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# CREATING A SMALL BUSINESS ORIENTATED FARMING IN THE LESS DEVELOPED AREAS OF SOUTH AFRICA

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## INTRODUCTION AND BACKGROUND

The history of small-scale farming in South Africa is an interesting one and it has undergone several changes. The changes have largely been dictated to the sector by the discriminatory laws of the apartheid system. Before the introduction of these oppressive laws the black small-scale farmers were generally able to produce enough food for their families and a surplus to sell to neighbours within their villages. This information has been documented by, among other historians, Colin Bundy (1979) especially for the Eastern Cape. In areas such as Mount Frere, Lusikisiki and others in the former Transkei and Middledrift and Keiskammahoek in the former Ciskei, the black small-scale farmers were consistently producing surplus crops and livestock products and selling them through the neighbouring markets.

These ventures by these farmers were largely at their initiative and there was minimal interference by the state. The introduction of the "homeland" system in South Africa brought about top-down approaches to development such as the so-called "betterment schemes" whose intention was to make these farmers passive participants in the process. In most areas, such as Pondoland, these oppressive measures were resisted resulting in violence and death among the villagers. These programmes by the state were intended to take over control from the individual and groups of farmers thereby making them subservient to the state. Irrigation schemes such as the one in Ncora (Cofimvaba) and Tyefu (along the Fish River) were introduced by the "homeland" governments at a huge cost. These schemes were flawed because they turned the land-owners into labourers, were consultant driven, very expensive, environmentally unfriendly and badly planned. South Africa's former "homeland" areas are characterised by such schemes and these projects have proved to be non-viable.

## ROLE OF AGRICULTURE WITHIN THE RURAL ECONOMY OF THE LESS DEVELOPED AREAS

### Food Supply

A significant percentage of people in the less devel-

oped areas of South Africa (especially in the former homeland areas) are involved in agricultural activities in order to meet their household food requirements (subsistence farming). These operations are carried out by a family on approximately quarter-hectare arable plots and communal grazing. The serious constraints that confront these farmers mean that any failure to produce in a particular season poses a definite threat of hunger and poverty. Poverty is, according to the World Bank (1994), worst in the rural areas. According to this report the percentage of blacks living in poverty is approximately 68%. Operation Hunger also indicated in a recent report that nutritional surveys showed that the number of stunted children may exceed 35%.

### Employment Generation

Families in less developed rural areas of this country often get involved in agriculture as a source of employment. It is probably the only readily available opportunity for jobs. The capacity of the economy to absorb labour has been declining since the 1960s and the unemployment among the black urban and rural people is currently estimated at 53% (World Bank, 1994). The failure of this sector to provide employment opportunities has resulted in migration by large numbers of young and energetic people towards the urban centres. This problem invariably weakens the agricultural sector and contributes to overcrowding in the urban areas. The labour absorption capacity of the agricultural sector in the less developed areas is presently very low and this trend seems to be worsening.

### Social Security

The extended family system that characterises the African culture means that relatives live together and share whatever resources at their disposal. Their social arrangement depends for its sustenance on productive agricultural activities. Labour and other factors of production are usually made available to the family on a co-operative basis. This system has contributed enormously in reducing the burden on the state social security system. There are indications that the agricultural sector in these areas is fast losing its ability to provide a reliable social security system to the rural people. This problem (as with the decline of

employment opportunities) contributes to the social disorders that we are experiencing in both urban and rural areas.

### **Wealth Creation**

Agriculture, especially livestock production, is regarded as the generator of wealth in the rural economies. Female farmers, for example, are usually active poultry and pig producers whilst male farmers tended to concentrate on cattle, sheep and goats. These products are sold to other non-farming rural families at prices that are often higher than the market related prices. Field crops and horticultural products are produced through joint efforts of the entire family and these are sold within the villages and sometimes in nearby markets. It has, however, been observed that these farmers are inclined towards producing staple crops irrespective of their suitability to the areas. For example, in Debe Nek (Middledrift) Jack (1993) found that sorghum is best suited for the area but the farmers continued planting maize which was least suited. It was also observed that they were not using any form of fertilizer as a result their crops often failed.

The contribution of agriculture towards wealth creation is generally minimal. There are, however, individuals such as the village shopkeepers who have been found to operate their farming activities on business lines. These shopkeepers, for example, would produce maize and mill it as mealie meal and sell it through their shops. There are other co-operative ventures that have been observed where a group of villagers bought a miller and milled maize from themselves and others and sold it for a profit.

## **PROBLEMS PREVENTING BLACK SMALL-SCALE FARMING FROM BEING A VIABLE BUSINESS VENTURE**

There are policy and resource related issues that prevent black small-scale farming from realising its full potential. These problems relate to a lack of interest shown by the previous homeland governments in the development of a clear and unambiguous agricultural policy that is people centred and showing elements of sustainability. The present government has recently unveiled a programme called BATAT (Broadening Access to Agriculture Thrust) whose main purpose is to reverse the problems that are found in this sector. The BATAT programme has thus far not shown any signs of progress.

### **Agricultural Policy and Strategy**

Attempts to formulate agricultural policy and strate-

gies in South Africa have been confined to the predominantly white commercial farming sector. The homeland governments have generally adopted autocratic practices that were often resisted by the black small-scale farmers resulting in conflict. It is therefore evident that black farmers have not been given an opportunity to have a say in their own activities. The BATAT programme is an attempt to empower these farmers in order to mobilise themselves, participate in debates on policy formulation, formulate strategies and be empowered to control processes relating to their operations. The ultimate objective is to broaden access by the farmers to support services such as credit, extension, marketing, training, input supply and farming infrastructure.

### **Resource Availability**

The most limiting resources in black small-scale farming are land and capital. Given the legacy of the apartheid system, the resource endowment of the former homelands is recognised to be poor by design. The total arable land available to these areas per capita is estimated to vary from 0,08 to 0,27 hectare (World Bank, 1994, p.31). It has also been observed in the World Bank report (p.31) that *"although these areas generally receive abundant rainfall, steep terrain reduces the amount of arable land contained within them"*. The shortage of land in the former homelands has resulted in, among other things, serious soil erosion. This state of affairs is *"often aggravated by the prevalent inappropriate cultivation methods. Stocking rates in these areas often exceed the carrying capacity by more than 100% leading to productivity losses and environmental damage"* (World Bank, 1994, p.33).

The availability of financial support to farmers in South Africa has, until recently, been provided only to white farmers through the Land and Agricultural Bank, co-operatives, Agricultural Credit Board and direct grants by the State. White farmers have been able to borrow at subsidised interest rates from these institutions whilst black farmers did not get this opportunity. Black farmers in the homeland areas were expected to seek financial support from the resource poor agricultural banks in those areas. The private sector in areas like KwaZulu-Natal has contributed significantly in mobilising financial support to small-scale sugar cane farmers. In an attempt to address the lack of access by black small-scale farmers to financial support, the government appointed the Strauss Commission to investigate ways and means of creating access to financial services by the rural people in general. The Commission has since published its interim report and is presently being debated by the members of the public.

## DISCUSSION AND POLICY RECOMMENDATIONS

The agricultural sector in the less developed areas of South Africa was designed under an oppressive system. It was therefore never intended to empower the black farmers in those areas and this has resulted in legitimacy and sustainability problems. The best approach that needs to be adopted is the "re-engineering" of the sector. Re-engineering has been defined by Michael Hammer (1994, p.32) as the "fundamental re-thinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed".

The point of departure for the re-engineering of the black small-scale farming sector is to recognise that it is a business and therefore business principles need to be observed in the process. This sector has been regarded as the alternative refuge for economic failures in the country especially the mining sector. There have been no progressive policies in place that would enable it to be self-reliant. The other problem that has characterised South Africa has been that of treating this sector as a sub-structure of commercial agriculture. The commercial agricultural sector and the small-scale farming sector have different objectives and support needs and therefore require appropriate and specific policies and strategies.

There is a need for fundamental rethinking of the broad objectives and goals of the small-scale farming sector in South Africa. This process needs to involve the operators in this sector without any domination by people from outside. It is, however, a known fact that these farmers lack skills and capacity to articulate their views during the process. There is therefore a need for programmes that would promote intensive capacity building and training to ensure effective participation. These programmes have to be developed with those farmers in order to increase chances of success. Leadership skills are also necessary so that the process can soon be under their control.

Nanjundaswamy (1996, p.35) has argued that "there must be technological decentralisation ensuring total participation by the people in the development process". He further argued that "the villagers should be masters of the resources" and that "this is opposed to the contemporary Western development model where the industry takes complete control of the process and resources while the people become mere onlookers and objects of development". There is no way that the present structure of agriculture in the less developed areas

can be restructured to be in line with Nanjundaswamy's people-centred approach. The only alternative would be to introduce radical redesign in order to achieve "dramatic improvements in critical contemporary measures of performance".

The argument by Nanjundaswamy that the small-scale farmers "should be masters of the resources" is very critical in the re-engineering process. As indicated earlier (in the Introduction and Background), small-scale farmer development approaches in South Africa have been designed to make the farmers "the servants" of the process with little or no say. There cannot be an entrepreneur who is controlled by support services. For example, the extension service is supposed to respond to the information needs of the farmers instead of dictating to the farmer. It is therefore critical to redesign the support systems viz extension, credit, training, input supply, marketing and infrastructural development so that they can effectively meet the needs of the farmers. The critical contemporary measures of performance such as cost, quality, service and speed would need to be dramatically improved.

South Africa is facing a serious challenge in as far as the eradication of poverty is concerned. The problem of poverty is prevalent in the less developed areas of the country especially the former "homelands". The development of the small-scale farming sector in these areas offers an opportunity of ensuring food security, employment, social security and wealth creation. There is, however, a need for re-engineering this sector with a view of making the farmers "the masters of the resources". The drastic shift in policy is necessary if the government and the people of this country are to avoid catastrophe.

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