

Template for proposals for Jobs Summit

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1 Problem statement

The centrality of land ownership and land use to the sustainable development of a people, especially in former settler-colonial societies, is a fact which cannot be overemphasised. As Tepera Chirawu once indicated ‘national economies depend on effective land use’. South Africa’s potential for land and agricultural reform and the role of agriculture in growth and poverty reduction are areas which have not been fully explored and utilized. This in itself is an impediment to job creation – the failure to maximize the value which could be derived from land and agriculture – I mean agriculture in both rural areas and the urban periphery. This sound like an old and tired song and the reason for that could be attributed largely to the urban centric bias of development thinking we have all come to accept as a norm in this country. The change of mind-sets is what makes innovative job creation real and attainable – sending our boys and girls to the villages the first two years after graduation may sound strange but could add value to the basket of initiatives we need to put together to unlock the impediments to job creation. That agriculture contributes so little to GDP is not on hence more innovation and hard work is needed in this area.

The proposal will meet the challenges to job creation because it begins with what is known and what is also a part of our history. The rise of the African peasantry who, out-performed white farmers in terms of production for both consumption and market in the 1870s, was because of a singular focus on agriculture as business and a source of subsistence. The proposal focuses on what is doable, with proper organization and community buy-in and could enhance rural development and job creation the impact of which will be the reversal of frontier of both urban and rural poverty – something which urban development and job creation doesn’t do. The emphasis on agriculture is premised on the fact that job creation and growth in agriculture raises agricultural profits and labor income. It also raises non-farm profits and labor income via multipliers and also causes lower prices of non-tradable foods in which case consumption basket of the poor gets cheaper.

2 Jobs impact

The sector which has the highest potential to absorb the large pool of unskilled and semi-skilled labor in South Africa is agriculture far more than clothing and textiles. In addition to that, agriculture is one of the sectors which have the highest strategic value, followed by machinery and equipment, pharmaceuticals and other chemicals. The challenge is the yet unexploited potential of a more ambitious strategy in agriculture. This is one sector with the greatest potential to create meaningful jobs at a low cost. The World Development Report on Agriculture 2008 clearly shows that more than 80 percent of the decline in rural poverty was due to improved conditions in rural areas; improved rural conditions occur when agriculture is the main source of growth and *Rural* growth has pro-poor distributional

effects on *urban* poverty thus reinforcing the importance of *rural* growth for *national* poverty reduction and job creation.

What is required to make sure that there will be a positive impact is planning, organization and consultation with communities. The job creation summit must not create the impression that things are done for communities and given for them as gifts. A sense of co-creation and co-ownership of these initiatives is very fundamental. Job creation in agriculture and off farm work requires broad-based consultation with communities so that the ideas, innovations and job packages from the summit are presented for further refinement.

In the case of jobs in agriculture, communities who are keen to participate should be advised to form self-help block-chains which are function specific, e.g. a block chain on agricultural inputs, another on input utilisation; another on maintenance and work development and another on harvesting – with last one focusing on markets and value-chains of distribution. These will need to be funded hence the importance of having a session on the role of Rural Advancement micro-lending finance – BUT not Banks. The micro-lending finance could be used to help this initiative to reach break-even point and be scaled down afterwards. This is a space which could absorb unemployed graduates from Agricultural colleges, TVET colleges, Universities which offer BSc Agricultural economics and even social scientists with qualifications in development studies. But most importantly this is a sector which is known to many families in rural areas and they can as self-help block-chains work among themselves 3 or 4 plough fields already in possession. With financing they could be supported with basic earnings which they could repay after sales of their products. This experiment has worked in developing countries like Bangladesh.

3 Theory of change

The currently dominant theory in development economic is incorrect. It moves from the premise that private capital (which we are so eagerly begging for), if invested in big viable enterprises, jump-starts local and regional economies, and thus leads to the employment of thousands of people who in return become loyal tax paying citizens. This is not true and we have experienced this over the last 24 years. To turn the corner, we need to construct a new paradigm of finance and financing development in this country. In this specific case we may need to create microcredit NGOs of our own – institutions that are both for business and for the poor – institutions that don't ask 'are you credit worthy' because they are worthy of the cause we seek to advance, i.e the upliftment of African people from the bottom depths of economic slavery.

Financing is going to be the critical starting point and I don't have faith in the goodwill of existing banks given their logic of profit maximisation at whatever cost, which is in fact their religion. Government will need to come into the picture in backstopping alternative financing models to support rural self-help block-chains which should be key node of organization in the creation of jobs in rural agriculture to reduce dependence of grants. As stated above the self-help system will have participating community members divided into focus areas, such as inputs, the actual planting, crop maintenance, harvesting, marketing and value-chain management, budgeting and finance. The micro-finance NGO should provide basic salary/stipend to support participants up to break-even point. The product sales and income generated should be used to pay micro-finance so that it is slowly exited

and the self-help group becomes self-sustaining. The skills sharing during this process, as well as cross-class solidarity networks that get generated more and above food-self-sufficiency this could lead to, restores the lost pride and sense of self-worth which has been eroded among many rural African communities.

4 Existing initiatives/experience

The proposal has not been piloted in South Africa

5 Constituency participation in implementation

There is great potential for families, graduates, University academics, private companies and school pupils to participate in the implementation of the proposal as it is area based and involves families in one community.

6 Benefits

What social/economic groups would benefit from the proposal directly and indirectly? Please use the following table, and do not list more than 5 groups. Please describe the benefits as precisely as possible.

| Group | Job creation | Other benefits | Time frame for success |
|---|---|---|------------------------|
| Family members | Employment in family business | Skills acquisition | 3 years |
| Graduates from colleges and Universities | Internship which could lead to permanent employment in the business | Skill to replicate the experiment in other localities | 2 years |
| Micro-finance NGO | Use local talent to run the business Generate profits | Refine the allocations and improve on quality of support to communities | 3 |
| Grocery Businesses | | | |
| Development Economists/Political Economists | Research, Monitoring and evaluation mentoring Report writing | Link between intellectuals and cycles of policy implementation | 2 years |

7 Cost and potential sources of funding

What social/economic groups would bear the cost of implementing the proposal directly or indirectly? Please use the following table, and do not list more than 5 groups. Please

describe the costs as precisely as possible. In the case of financial costs, who would pay them?

| Group | Anticipated costs | Potential sources of funding to implement the project | Time frame for impact |
|--|----------------------------------|--|------------------------------|
| Family members | Labour time – R2500-00 per month | Micro-finance NGO, government backed | 3 years |
| University graduates and interns | Labour time R 2500-00 | Government Funds | 2 years |
| Development Economists/ Political Economists | University salary | Universities | 3 years |
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8 Risks

If government and stakeholders don't find innovative ways of financing the initiatives then the proposals may not work

There is a great need to consult with communities that we intend to involve in these programs – co-ownership of the solutions is always critical

Risk mitigation

What should be done to mitigate the identified risks? Which stakeholder would be responsible for the risk mitigation activity?

1. Devise a strategy to turn the job summit into a series of community wide conversations and NGOs could be involved in organizing this
2. A national structure which articulates down to implementation level will need to be set up

9 Additional comments