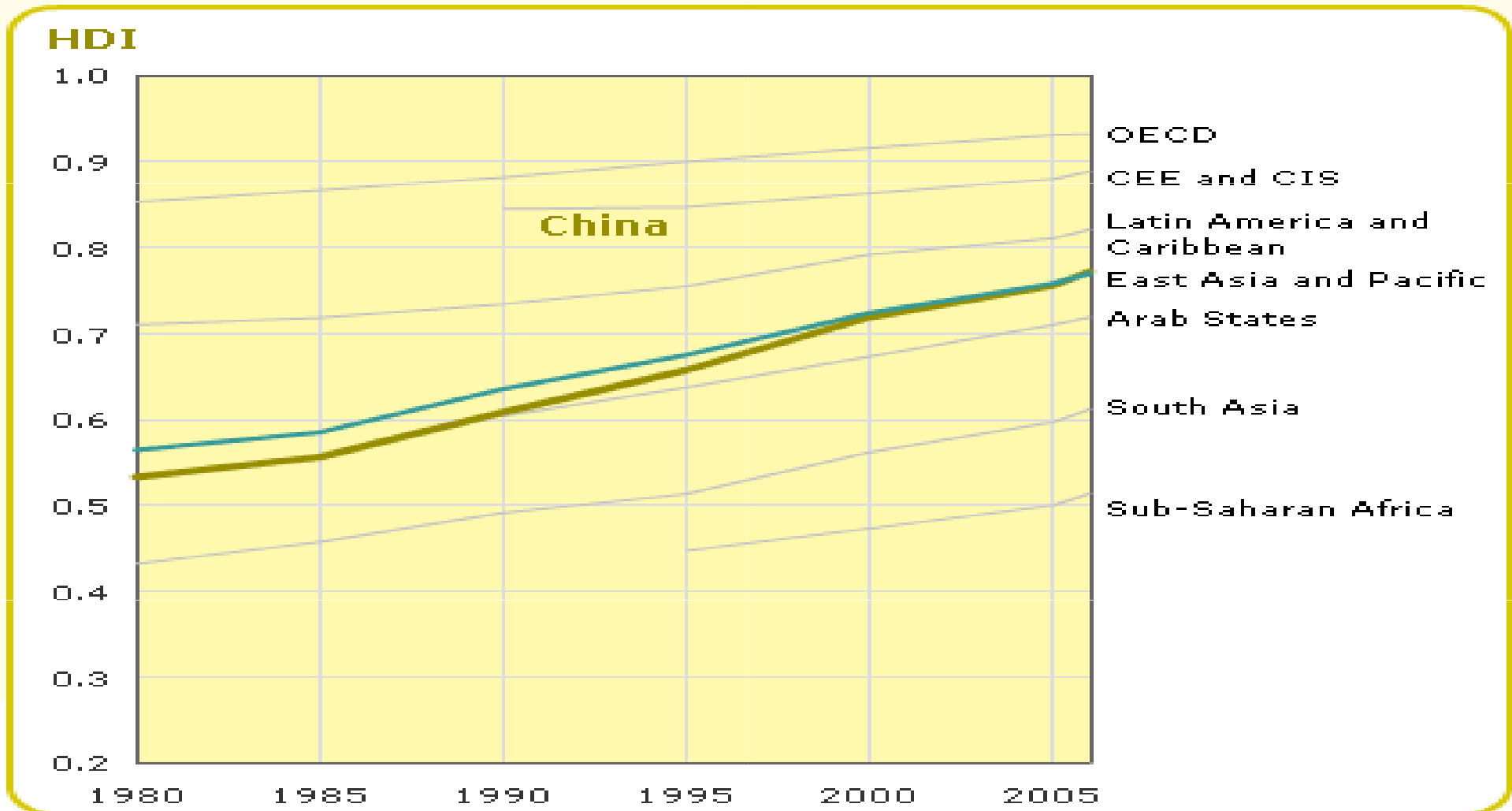
Source: Indicator table G of the Human Development Report 2009



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Development Progress?



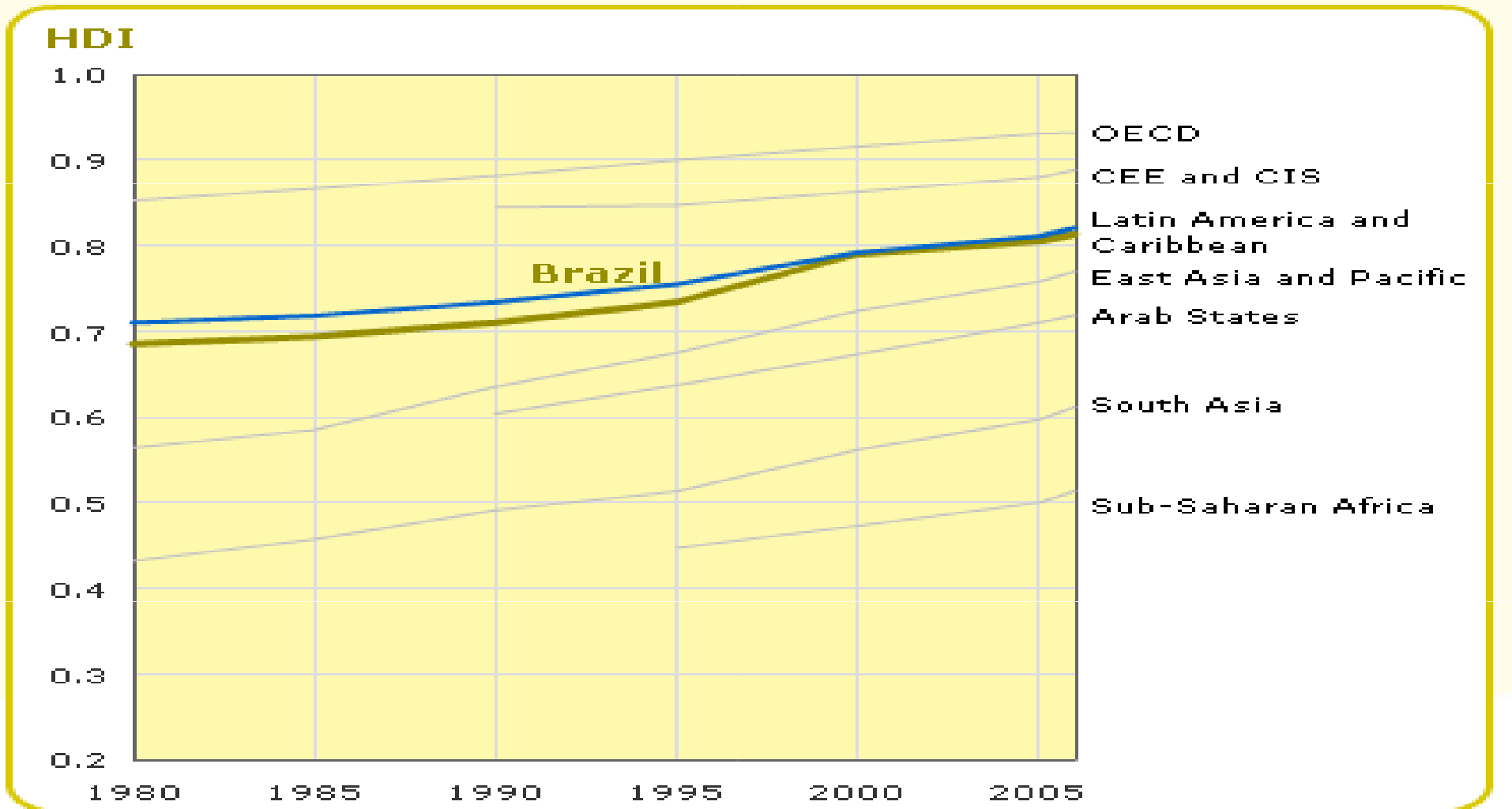
Source: Indicator table G of the Human Development Report 2009



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Development Progress?



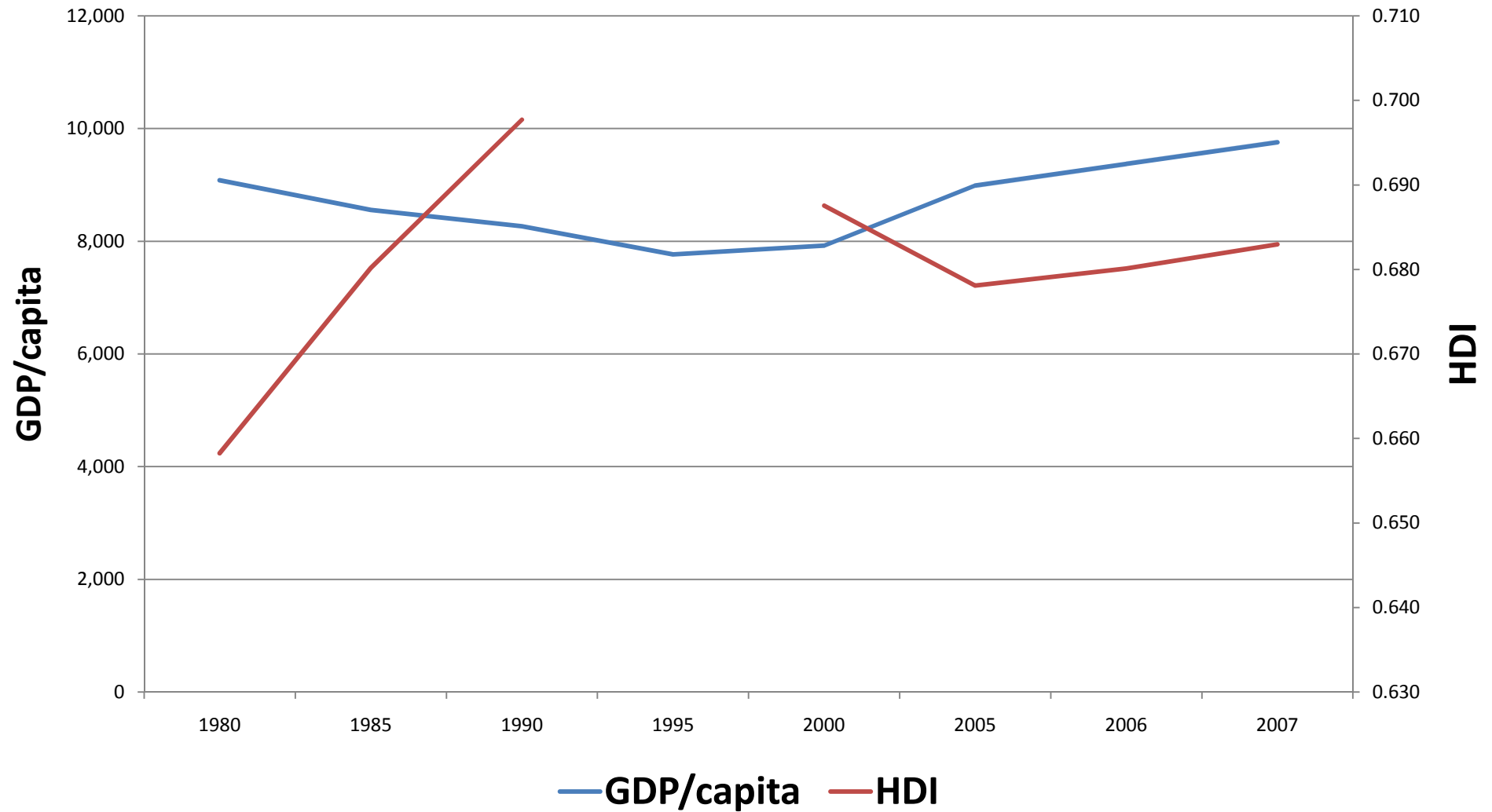
Source: Indicator table G of the Human Development Report 2009



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

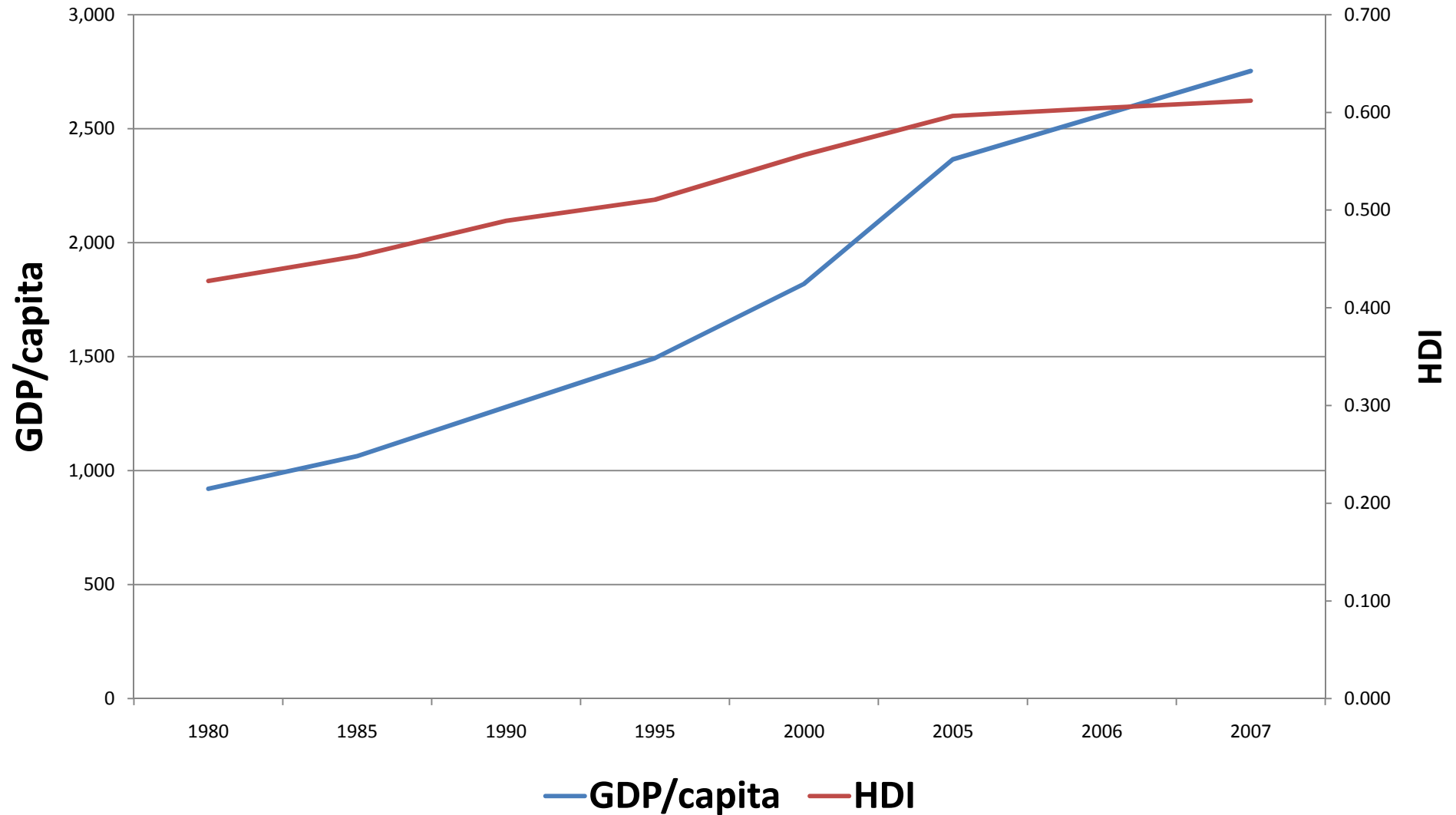
RSA: Economic growth vs. Human Development



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

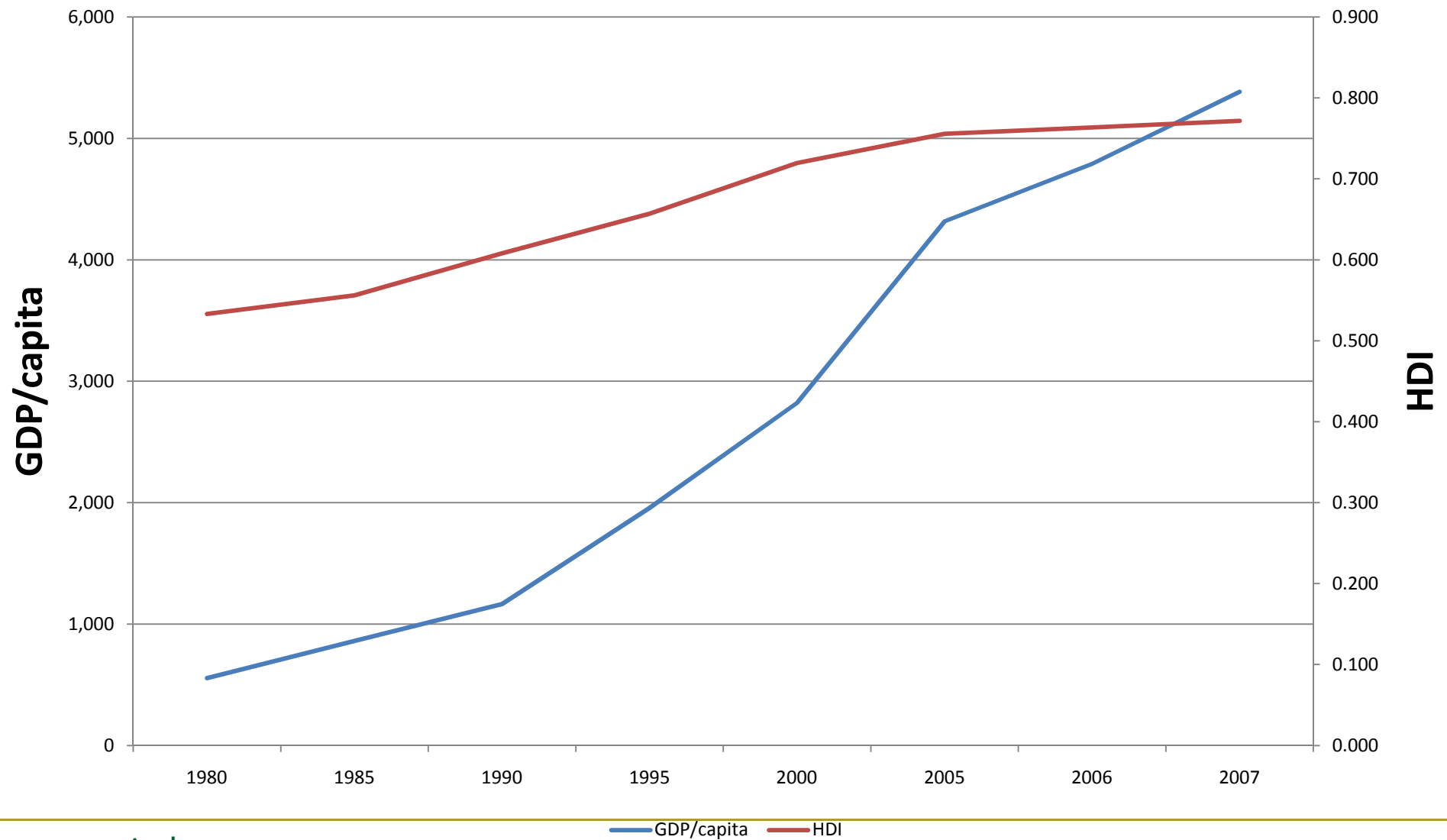
India: Economic growth vs. Human Development



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

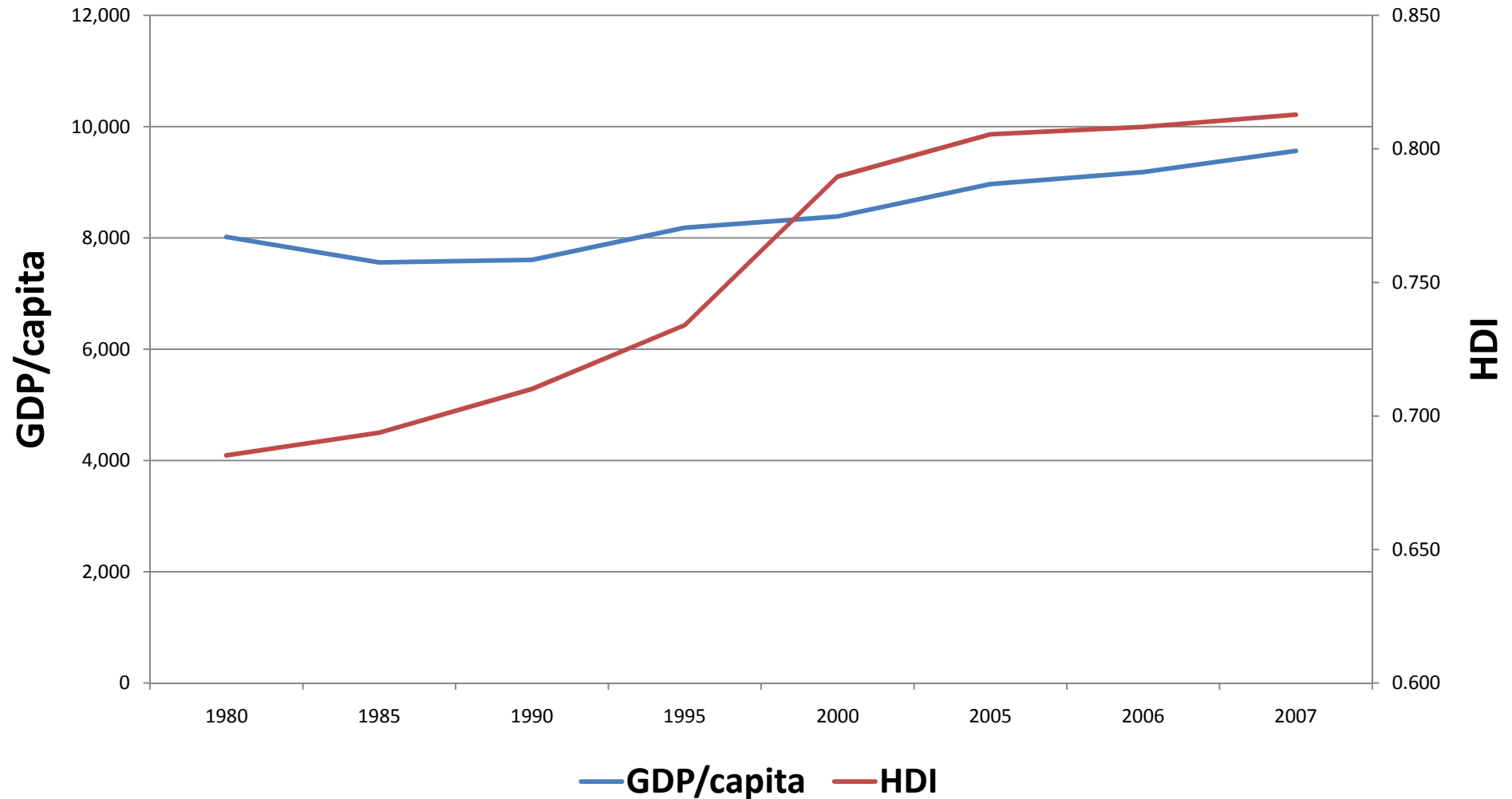
China: Economic growth vs. Human Development



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Brazil: Economic growth vs. Human Development



agriculture,
forestry & fisheries

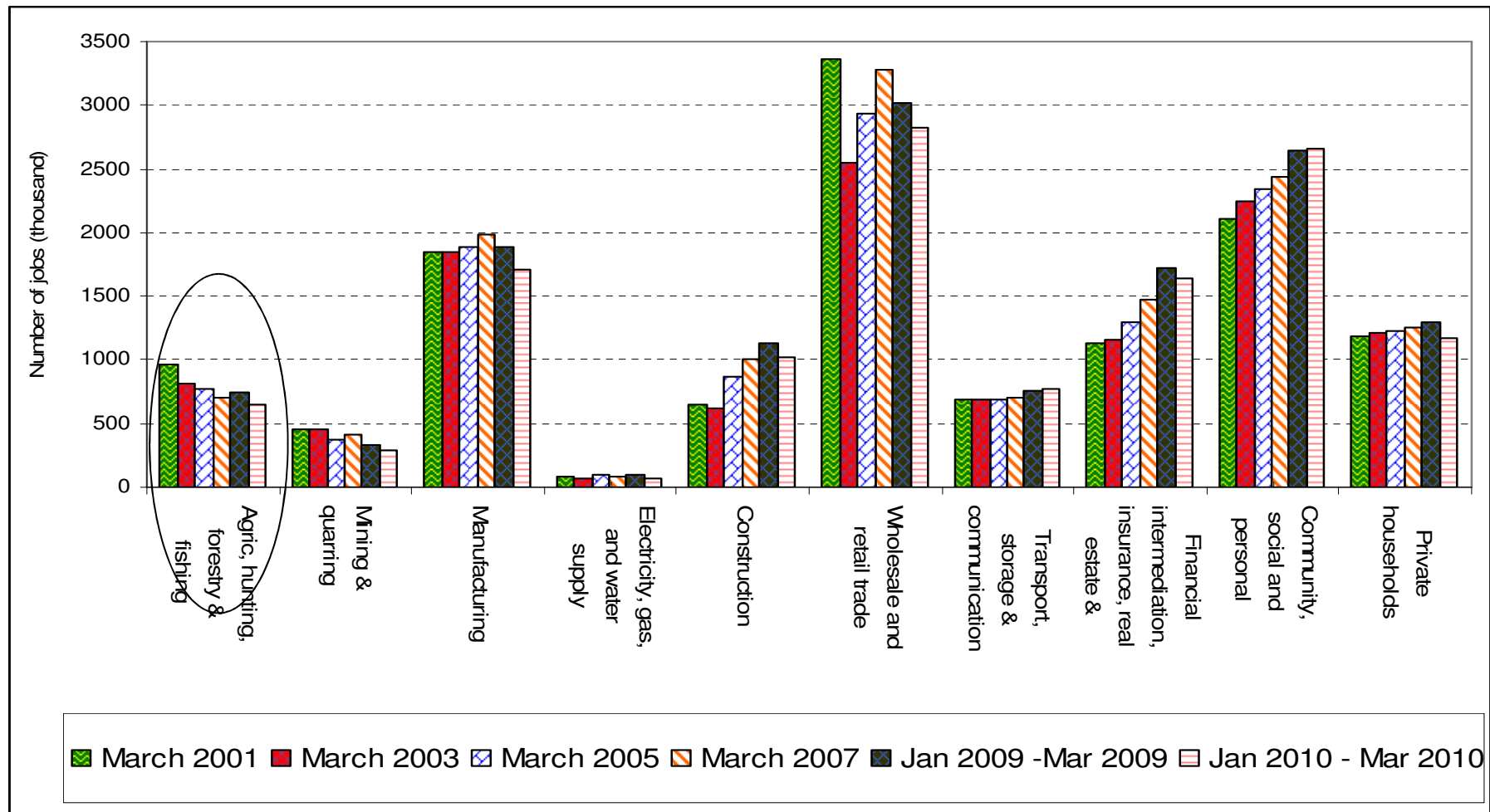
Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

**RSA:
Employment, Inclusive Growth and Food Security**

RSA: Employment Trends in Agriculture

Trends in Employment and Wages

Trends in employment by sector between 2001 and 2010

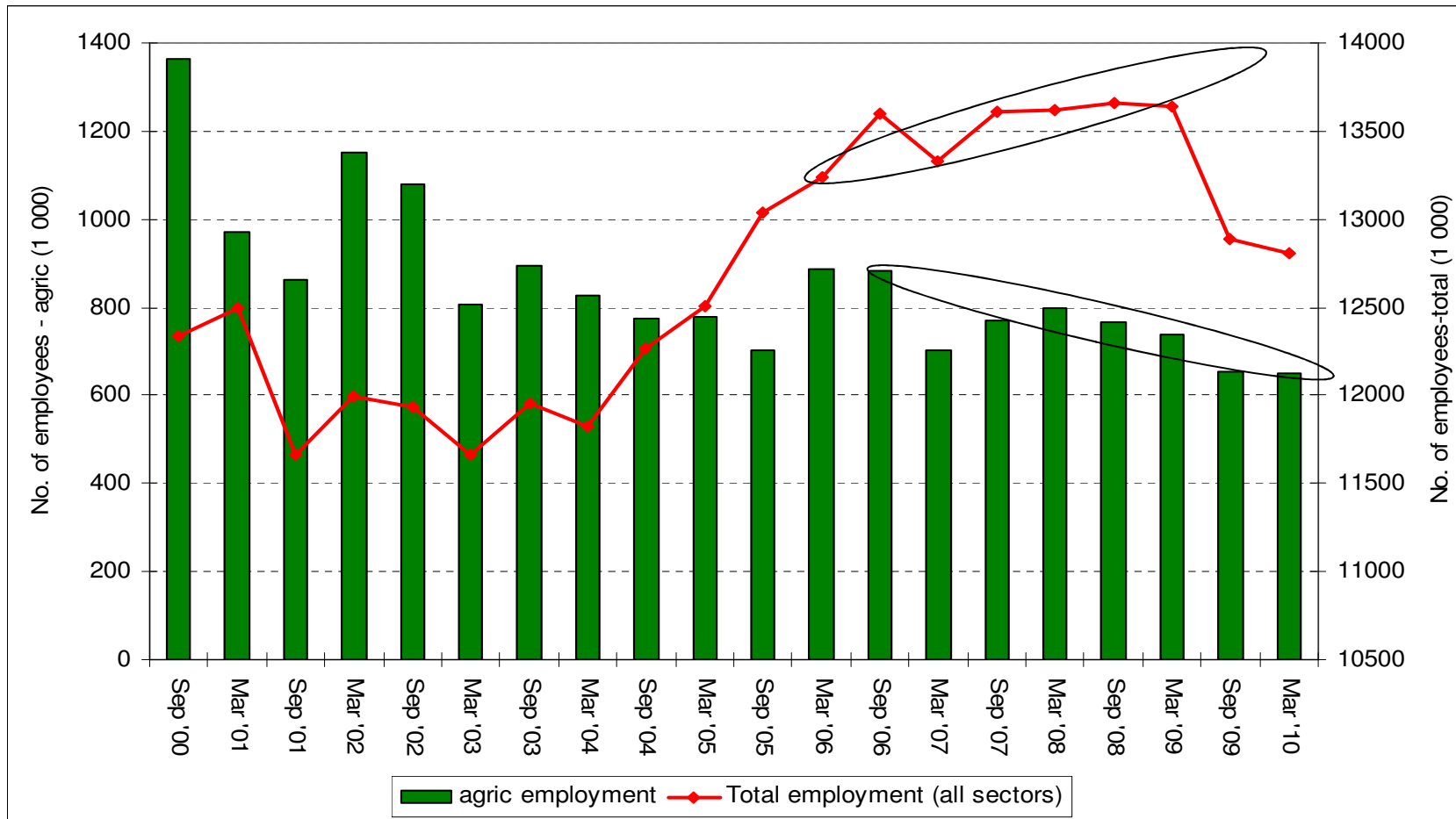


agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Trends in Employment and Wages

Trends in agricultural sector employment and total employment between September 2000 and March 2010



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Trends in Employment and Wages

Trends in the agricultural sector's share of the total employment between September 2000 and March 2010

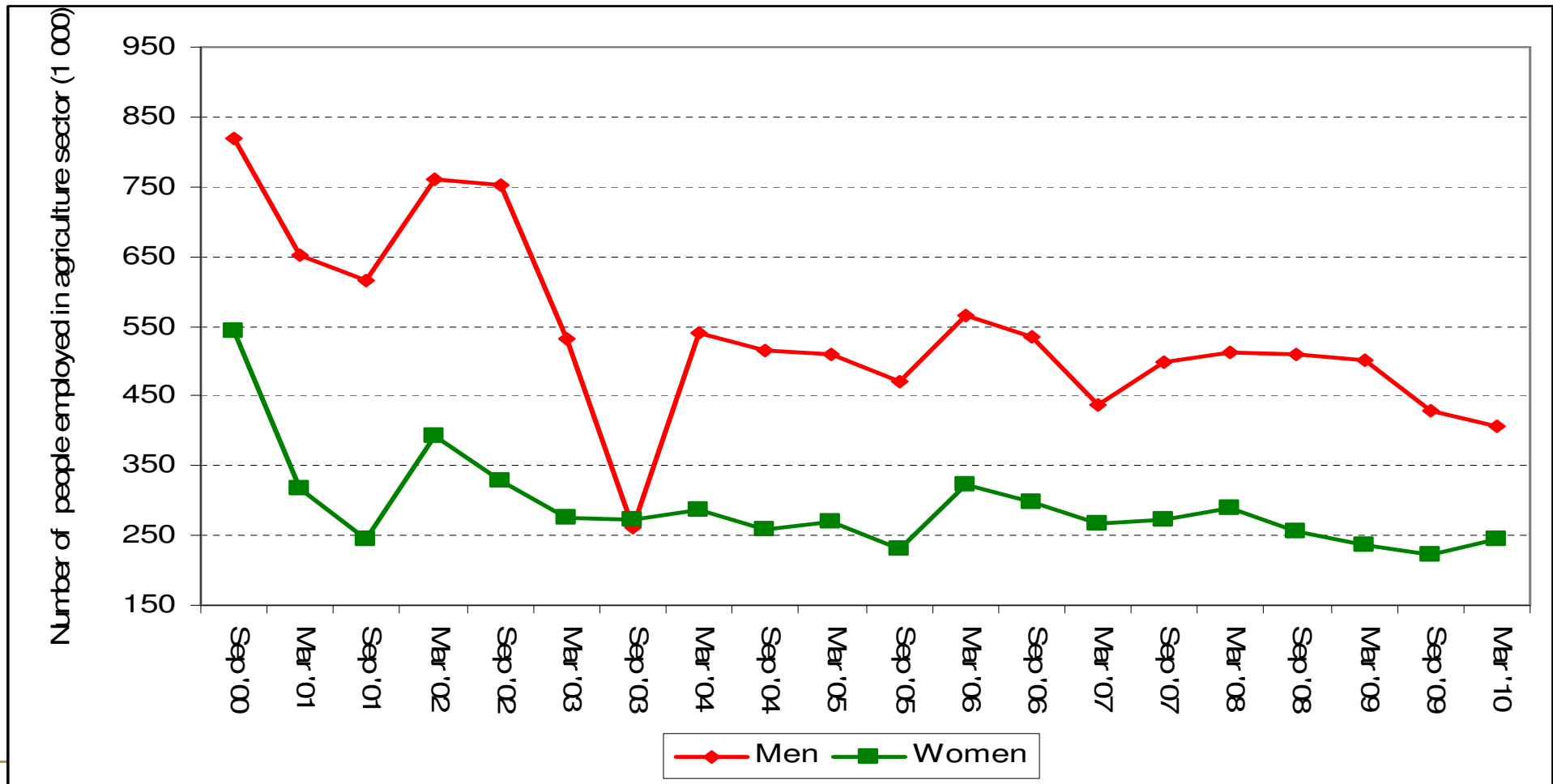


agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Trends in Employment and Wages

Trends in agricultural sector employment by gender between September 2000 and March 2010

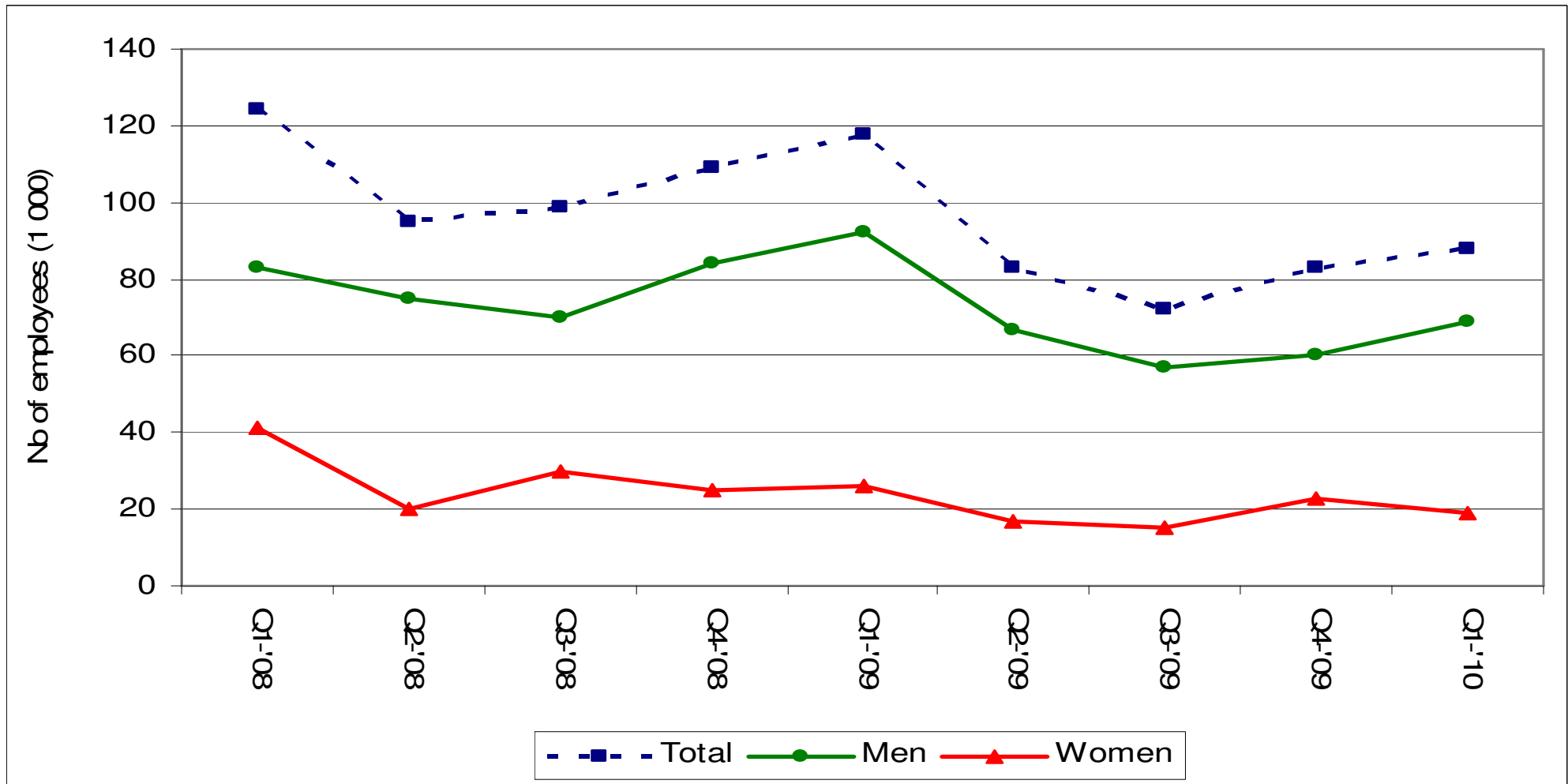


agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Trends in Employment and Wages

Trends in agricultural sector employment (skilled) by gender between March 2008 and March 2010

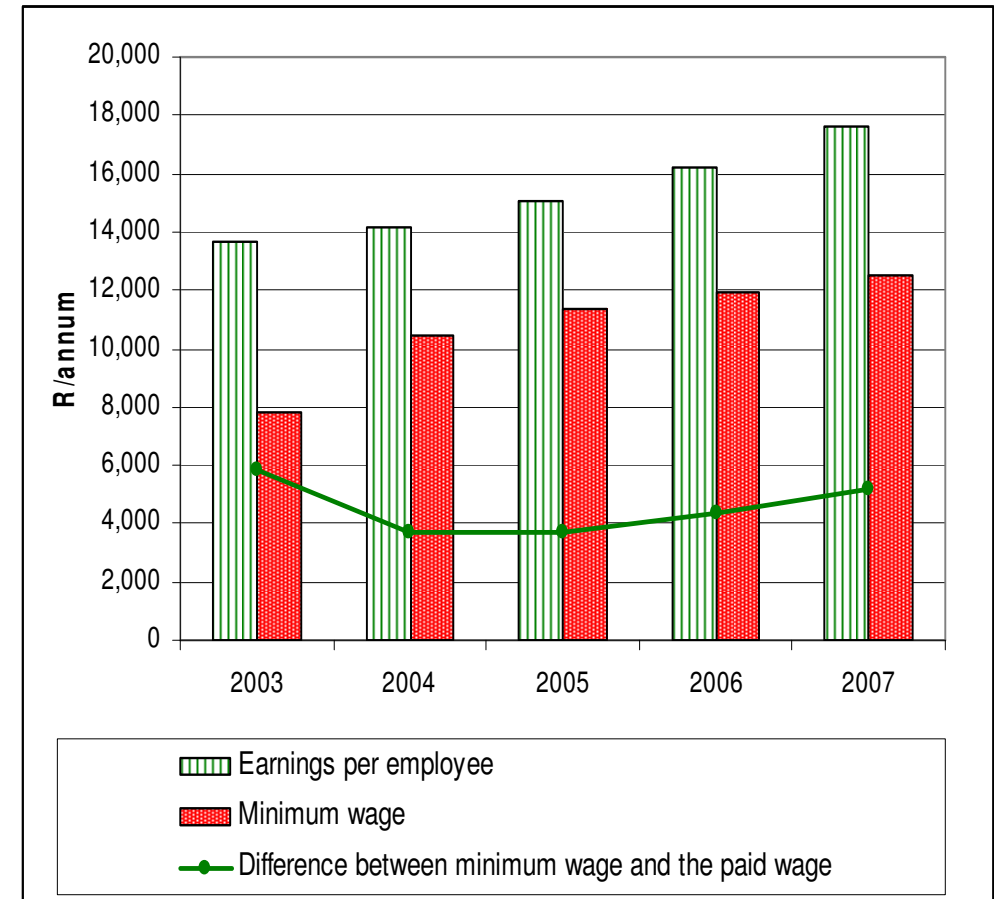
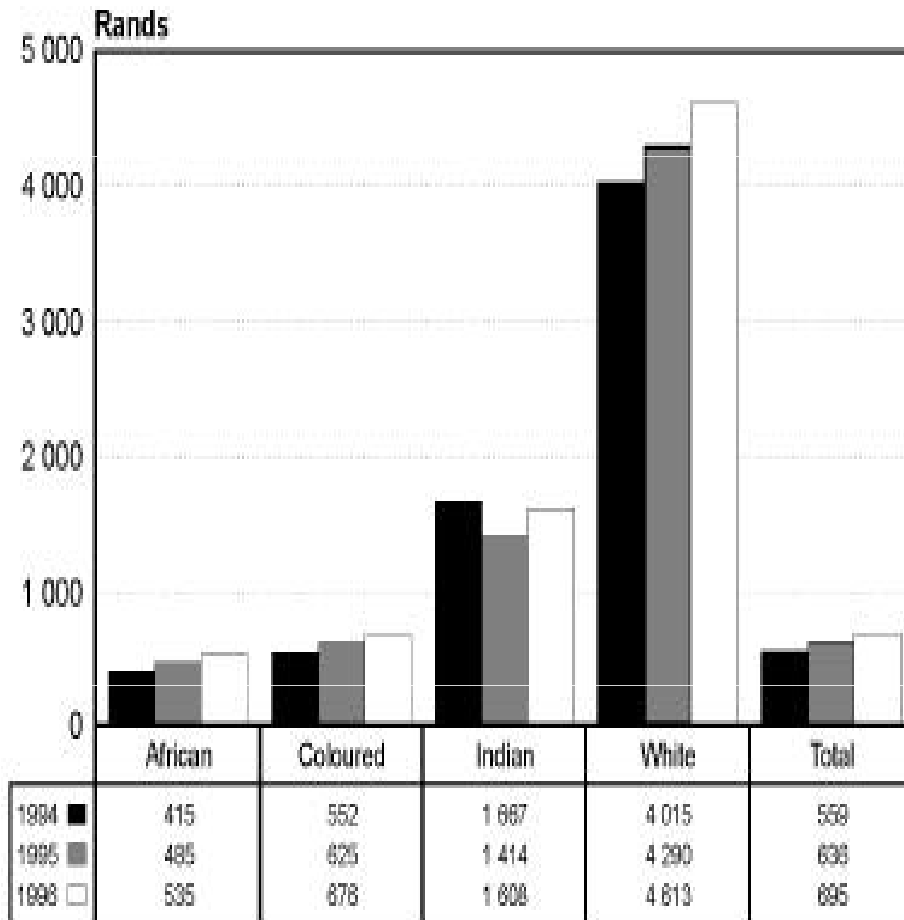


agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Trends in Employment and Wages

Trends in the minimum wage rate for farm workers and the average earnings per employee in the agricultural sector



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Trends in Employment and Wages: Summary

- ✓ There is a long-term absolute decline in employment in the agricultural sector coupled with the decline in the sector's contribution to total employment;
- ✓ Primary sectors (agriculture and mining) are becoming the smallest employers while the secondary and tertiary sectors are showing drastic increases in the creation of employment;
- ✓ On average, the employees in the sector are paid above the minimum wage set by the state.
- ✓ Though, wages received by farm workers is lower than the wages received by workers in all the other sectors
- ✓ Regulatory environment is considered by many authors to be contributing to the decline in agriculture sector employment
- ✓ Literature also reveals that the farm workers are working under questionable conditions.

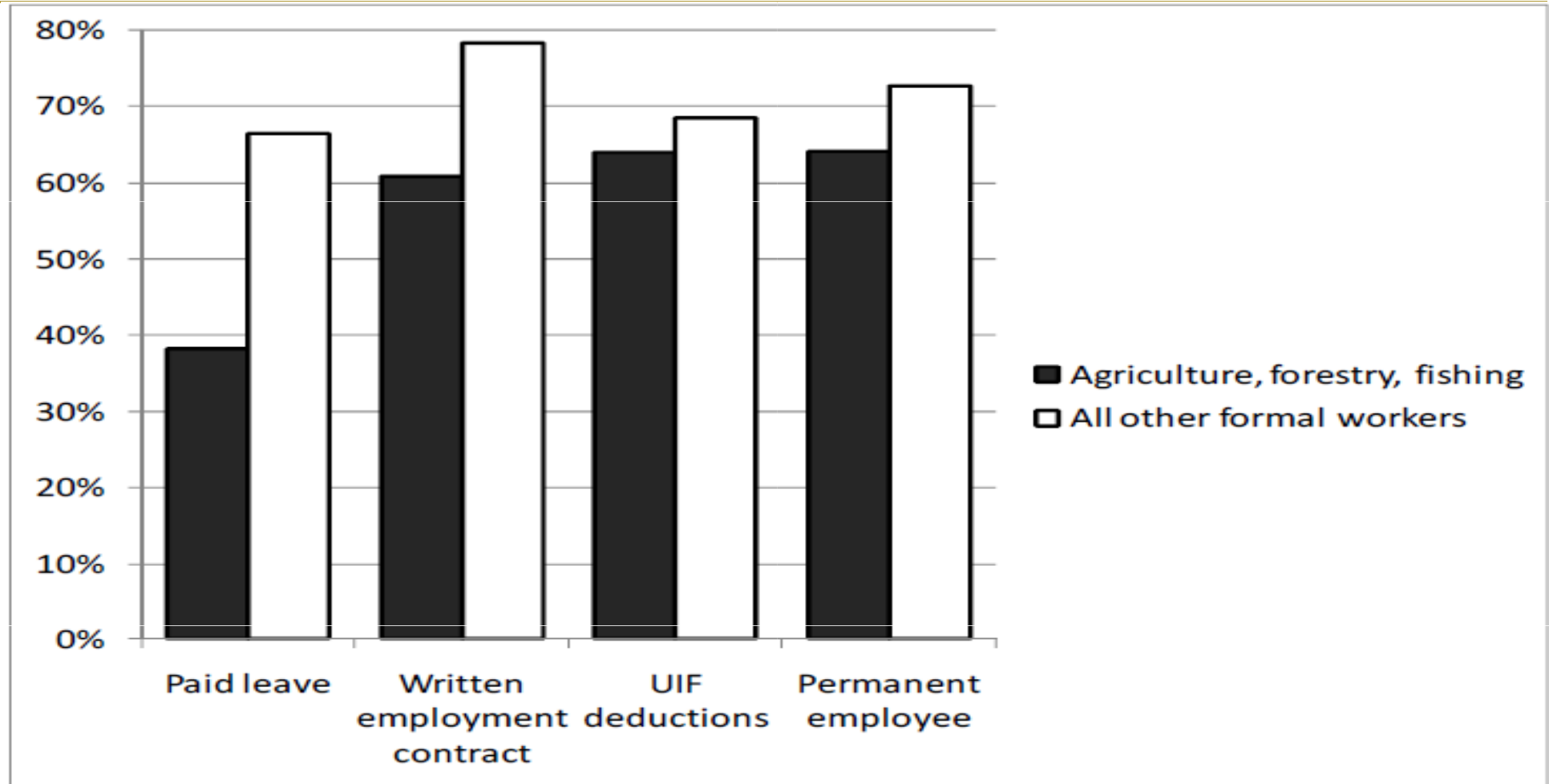


Trends in Employment and Wages: Summary

- ✓ It can be concluded that the sector contributes to the declining total employment in the country;
- ✓ Adoption of production technologies and the regulatory environment (laws and policies) are amongst the factors behind the declining contribution of the sector to the country's total employment.
- ✓ It is doubtful whether the sector can be regarded as a priority sector when interventions to create decent employment are implemented, unless solutions outside the commercial farming sector are explored.



Conditions of Employment in Agriculture



Source: Makgetla (2010)

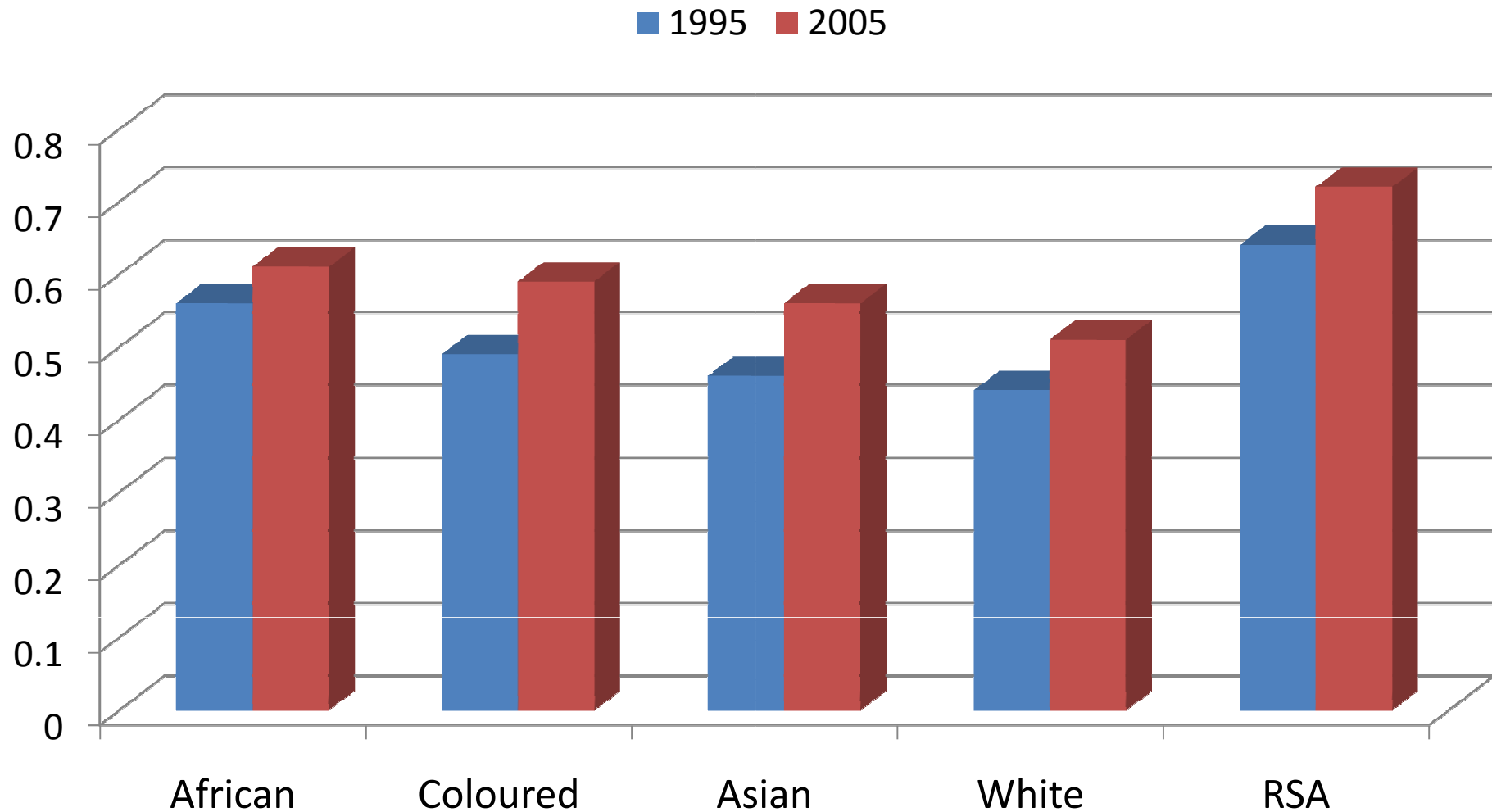


agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

RSA: Trends in Income Inequality

Inequality Shifts (1995-2005)



Source: Bhorat, *et.al.* (2009)

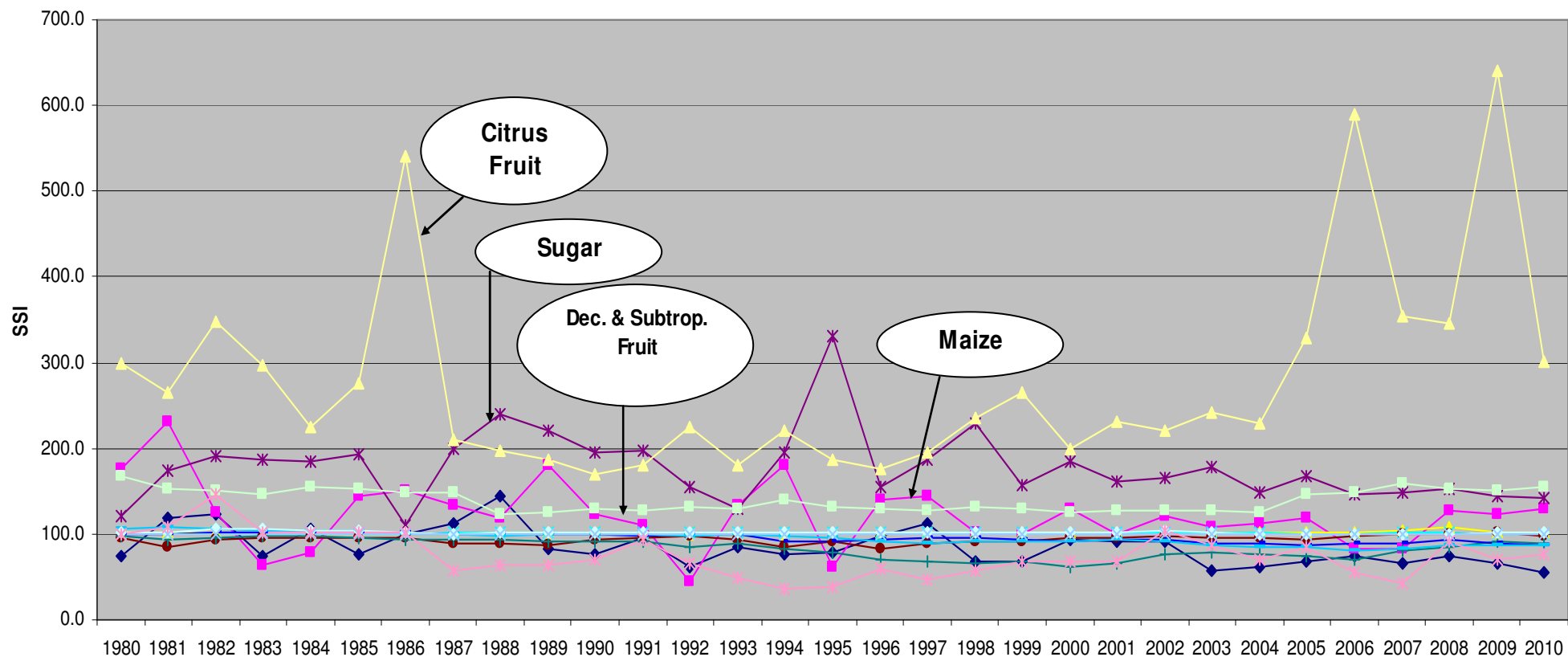
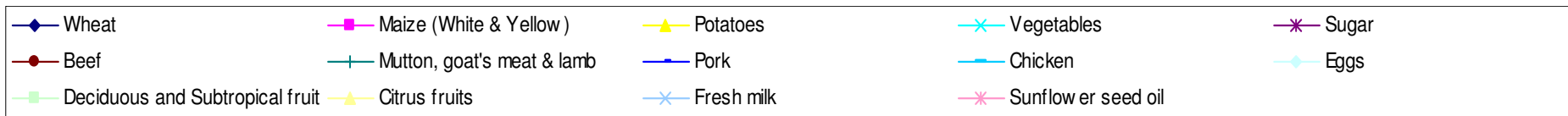


agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

RSA: Trends in Food Security

National Food Self-Sufficiency Index (National Food Security)



Source: DAFF



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Household Food Security

- ✓ RSA largely food insecure nation at Household level
- ✓ Approx 20% of RSA Households have inadequate or severely inadequate access to food
- ✓ However, agreed targets for household food security are currently not available – See paper by Jacobs (2009) for proposals on Food Security Targets

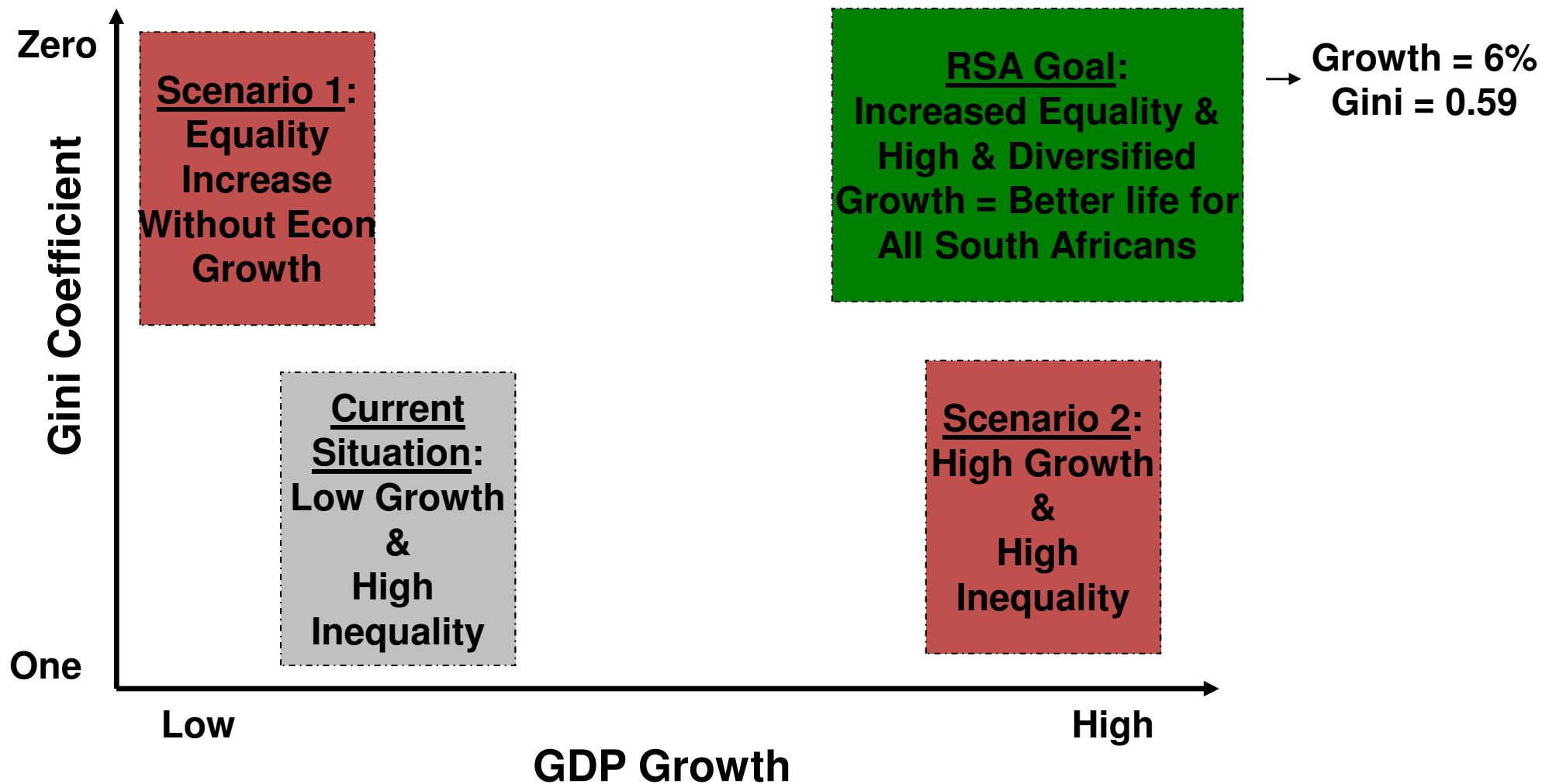


agriculture,
forestry & fisheries

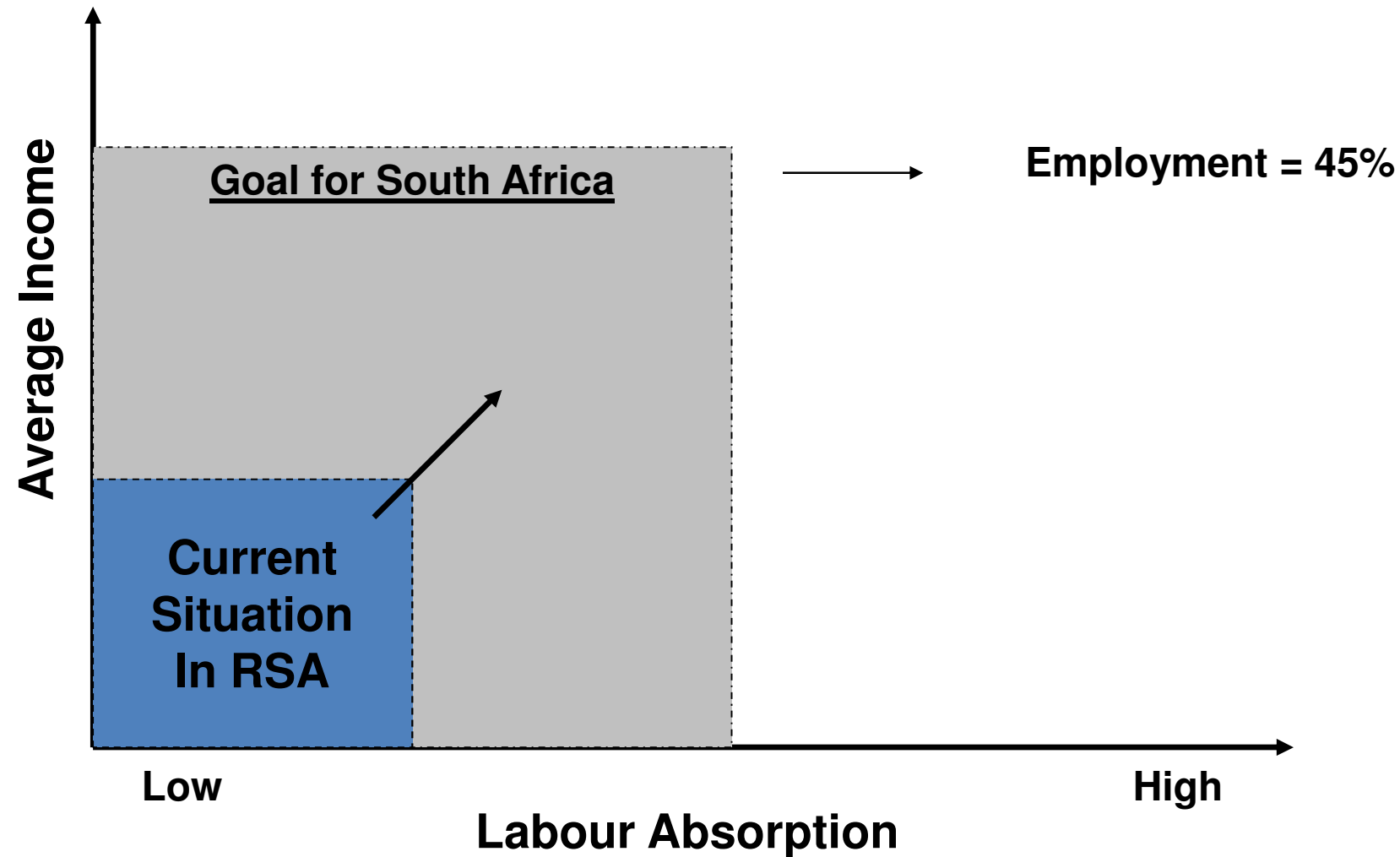
Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

How Can Agriculture Contribute?

Government's Targets: Inclusive Growth



Government's Targets: Increased Employment



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Why is Agriculture Important?

- ✓ Significant employer & delivers more jobs per Rand invested than any other sector
- ✓ Meaningful opportunity to alleviate poverty in rural areas
- ✓ Employment in rural areas could lead to food security
- ✓ Agriculture growth in rural areas could create multipliers for the non-farm economy (agricultural growth linkages)



Questions for Further Research

Questions for Further Research

- ✓ What is the agricultural growth potential in the former homelands?
- ✓ What are the implications of land reform in this regard? (Should land reform result in creation of sustainable black commercial farmers, market-oriented smallholders or enhanced livelihoods for the indigent?)
- ✓ What are the implications for increased employment, reduced inequality and food security?
- ✓ How to balance the narrow economic contribution of commercial agriculture against the need for more equitable and inclusive rural economy?



Discussion