



03 May 2021

VOTE 29: DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

1. INTRODUCTION

The Parliament of the Republic South Africa has a constitutional mandate (Section 55(2) (a), (b); Section 92(2)) to oversee service delivery and the expenditure of public resources by the Executive. Thus, Parliament provides mechanisms to ensure that public funds allocated to the Executive are utilised effectively, efficiently, equitably and economically. This is one of the oversight exercises that enables committees of Parliament to hold the Executive accountable for their plans, strategies, and budgets. The main policy frameworks that guide the budget priorities of the Department of Agriculture, Land Reform and Rural Development are the National Development Plan (NDP) and the 2019-2024 Medium Term Strategic Framework (MTSF). The Department develops and implements its policies, programmes, and strategies for the sector drawing from these and other sectoral plans. Some of the main policy directives that drive the Department's plans (e.g. NDP) indicate that it should improve efforts towards 'realising a food trade surplus, with one-third produced by small-scale farmers or households' and to 'ensure household food and nutrition security'. The MTSF directly links the Department to Priority 1 on Economic Transformation and Job Creation through Operation Phakisa, which seeks to accelerate service delivery through transformative innovation in the agricultural sector¹.

The purpose of this paper is to summarise and analyse the budget allocation to the Department of Agriculture, Land Reform and Rural Development (DALRRD, hereafter referred to as 'the Department') over the 2021 Medium Term Expenditure Framework (MTEF), focussing on the agriculture, land reform and rural development sectors, as well as conditional grants to provinces, as presented in the 2021 Estimates of National Expenditure (ENE) and predetermined objectives set out in its 2020/21 Annual Performance Plan (APP). The aim is to assess the linkages between policy priorities, performance outcomes, budget allocations and expenditure trends. It should be noted that with the re-configuration of the Executive after the 2019 elections, the former Department of Agriculture, Forestry and Fisheries (DAFF) was merged with the former Department of Rural Development and Land Reform. However, only the agricultural sector was merged with DRDLR to form the new Department of Agriculture, Rural Development and Land Reform.

Since budget assessment is one of the oversight exercises that enables committees of Parliament to hold the Executive accountable for their plans, strategies, and budgets, the paper also raises issues for consideration by Parliament through the Select Committee on Land Reform, Environment, Minerals and Energy (hereafter referred to as the Committee) emanating from the APP and budget analysis.

¹ Budget Analysis Report (2020)



2. POLICY PRIORITIES FOR 2021/22

It is important that Government priorities, as outlined in the NDP 2030, in particular the 2019-2024 MTSF and announcements made in the 2021 State of the Nation Address (SONA), inform the Department's plans and expenditure over the medium term period. The Department articulates its Vision as one that seeks to achieve 'Equitable access to land, integrated rural development, sustainable agriculture and food security for all'. Moreover, the Department indicates that its Mission is to 'to accelerate land reform, catalyse rural development and improve agricultural production to stimulate economic development and food security through the following:

- Transformed land ownership patterns;
- Agrarian reform;
- Implementation of an effective land administration system;
- Sustainable livelihoods;
- Innovative sustainable agriculture;
- Promotion of access to opportunities for youth, women and other vulnerable groups; and
- Integrated rural development.

2.1. National Development Plan (NDP)

The National Development Plan (NDP) was adopted in 2012 and sets out the vision and framework for pursuing radical socio-economic transformation. It sets key priorities for the Government to eradicate poverty by 2030 and substantially reduce unemployment and inequality. These priorities are in line with Goal 1 of Agenda 2063², which envisions "a high standard of living, quality of life and well-being for all citizens"³. This cannot be achieved without eradicating poverty in rural areas, as most of the extreme poor reside in rural areas.⁴ The vision of the NDP with regard to rural development is set out in Chapter 6, titled "inclusive rural economy", which focusses on rapid and sustainable land reform and agrarian transformation. This vision is to be implemented in phases through the MTSF. The 2019-2024 MTSF is structured around seven priority outcomes, which cover focus areas identified in the NDP. Of particular relevance to the work of the Department is Priority Outcome 1: Economic Transformation and Job Creation, through Operation Phakisa.

The Operation Phakisa Lab on Agriculture, Land Reform and Rural Development was convened in September–October 2016, led by the Department. This lab was convened with an aspiration to stimulate growth, foster job creation and instil transformation. Agriculture, Forestry and Fisheries was identified as a key sector to drive inclusive growth in rural economies with significant job creation opportunities. Its targets include

- the creation of 1 million jobs, 600 000 jobs in communal areas and 300 000 jobs through commercial agriculture;

² Agenda 2063 is the Continent's long term vision for inclusive growth and sustainable development.

³ African Union Commission (2015).

⁴ Camposs, et al (2018).



- development of 1 million hectares of under-utilised land in communal areas and land reform projects for production; food security, every household is able to say “WE HAVE food on the table”;
- Developing and implementing spatial development plans to guide how land is used while prioritising the 27 resource-poor district municipalities; and
- Characterised by strong rural urban linkages, increasing investment in agro processing, trade development and access to markets and financial services resulting in rural job creation.

Other MTSF priorities that the work of the Department contributes to are:

- Priority 1: A Capable, Ethical and Developmental State,
- Priority 3: Education, Skills and Health, and
- Priority 5: Spatial Integration, Human Settlements and Local Government.

2.2. State of the Nation Address (SONA)

The pronouncements made in the SONA become part of the Government’s programme of action for the year (i.e. Government national priorities). This year’s budget and operations of the Government have been negatively affected by the Global Covid-19 Pandemic and bleak economic prospects. Therefore, the Department and its entities must align their annual plans with SONA pronouncements on agriculture, land reform and rural development. SONA 2021 highlighted the following Government undertakings that relate to land and rural development:⁵

- The recent good weather and favourable export market conditions, in the midst of the economic damage caused by COVID-19, provides an opportunity for further public-private partnership in agriculture to promote transformation and ensure sustainable growth.
- It is an opportunity to accelerate land redistribution through a variety of instruments such as land restitution and expropriation of land to boost agricultural output.
- Government is pursuing programmes to assist smallholder and emerging farmers with market access, to develop skills across the entire agricultural value chain and increase the number of commercial black farmers.
- Over the next financial year, Government will establish a land and agrarian reform agency to fast-track land reform.
- The implementation of the District Development Model, which brings all three spheres of government to focus on key priorities and implementation of critical high impact projects, to strengthen the local government infrastructure and accelerate service delivery.
- Government has allocated approximately R12 billion to implement the various components of the National Strategic Plan over the next three years.

2.3. Budget Speech: Alignment of Spending Priorities to the Economic Growth Plan

⁵ Information below is sourced from Ramaphosa (2021).



The 2021 Budget Speech calls for the alignment of spending priorities to the economic growth plan. The following aspects are relevant to the work of the Department⁶:

- **The Fiscal Framework:** The fiscal policy framework, crafted under the supervision of the President, extends support to the economy and public health services in the short term, while ensuring the sustainability of public finances in the medium term. The framework creates a sound platform for sustainable growth and contributions towards supporting the Economic Reconstruction and Recovery Plan.
- **Progress on Economic Reforms:** Government has made meaningful progress in the implementation of structural economic reforms articulated in the Economic Reconstruction and Recovery Plan, by aiming to remove the brakes on economic growth by lowering barriers to entry, broadening ownership patterns, raising productivity and lowering the cost of doing business. These are demonstrated through Operation Vulindlela that has made progress in accelerating the pace of implementation of high-impact structural reforms. Government has committed R791.2 billion towards infrastructure investment and the blended finance infrastructure fund in partnership with the private sector, through the repair or replacement of national roads, dams, bridges and railway lines.
- **Medium Term Spending Plans and Job Creation:** Government plans to spend R9.3 billion over the next three years to achieve redress and equitable access to land, for 1409 restitution claims. The Department of Agriculture, Land Reform and Rural Development has also set aside R896.7 million for post-settlement support. This includes the recruitment of approximately 10 000 experienced extension officers. A total Medium-Term Expenditure Framework (MTEF) allocation of R7 billion was made to the Land Bank. This allocation is earmarked to resolve the bank's current default and re-establish the development and transformation mandate. This amount will not affect the expenditure ceiling but will be offset through an expenditure reprioritisation process. Any support to state-owned companies and public entities will have to be done through budget reprioritisation, as outlined in the 2020 Medium Term Budget Policy Statement (MTBPS).
- **Debt Outlook:** The tax policy proposals are envisaged to affect the sector, with the increase in fuel levies by 27 cents per litre. This comprises 15 cents per litre for the general fuel levy, 11 cents per litre for the Road Accident Fund levy and 1 cent per litre for the carbon fuel levy. Furthermore, Government announced an 8 per cent increase in the excise duties on alcohol and tobacco products.
- **African and Regional Economic Policy:** The African Renaissance and International Cooperation Fund will over the MTEF support projects that enhance African trade, economic development and integration. An allocation of R148.1 million has been set aside for this purpose. The African Continental Free Trade Agreement (ACFTA) that came into effect in 2021 presents the opportunity to deepen South Africa's trade and financial linkages with the Continent. Following last year's Budget announcement on supporting the ACFTA through a more modern risk-based capital management flow system, much progress has been made to implement the new system, and new regulations to be published by the South African Reserve Bank. In order to improve access to African markets, the six busiest border posts will be upgraded and expanded. These will be significant infrastructure interventions using the Public-Private

⁶ Information below is sourced from Mboweni (2021).



Partnership model. The upgrading and expansion will start with Beitbridge, which was built in 1929 and last upgraded in 1995. These One-Stop-Border-Posts will harmonise the crossing of borders by people and goods.

- **Public Procurement and Zero-based Budgeting:** National Treasury is fast-tracking the finalisation of the Public Procurement Bill, to be tabled before Cabinet by the end of the year. Further, National Treasury will be implementing a framework on zero-based budgeting across Government, to curtail spending in programmes that can no longer be afforded⁷. The Pilot of this new budgeting methodology is to be implemented by the Department of Public Enterprises and the National Treasury, to produce significantly re-costed budgets from 2022/23.

2.4. Alignment of Department's Priorities with the 2019-2024 MTSF

In line with Government priorities, the Department prioritises poverty eradication, job creation, and addressing inequalities. The 2020-2025 Strategic Plan of the Department sets its strategic goals/ outcomes within the context of the 2019- 2024 MTSF priorities linked to the NDP. Table 1 below illustrates such alignment.

Table 1. Alignment of the DALRRD strategic objectives with NDP and MTSF

MTSF Priority	DALRRD Outcome	Outcome indicator	Target
Priority 1: A Capable, Ethical and Developmental State	Improved governance and service excellence	Improved audit outcomes	Unqualified audit opinion
		Compliance with government legislation and prescripts	100% compliance
Priority 5: Spatial Integration, Human Settlements and Local Government	Spatial transformation, effective and efficient land administration.	Communal Property Association (CPA) supported to be compliant with the Act	477
		Skilled and employable youth in the agriculture sector	800
		hectares of strategically located land acquired	23 973
		hectares acquired for farm dwellers and/or labour tenants	5 857

⁷Zero-Based Budgeting “a budgeting process that asks managers to build a budget from the ground up, starting from zero.” (Kavanagh, 2011). This involves an in-depth examination of all the activities typical to government departments, including service delivery, investment and economic development



MTSF Priority	DALRRD Outcome	Outcome indicator	Target
		Transformation of Certain Rural Areas Act (TRANCRAA) areas transferred	9
		Labour tenants' applications finalised	500
		Land claims settled and finalised	244 and 295 (respectively)
		New farmers who have acquired agricultural land through land reform supported	116
	Increased production in the agricultural sector	Registration of new plant varieties	100 new plant varieties registered
		Animal improvement schemes implemented	2 animal improvement schemes for prioritised value chain commodities (KyD and poultry) implemented
		Agriculture master plans for priority commodities	Cannabis Master Plan approved
		Preservation and sustainable use of natural agricultural resources	2 provinces with delineated protected agricultural areas
	Increased market access and maintenance of existing markets	Cooperatives trained	81
		AgriBEE Fund implemented	100%
		Smallholders accessing loan	250
		Marketing of Agricultural Products Act	Draft Marketing of Agricultural Products Amendment Bill developed
		Trade agreements implemented	Report on the implementation of six trade agreements
		Trade agreements negotiated	Report on participation in four trade negotiations



MTSF Priority	DALRRD Outcome	Outcome indicator	Target
		Multilateral commitments implemented	Report on participation in multilateral engagements AND Report on participation in AU and SADC engagements
		Bilateral agreements implemented	Status report on bilateral South-South and North-South engagements AND Status report on bilateral engagements in Africa
	Integrated inclusive economy and rural	Increased job opportunities and development of skills (NARYSEC youth trained)	1 916
		Infrastructure development to support rural economic transformation (infrastructure projects completed to support FPSUs)	15
	Enhanced bio-security and effective disaster risk reduction	Plant pest risk surveillances conducted	3 plant pest surveillances conducted (Exotic fruit fly; Citrus greening survey; Banana bunchy top virus)
		Animal disease risk surveillances conducted	3 animal disease risk surveillances conducted (Contagious bovine pleuropneumonia (CBPP); PPR; FMD)
		Implementation of the Veterinary Strategy (Placement of CCS veterinarians)	100% eligible veterinarians employed under the CCS Programme
		agricultural inputs products evaluated	5 350
		provincial agricultural biosecurity coordinating structures established	provincial agricultural biosecurity coordinating structures established (GP; MP; LP; NW; FS)
		laboratories accredited	1 laboratory accredited
Percentage of export protocols for phytosanitary requirements implemented		100%	



MTSF Priority	DALRRD Outcome	Outcome indicator	Target
		Climate Change Adaptation and Mitigation Plan (CCAMP) implemented	Annual Monitoring Report on Piloting of Crop Suitability to Climate Change Programme in four provinces
		Smallholder producers capacitated on Crop Suitability to Climate Change Programme	120 smallholder producers capacitated on Crop Suitability to Climate Change Programme
		Reduced levels of risks associated with genetically modified organisms (GMOs)	5 new GMO events approved

Source: DALRRD (2021a).

Issues for consideration

- In the Annual Performance Plan, the Department indicates that it plans to achieve unqualified audit outcomes and 100 per cent compliance with government legislation and prescripts. It would be of interest for the Committee to establish what control measures will be put in place to aid in the achievement of these targets.
- The Department proposes introducing/registering 100 new plant varieties in this financial year. Some of these plant varieties address issues affecting crops, such as resistance to pests, weeds, and drought conditions. The Committee may need to establish if these varieties are matched to the production challenges for specific locations (will there be more productivity in different climates and amount of water available) and farming communities (i.e. level of mechanisation required, labour and technical expertise).
- The proposed two animal improvement schemes, namely Kaonofatso ya Dikgomo (KyD) and Poultry are welcomed, as they would benefit both smallholder and commercial farming sectors, and they are competitive in the local and global markets.
- The implementation of the Climate Change Adaptation and Mitigation Plan and smallholder producers capacitated on the Crop Suitability to Climate Change Programme are welcomed. This will contribute towards assisting farmers by improving and sustaining their production and livelihoods that are projected by the Intergovernmental Panel on Climate Change Report to be highly impacted by Climate Change as early as the year 2030⁸. It will be of importance for the Committee to establish which of the four Provinces are earmarked for the Piloting of the Crop Suitability to Climate Change Programme, the reason being that they must be representative of the Country Biophysical (climate, soil profiles, major commodities) and Socio-economic conditions in order to provide a better picture to inform the national roll-out.

⁸ Porter et al. (2014)



3. BUDGET ANALYSIS

The Department organises its work and expenditure into six programmes, namely Programme 1: Administration; Programme 2: Agricultural Production, Health, Food Safety, Natural Resources and Disaster Management; Programme 3: Food Security, Land Reform and Restitution; Programme 4: Rural Development; Programme 5: Economic Development, Trade and Marketing; and Programme 6: Land Administration.

Over the medium term, the Department is expected to prioritise the implementation of key recommendations of the Presidential Advisory Panel on Land Reform and Agriculture to accelerate land redistribution in its budget allocation, as directed by SONA 2021. The Department will focus on improving agricultural production and revitalising essential agricultural infrastructure through the implementation of the agriculture and agro-processing master plan, accelerating land reform by implementing the comprehensive land agrarian strategy and finalising land restitution claims, and mitigating and preventing the outbreak of diseases among livestock and products within the agricultural value chain.

3.1. Overall Budget Allocation

The total budget appropriated to the Department has increased from R15.2 billion in 2020/21 to R16.9 billion in 2021/22, representing a nominal⁹ increase of 11.0 per cent (Table 2). Over the medium term, the budget allocation to the Department increases by an average annual rate of 4.5 per cent in nominal terms but in real terms it increases by an average annual rate of 0.2 per cent. Whilst being cognisant of the fiscal constraints of the country, the reduction in key departmental programmes, such as Land Administration, could undermine service delivery. All the Departmental programmes experienced increase in their allocations for the 2021/22 financial year, with Programmes 3, 4 and 5 been allocated the most significant proportions.

Table 2. Programme Appropriations in 2017/18 to 2023/24

Programme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2017/18	2018/19	2019/20		2021/22	2022/23	2023/24
Programme 1: Administration	1 982,0	2 551,3	2 340,8	2 817,1	2 768,3	2 793,9	2 646,7
Programme 2: Agricultural Production, Health, Food Safety, Natural Resources and Disaster Management	1 946,1	2 271,7	2 424,6	2 537,1	2 603,0	2 578,7	2 596,9
Programme 3: Food Security, Land Reform and Restitution	8 370,3	8 830,3	9 573,9	7 395,2	8 825,3	9 202,0	9 471,5
Programme 4: Rural Development	1 194,8	1 107,3	1 046,7	770,4	1 079,3	920,2	934,1

⁹ This means it has not been adjusted to inflation



Programme 5: Economic Development, Trade and Marketing	1 064,4	1 206,2	864,2	670,1	886,3	908,0	963,3
Programme 6: Land Administration	618,2	626,9	697,7	1 057,8	758,2	767,8	775,3
Total	15 175,8	16 593,8	16 948,1	15 247,6	16 920,4	17 170,7	17 387,7

Source: National Treasury, adapted (2021)

In terms of economic classification, the budget for Current Payments over the medium term is R23.1 billion, which represents 46.4 per cent of the total allocation to the Department over the medium term. Of Current Payment amounts, 23.9 per cent is for the Compensation of Employees (COE), whilst Goods and Services consume 22.5 per cent. Transfers and subsidies are the largest cost drivers, accounting for 50.8 per cent (R27.1 billion) of its total expenditure over the MTEF period¹⁰. There has been a R2.04 billion increase in the allocation of transfers and subsidies in 2021/22 compared to 2020/21 (i.e. R 8,8 billion and R. 6,7 billion, respectively).

The envisaged agriculture and agro-processing master plan to be implemented in this financial year, is said to achieve the following goals:

- Expand production and food security through agricultural production schemes;
- Provide comprehensive post-settlement support, extension services and farmer training; and
- Facilitate the revitalisation of essential infrastructure and equitable access to critical factors of production.

Over the MTEF period, the bulk of departmental spending in the Rural Infrastructure Development sub-programme of the Rural Development Programme will be directed towards revitalising infrastructure and providing equitable access to critical factors of production, such as land, water and technology. This will be funded through a R2.3 billion budget allocation over the period ahead. The following infrastructure revitalisation projects will be prioritised over the period ahead:

- Five irrigation schemes to make crop production schemes functional in rural areas.
- Twenty-one fresh produce markets across the country.

The Department budgeted R923.5 million over the MTEF period in the Food Security, Land Reform and Restitution programme to fund the comprehensive agricultural support programme grant. The funds are envisaged to provide comprehensive post-settlement support and farmer training, to reduce the ratio of extension officers to farmers from 1:850 to 1:250 by recruiting approximately 10 000 extension officers across the country as part of its extension recovery services¹¹.

The Department plans to spend R2.9 billion in the Food Security, Land Reform and Restitution programme over the MTEF period to acquire 79 602 hectares of strategically located land.

¹⁰ National Treasury (2021)

¹¹ National Treasury (2021)



Moreover, the Department plans to finalise the 1 409 restitution claims with an allocation of R9.3 billion in the Programme's Restitution sub-programme.

Issues for consideration

- The Department's reprioritisation in terms of allocating more resources to service delivery programmes (i.e. Programme 2 to 5) and less on the Administrative programme should be commended. This contributes to efforts towards economic recovery and for empowering participation of the sector towards regional economic programmes such as the African Continental Free Trade Agreement.
- The Departments plans to provide the much needed post-settlement support and farmer training over the medium term, through the recruitment of 10 000 extension officers as stated in the Minister of Finance's budget speech and the Departmental APP, should be commended if it will help the farmers to build sustainable livelihoods.
- The proposed revitalising of infrastructure and providing equitable access to critical factors of production such as land, water and technology will improve the challenges facing farmers under the settlement support/, and thus contribute towards improved productivity and potential expansion in production.
- The planned finalisation of the 1 409 restitution claims will redress the overdue land claims.

4. CONDITIONAL GRANTS

As mentioned before, the Department spends its budget through six programmes. These are Programme 1: Administration; Programme 2: Agricultural Production, Health, Food Safety, Natural Resources and Disaster Management; Programme 3: Food Security, Land Reform and Restitution; Programme 4: Rural Development; Programme 5: Economic Development, Trade and Marketing, and Programme 6: Land Administration. The conditional grants to provinces are allocated in the form of transfers through Programme 2: Agricultural Production, Health, Food Safety, Natural Resources and Disaster Management; and Programme 3: Food Security, Land Reform and Restitution, as indicated in Table 3 and Table 4 below. Specific conditional grants transferred to provinces are the following:

- Comprehensive Agricultural Support Programme (CASP) Grant – the purpose of the grant is to provide effective agricultural support services, as well as to promote and facilitate agricultural development. This is achieved through targeting beneficiaries of land reform, restitution and redistribution, and other black producers who have acquired land through private means, and are engaged in value-adding enterprises domestically and involved in export. Further, the grant seeks to revitalise Agricultural Colleges into Centres of Excellence¹².
- Ilima/Letsema Project Grant – is aimed at assisting vulnerable South African farming communities to achieve an increase in agricultural production and invest in infrastructure that unlocks agricultural production within strategically identified grain, livestock, horticulture and aquaculture production areas.
- Land Care Programme Grant – aims to promote sustainable use and management of natural resources. It engages community-based initiatives that support the pillars of

¹² Western Cape Government (2019).



sustainability, leading to greater productivity, food security, job creation and better well-being for all.

5.1. Provincial Conditional Grants Expenditure Trends

Over the 2021/22 period, the Department will focus on improving agricultural production and revitalising essential agricultural infrastructure. This is envisaged through the implementation of the agriculture and agro-processing master plan; accelerating land reform by implementing the comprehensive land agrarian strategy and finalising land restitution claims; and mitigating and preventing the outbreak of diseases among livestock and products within the agricultural value chain. These focus areas will be funded through the CASP and the Ilima/Letsema project grants¹³.

Over the financial year, the CASP grant will be used to provide subsistence, smallholder and commercial farmers with infrastructure in the areas of grain, livestock and horticultural production¹⁴. The Department has proposed two animal improvement schemes, namely Kaonofatso ya Dikgomo (KyD) and Poultry, in the current financial year's APP, which is funded through the CASP grant through the provinces.

The beneficiaries of the CASP grant will also be assisted with infrastructure, in particular agro-processing infrastructure, both on and off farms. In addition, over the MTEF period, the grant will be used to revitalise provincial agricultural colleges, and for the recruitment and training of extension officers, as well as for the placement of unemployed agricultural graduates in commercial farms in all provinces¹⁵.

The conditional grants to the provinces year-on-year fluctuated from 2017/18 to 2020/21, with a decrease in 2019/20, and are projected to grow over the 2021/22 to 2023/24 MTEF (Table 3), with the exception of the CASP grant: Upgrading of provincial agricultural colleges, which has increased year-on-year. The increase in budget allocation could have a positive impact on infrastructure support provision within the agricultural sector, which has been identified as one of the key sectors that keep South Africa's economic engine running¹⁶. The increase in other grants would see redress of Apartheid policy impacts and post-settlement support for the beneficiaries. In particular, the CASP grant: Infrastructure displays significant nominal growth of 45.7 per cent between the 2020/21 and 2021/22 financial years. This increase will enable the Department to provide the much needed on- and off-farm infrastructure provision and repaired including agro-processing infrastructure.

Table 3. Conditional grants allocation and programme wherein they are allocated

	Audited outcome	Adjusted appropriation	Medium-term estimate	expenditure
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¹³ National Treasury (2021)

¹⁴ Ibid

¹⁵ National Treasury (2021)

¹⁶ <https://www.brandsouthafrica.com/investments-immigration/business/investing/economic-sectors-agricultural>



R million	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Programme 2: Agricultural Production, Health, Food Safety, Natural Resources and Disaster Management							
Ilima/Letsema projects grant	522	552	538	423	597	610	620
Land Care Programme Grant	74	275	81	81	83	85	86
CASP grant: Disasters: Flood damaged infrastructure	139	157	60	0	0	0	0
CASP grant: Disasters: Drought relief	0	267	0	0	0	0	0
Programme 3: Food Security, Land Reform and Restitution							
CASP grant: Infrastructure	1 112	1 165	1 033	794	1 157	1 194	1 214
CASP grant: Extension recovery planning services	338	356	369	311	310	304	309
CASP grant: Upgrading of provincial agricultural colleges	57	74	77	86	90	93	95
Total	2 242	2 846	2 158	1 695	2 238	2 287	2 325

Source: National Treasury (2020)

5.2. 2021/22 Conditional Grants Estimates

In this section, analysis of expenditure estimates for Provincial conditional grants are presented in Table 4. The total budget allocation over the medium term for provincial conditional grants is **R2 286,0 billion** (a 31,98 per cent increase compared to 2020/21), with **R 1 591,0 billion** for grants related to Programme 3: Food Security, Land Reform and Restitution and **R695,0 million** for Programme 2: Agricultural Production, Health, Food Safety, Natural Resources and Disaster Management.

Table 4. Analysis of conditional grants allocation to provinces

R million	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
	2019/20	2020/21	2021/22	2022/23				
Conditional grants to Provinces					2020/21-2021/22		2020/21-2021/22	
Programme 2: Agricultural Production, Health, Food Safety, Natural Resources and Disaster Management								
Ilima/Letsema projects grant	423,0	597,0	610,0	620,0	174,0	149,9	41,13 per cent	35,45 per cent
Land Care programme grant	81,0	83,0	85,0	86,0	2,0	- 1,3	2,47 per cent	-1,66 per cent
CASP grant: Disasters: Flood damaged infrastructure	0,0	0,0	0,0	0,0	0,0	0,0	0 per cent	0 per cent



R million	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
	2019/20	2020/21	2021/22	2022/23				
Conditional grants to Provinces								
CASP grant: Disasters: Drought relief	0,0	0,0	0,0	0,0	0,0	0,0	0 per cent	0 per cent
Total	504	680	695	706	176	148,6	43.6 per cent	40,55 per cent
Programme 3: Food Security, Land Reform and Restitution								
CASP grant: Infrastructure	794,0	1157,0	1194,0	1214,0	363,0	316,4	45,72 per cent	39,84 per cent
CASP grant: Extension recovery planning services	311,0	310,0	304,0	309,0	- 1,0	- 13,5	-0,32 per cent	-4,34 per cent
CASP grant: Upgrading of provincial agricultural colleges	86,0	90,0	93,0	95,0	4,0	0,4	4,65 per cent	0,43 per cent
Total	1191	1557,0	1591,0	1618,0	366	303,3	50,05 per cent	35,93 percent
Grand Total	1 695,0	2 237,0	2 286,0	2 324,0	542,0	451,8	31,98 per cent	26,66 per cent

The most significant increase in conditional grants expenditure are expected under Programme 2 on the Ilima/Letsema project grant and Programme 3 on the CASP grant: Infrastructure, which are estimated to increase by 41,13 per cent (i.e. R 174,0million) and 45,72 per cent (R363,0 million) in nominal terms, respectively, between 2020/21 and 2021/22. In contrast, expenditure on conditional grants under Programme 3, i.e. the CASP grants for Extension recovery planning services will decrease by R1.0 Million (0.32 per cent) in nominal terms.

The significant increase in allocation for infrastructure (i.e. Ilima/Letsema project grant and CASP grant: Infrastructure) and provincial agricultural colleges aligns and would support the targets set out in the Annual Performance Plan (APP) that relate to the provision of land reform farmers with farm development support such as production inputs, infrastructure, recruitment of extension officers, land restitution claims and operational costs. However, the decline in grants allocated for extension recovery planning services might have a negative impact on the skills development opportunities, as planned in the APP, wherein land beneficiaries were to be equipped with skills to utilise their land optimally.



Moreover, the expected increase in key economic drivers (such as infrastructure and access to land with necessary skills and support) is likely to have positive ripple effects on service delivery and rural or emerging agricultural sector growth.

Issues for Consideration

- The significant increments in grants, more than 35 per cent in real terms, towards infrastructure development and agricultural support services will not only benefit the beneficiaries but also contribute towards the much needed economic recovery following the Global COVID-19 Pandemic and Slow Economy. The potential benefits of investing in agriculture are evident in South Africa reaching the world's second largest exporter status during the Pandemic. Thus, this investment might be one of the key economic recovery sectors that can take advantage of the existing and new market opportunities through the African Continental Free Trade Agreement.
- To ensure successful implementation and realise the impact of the local economy and food security of such conditional grants, it is recommended that, as part of Parliament's monitoring and oversight roles, each Province is required to develop Policies and Strategies and expenditure plans for the utilisation of conditional grants. These Policies and Strategies and expenditure plans will serve as a baseline against which oversight on expenditure and impact thereof can be conducted, and mitigate against irregular, fruitless and wasteful expenditure.

5. CONCLUSION

The reconfiguration of the Department to combine Agriculture and Rural Development efforts, considering the projected tough global economic environment, has potential for agricultural and rural economies to be realised. The Department's plans, policies and priorities, as indicated in its strategic plan and APP, are in line with Government's policy priorities over the medium term. Through its programmes, the Department prioritises food security, job creation and addressing inequalities, especially inland access. Promoting access to opportunities for women, youth and people with disabilities is central to its programmes and projects.

The Department has developed plans to address the issue of adequate capacity that was raised in the previous budget analysis, by planning to recruit 10 000 experienced extension officers across the country as part of its extension recovery services. Further, the Department plans to finalise the 1409 restitution claims and provide post-settlement support, as promised by the President in the 2020 SONA address over the MTEF period. These are likely to have been delayed by the COVID-19 pandemic emergency response strategies to aid farmers during this difficult period. South Africa saw growth, in the midst of the pandemic, in terms of increased agricultural produce exports conditions (resulting in the country named the world's second-largest exporter of citrus, with strong export growth in wine, maize, nuts, deciduous fruit and sugar cane) and favourable weather for production.

On a financial level, budget allocation to the Department has increased by 11.0 per cent in 2021/22 compared to 2020/21. This means more funds will be available for the Department to deliver on its priorities, most of which is allocated towards service delivery and infrastructure development programmes. The Administrative Programmes, i.e. Administration, and Land



Administration Programmes saw a reduced budget allocation. This could be interpreted as Government's commitment towards service delivery, coupled with the commitment to unqualified audit outcomes and 100 per cent compliance with government legislation and prescripts.

The significant increase of more than 35 per cent in real terms in the budget allocation for the infrastructure development and agricultural support services grants in 2021/22 is a much-needed boost to one of the key economic recovery sectors following the Global COVID-19 Pandemic and slow Economy. This could see South Africa maintaining its second world's largest exporter status in selected agricultural goods. Further, capitalising on this investment together with good governance and management might be one of the key economic recovery mix through the sector, which can take advantage of the existing and new market opportunities (through the African Continental Free Trade Agreement).



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