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# INNOVATION AND AGRICULTURE-LED LOCAL ECONOMIC DEVELOPMENT

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# OUTLINE

- Introduction
- Context
- Social exclusion
- Contribute to inclusive development
- Contribution to policy development
- conclusions

# CONTEXT MATTERS

- One size does not fit all
- At a global level there are structural differences between North and South
- What makes sense in the North may have different results in the South
- Tailoring development strategies in the Global South offer alternative agenda for development planning

# CONTEXT MATTERS

- The Global South as a group of countries are significantly more rural and more agricultural
- Rural development policies and agricultural policies interact with local conditions to produce results
- Focus on giving priority to disadvantaged groups

# SOUTH AFRICA

- Generate strategies that are rooted in South Africa's rural geography
- The challenge
  - Not enough institutions focusing on rural development
  - Not enough people trained in rural systems of innovation and agricultural systems of innovation

# RURAL DEVELOPMENT AND AGRICULTURE

- There are greatest linkages between agriculture and rural development
- Not enough studies that examine these linkages
- Examine the character and strength of Africa's agriculture
- How do we foster agricultural development as a local development strategy?

# WE CONTEND

- Past colonial and discriminatory policies restricted indigenous rural and agriculture-led economy
- Local development planning should contribute to job creation in rural areas

# OUR STARING POINT

- Conventional approaches to rural development have not been successful
- Not rooted in real geography of Africa
- Problems of poverty, unemployment, inequality remain
- Need to generate alternative approaches to rural development and agriculture



# WE CONTEND

- Confront the legacy of colonialism and apartheid
- Isolation
- Deprivation
- Poverty
- Inequality
- Effects of migrant labor

# WE ACKNOWLEDGE

- Sustained and dynamic approach to rural and agricultural development has remained a concern for many governments in Africa
- Changing context for rural development and agriculture points to a need for an alternative approach
- Innovation systems approach

# INNOVATION SYSTEMS APPROACH

- Recognizes unique geography of each locality and region
- Facilitates generation of relevant knowledge
- Provides access to knowledge
- Enables knowledge sharing
- Emphasizes learning
- Explicit attention to development outcomes

# OUR FOCUS

- Aim to assess the usefulness of the concept in guiding and supporting agriculture-led local economic development
- Help accelerate integration of isolated localities and communities
- Enhance democracy and democratic participation
- Build human capabilities and competencies

# POLITICS AND DEVELOPMENT

- Inclusive development and enhance democracy
- Political issues of power
- Powerlessness
- Voice and agency

# IMPLICATIONS FOR RURAL DEVELOPMENT

- Focus on agriculture is informed by need to include the poor, unskilled, food security, large population still live in rural areas
- Agriculture is seen as a sector through which can enhance rural development
- Non-farm sector to diversify rural development and create linkages

# SUB-SAHARAN AFRICA

- In 1990/92 there were 242 million people in Sub-Saharan Africa living on less than US\$1 per day
- This represents 38 percent of the population
- By 2015 this number is expected to increase by 103 million
- In 1990/92, SSA accounted for 20 percent of the developing world's undernourished

# SUB-SAHARAN AFRICA

- Over the last 30 years agricultural imports have been increasing faster than exports
- Annual agricultural imports cost US\$19 billion while exports earn US\$14 billion
- SSA' share of agricultural exports has more than halved from 8 percent in 1971-1980 to 3.4 percent in 1991-2000



# SUB-SAHARAN AFRICA

- SSA is the only region where average food production has been declining during the past 40 years and where the numbers of undernourished and extremely poor are expected to continue increasing
- In many countries trade has remained over-dependent on only one or two commodities with benefits of value addition being reaped at the destination

# AU AND AGRICULTURE

- African Union has been frustrated with under-performance of agricultural sector and its consequences
- This led to agriculture being the only economic sector included in the first set of NEPAD programs

# AGRICULTURAL LANDSCAPE IN SOUTH AFRICA

- Characterized by dualism
- Established modern commercial farming sector
- Small-scale farmers mainly in former homelands (subsistence)

# CONTRIBUTION OF AGRICULTURE TO PROVINCIAL GDP

Province	Contribution to GDP
Free State	9.2
Limpopo	3
KwaZulu-Natal	5.5
Western Cape	4.5
Mpumalanga	6.1

# COMMERCIAL FARMING ENTERPRISES BY PROVINCE

Province	2002	2007	Growth/ Decline
Eastern Cape	4 376	3 896	-10.97
Free State	8 531	7 515	-11.91
Gauteng	2 206	2 378	7.80
KwaZulu-Natal	4 038	3 560	-11.84
Limpopo	2 915	2 657	-8.85
Mpumalanga	5 104	3 376	-33.86
North West	5 349	4 692	-12.28
Northern Cape	6 114	5 226	-14.52
Western Cape	7 187	6 682	-7.03
Total	45 818	39 982	-12.74

# AGRICULTURAL LANDSCAPE

- Largest proportions of households involved in agriculture are in Limpopo, Free State, Eastern Cape, and KwaZulu-Natal
- But, the largest number of commercial farms are in Free State, Western Cape, Northern Cape, North West

# AGRICULTURAL LANDSCAPE

- In 2002 there were 45 818 registered commercial farms in South Africa
- In 2007, there were 39 982 commercial farms

# GOVERNMENT DEPARTMENTS

Department	Role
Department of Agriculture, Forestry and Fisheries	Agricultural policy and support
Department of Rural Development and land Reform	Land reform and land claims settlement
Department of Economic Development	Economic planning
National Treasury	Macro economic policy
Department of Trade and Industry	Industrial strategy
Department of Water Affairs	The management of water supply
Department of Labour	Labour market policy
Department of Higher Education and Training	HRD and skills planning and SETAs



# EMPHASIS

- Role of drivers of change
- Rural-urban linkages
- Livelihood strategies of rural households

# SUB-SAHARAN AFRICA AND LED

- Sub-Saharan Africa's poverty reduction and economic growth strategies and programs tend to concentrate on consolidating economic growth at macro level through increased investment and productivity of key sectors including agriculture
- Not enough focus on strategies at sub-national level and how such strategies can contribute to poverty reduction
- Need to recognize the development goals of diverse locations and territories

# TERRITORIAL APPROACHES

- Macro and sectoral policies are not sufficient to stimulate territorially-balanced growth
- Territorial approaches have more direct linkages with employment, livelihood and asset building strategies of the poor
- Growth and equitable development point to a need to understand the territory and devising realistic strategies that bring about socially inclusive sustainable economic development

# LOCAL DEVELOPMENT

- It recognizes endogenous growth potential based on the mobilization of under-used local resources, promotion of regional development through institutional , productive, and social transformation of the region
- Interventions should assist the rural poor to participate and benefit from development, access to assets, pro-poor institutions to secure their competitiveness, and economic links between the poor and non-poor

# LOCAL DEVELOPMENT

- Implementation needs to be organized as a learning process from practical experiences
- Anchored on monitoring and evaluation
- And accountability for results and resources

# DECENTRALIZATION

- Municipalities can be effective in the provision of local public goods and services but may be generally too small for the management of successful large economic projects
- When municipalities are large, they can serve as economic units for regional development

# DECENTRALIZATION

- Decentralization requires strengthening of the capacity of local governments
- Greater economic capacity
- Improved administrative capacity
- Implementation needs to be seen as a national strategy of rural development

# SUB-NATIONAL DEVELOPMENT

- Building up sub-national capacity to enable locally distinctive needs and opportunities to be met and facilitate targeted public and private investment to meet these needs
- Includes developing capabilities and competencies at sub-national level



# CONCLUSIONS

- Africa's inclusive development and growth depends on agriculture especially in rural areas
- Productivity and economic opportunity are highly variable across sub-national regions
- But, the reliance on access to capital and globalized markets means that these opportunities are likely to be captured by large-scale private enterprises

# CONCLUSIONS

- Africa's poverty reduction programs do not set out clear mechanisms on how prosperity can be generated at sub-national level in which the poor can participate directly
- Territorial development programs can enhance space for dialogue, and consensus building, including strengthening the voices of the poor, link bottom-up with top-down planning processes

# CONCLUSIONS

- The need for directing LED programs to rural areas is widely accepted
- But there is still a divide between urban planners and rural development agencies
- LED initiatives especially in Sub-Saharan Africa must provide learning experiences

# CONCLUSIONS

- LED programs must be seen as engines of growth
- There is a need for more attention in building up tools, competencies, and capabilities for successful LED at sub-national level



# Thank You

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