

Smallholder agriculture

Investigating smallholder food value chains

A completed Water Research Commission (WRC) study investigated the environment in which emerging farmers operate, and ascertained the food value chains in which they either currently participate in or could potentially participate in.

Background

South African agriculture is characterised by a dual economy, with large-scale commercial farmers dominating the current food value chains and emerging farmers (otherwise termed smallholder farmers) being faced by a range of constraints which prevent them from participating in these same value chains.

This research project aimed to analyse a number of key irrigated and rain-fed food value chains, with specific attention to water use, in order to identify mechanisms to allow subsistence and emerging farmers to participate in the mainstream economy, and to understand the current lack of participation. In addition, the study was expected to generate knowledge on the role of water in rural communities, and how it could be better managed and shared.



Case study sites

Three sites were identified for the purposes of the study:

- 1) Willowvale, Eastern Cape
- 2) Marina Village, Eastern Cape
- 3) Mooi River Irrigation Scheme, KwaZulu-Natal.

At Willowvale, two surveys were undertaken, in total 182 households of Ciko and Mbozi villages. At Marina, the study focused on banana growers being supported by Lima Rural Development Foundation in five villages in the Bizana Local Municipality.

The third site at Mooi River involved 71 farmers from across the smallholder scheme, and was followed by the main household survey involving 307 farmers.

Main findings

The study explored factors impacting on available human capital. The first element was the description and quantification of rural livelihoods, which included an assessment of rural livelihoods at the three sites selected in terms of economic status and resource availability.

This informed the classification of farmers. It became clear from the study that one cannot use a single label for all small-scale farmers in a particular area as there is variation in the assets they own, the extent to which they market their produce or use it at home, their scale of production, and the access that they have to off-farm sources of income for investment in agriculture.

The goals and aspirations of farmers were considered as criteria to classify farmers. Many farmers have multiple goals and produce for own use as well as selling surplus produce when a market presents itself. Some farmers, who are classified as profit makers or business farmers, engaged in certain commodities with the objective of marketing them and generating income, but these were generally informal markets rather than formal outlets, such as fresh produce markets or retail outlets.

Generally, value chains were very short and there was almost no value adding or processing encountered. Overall, very little use was made of formal markets such as fresh produce markets. These markets were not accessible and the farmers could not compete with large-scale producers.

Sometimes farmers' products were not of a standard that allowed them to supply to higher paying markets, but even hawkers raised the issue of poor grading of products during interviews.

The social capital available to, or impacting on, smallholder value chains, was considered in terms of traditional leadership, organisations supporting smallholders (government and NGOs) and governance of local structures such as committees. It was found that traditional leadership structures played a key role – mainly in land allocation procedures and conflict resolution.

Relationships with other actors also ensures access to resources and support. Such actors included provincial and local government.

In some cases there was apparent confusion of the division of roles and responsibilities of government departments. Skills transfer and capacity building was found to take place either through experiential learning, knowledge sharing between farmers or through training and mentorship initiatives by various stakeholders.

Most organisations working with farmers required that they form some sort of structure to facilitate training and support. In some cases support was only provided where farmers actually produced collectively, while other support organisations only required that farmers participate in some sort of organisation or commodity groups.

As many farmers operate in groups, the internal environment of these groups, in terms of trust and commitment of the members, was an important aspect of social capital.

Conclusions

The consideration of the different forms of capital available to smallholders showed that their participation in the

mainstream economy is limited by a range of different factors. These include a lack of physical capital (infrastructure as well as machinery), a lack of human capital (skills and ability to work), and a lack of social capital (especially in the case of irrigation schemes that require coordination and compliance if they are to be successful).

In many cases, there are strong linkages between different forms of capital. For example, linkages with markets constitute a form of social capital, but without good roads to allow for the transportation of produce (physical capital), these linkages soon break down.

Human capital deficits related to skills and knowledge as well as the ability to work, should be addressed. Specific skills gaps, such as irrigation water management and business skills, should be addressed appropriately.

In general, agricultural development programmes need to recognise the value of the existing human capital as well as its limitations. Interventions should be varied to suit people's objectives, available resources and aspirations, with the understanding that in communal areas households adopt diverse livelihood strategies and have multiple objectives with regard to their farming activities.

While farmers may strive to be more market oriented, the importance of meeting household food needs simultaneously should not be underestimated. Classifying farmers and their activities according to typologies allows organisations working with farmers to develop programmes that are suited to their objectives and resources.

Smallholder farmers have options to continue within their current value chains and rely on selling to hawkers, traders and the local community, or to participate in the formal value chain. Critical decisions require the assistance of support agents who can compare the costs and benefits of making such changes.

Similarly, both government extension staff and NGO field staff need to work with farmers to determine the viability of different enterprises so that farmers have the necessary information to make meaningful decisions regarding crop mixes. Effective linkages between smallholder and commercial farmers should be facilitated wherever possible by extension staff or other organisations supporting farmers.

Further reading:

To order the report, *Investigation of smallholder food value chains: Evidence from Eastern Cape and KwaZulu-Natal provinces* (Report No. 1879/1/14) contact Publications at Tel: (012) 330-0340, Email: orders@wrc.org.za or Visit: www.wrc.org.za to download a free copy.