

The Economic Impact of Policy Interventions to Mitigate Water Use in Irrigation Agriculture in South Africa

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ABSTRACT The recent severe drought in South Africa forced the different stakeholders to change the behavior of water users through policy interventions. This paper assesses the impact of policy intervention on irrigation agriculture using a modified IFPRI CGE, SWIP – E model and SAM. The result showed that when water restrictions were set it was more profitable to reduce the number of hectares planted and rather apply full irrigation to produce higher yields. The increase of irrigation water tariffs had a minimal impact on yield. The main challenge was the availability of the water, not the policy interventions. The study recommends that without a behavior change of farmers, the water policy interventions will not achieve the desired goal. Governments with different stakeholders should introduce a mechanism to educate farmers and enhance their understanding of the past, current and future trends of water and drought to plan and mitigate unexpected shocks.