

# AGRICULTURE AND POVERTY IN SOUTH AFRICA: CAN AGRICULTURE REDUCE POVERTY?<sup>1</sup>

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*The decisive factors of production in improving the welfare of poor people are not space, energy and cropland; the decisive factors are the improvement in population quality and advances in knowledge (Schultz, 1981).*

## 1. INTRODUCTION

Between 40 and 50 percent of South Africa's population can be classified as living in poverty (Terreblanche, 2002; Woolard and Leibbrandt cited in FAO, 2004) while 25 percent of the population can be categorised as ultra-poor. Although the country is self-sufficient in food production, about 14 million people are said to be vulnerable to food insecurity and 43 percent of households suffer from food poverty (National Treasury, 2003).

South Africa is classified as an upper middle-income country with one of the most skewed distribution of income in the world. The country's Gini coefficient is estimated at 0.68 calculated from the 1996 Population Census data (Marais cited in FAO, 2004). This is higher than the Gini coefficient of 0.58 during the mid-1990s. The large income gap between the rich and poor is a matter that is receiving attention from the government. A number of policies aimed at *inter alia* bridging the income gap and promoting economic empowerment of previously disadvantaged communities are in place. These include the recently promulgated Broad-based Black Economic Empowerment Act of 2003.

Poverty is more pervasive in rural areas particularly in the former homelands. The majority (65 percent) of the poor are found in rural areas and 78 percent of those likely to be chronically poor are also in rural areas (Woolard and Leibbrandt cited in FAO, 2004). Commenting on poverty in developing countries, Ashley and Maxwell (2001:395) state that "Poverty is not only widespread in rural areas, but most poverty is rural, .... Yet this core problem appears to be neglected". They further note that there has been a decline in resource flows to the rural sector and this applies more to agriculture than it does to other sectors.

In rural development literature, agriculture is considered as the best vehicle to reduce rural poverty. In most developing countries, agriculture and agriculture-related activities provide most of the employment in rural areas. The implication is that agricultural workers are poorly paid and that most of the employees in the agricultural sector are unskilled. This also means "that increasing agricultural growth may have a large positive

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impact on poverty” (Lopez, 2002). In South Africa, 42 percent of the total population were in rural areas in 2001 (World Bank, 2003). Given that a significant proportion of the South African population are in rural areas and 65 percent of the poverty is rural, can agriculture play a major role in poverty alleviation? How can agriculture’s role in poverty alleviation be enhanced? What has been done to enhance agriculture’s role and what could be done to increase agriculture’s contribution to poverty alleviation? These are some of the question this paper will address. The focus will be on the role of smallholder agriculture in poverty alleviation.

The remainder of the paper is organised as follows. The second section presents some theoretical aspects of agriculture’s contribution to poverty alleviation. It outlines the role of agriculture in poverty alleviation as described in the literature on agricultural and rural development. Section three examines the role played by smallholder agriculture in improving livelihoods in South Africa. Section four outlines government initiatives aimed at promoting smallholder agricultural development and the rationale for these initiatives. Section five addresses the issue of what needs to be done to maximise agriculture’s contribution to poverty alleviation.

## **2. THE ROLE OF AGRICULTURE IN POVERTY ALLEVIATION: THEORETICAL CONSIDERATIONS**

The role of agriculture in the economy is generally acknowledged. However, there is no consensus on the issue of whether agriculture is the most appropriate way to fight poverty in developing countries. One school of thought argues that since the majority of people in most developing countries are in rural areas and most of them are engaged in agricultural production or agriculture-related activities, agriculture is the most effective way to reduce poverty. The second school of thought recognises the contribution of agriculture to poverty alleviation but attaches more importance to non-agricultural activities (e.g. rural non-farm enterprises and social services). For example, McIntosh and Vaughan (1996:91) state that “... the notion that a broadly based smallholder agriculture can be created, and that it can transform the character of the agricultural production system is an inappropriate premise on which to build policy frameworks designed to improve livelihoods” in South Africa. Noting these divergent views on the role of smallholder agriculture in poverty alleviation, the following section outlines the positive contribution of agriculture, especially smallholder agriculture, to poverty alleviation.

The rural sector can be considered to consist of three sub-sectors: (a) the smallholder (subsistence or semi-subsistence) sector consisting of self-employed farmers producing staple food and some commercial goods; (b) the commercial farm sector comprised of medium and large size farmers and provides employment to a significant number of the landless; and (c) the rural non-farm sector.

Delgado (1998:1) argues that “Smallholder agriculture is simply too important to employment, human welfare, and political stability in Sub-Saharan Africa to be either ignored or treated as just another small adjusting sector of a market economy ....” During the 1960s, many African governments paid more attention to large-scale farmers with the encouragement of donors (Eicher, 1994). Middle or ‘progressive’ and smallholder farmers were not given any attention. Because of the high failure rate of these schemes, many donors turned their attention and financial support to smallholder agriculture in the 1970s. Eicher (1994:87) argues that middle farmers should be “viewed

as a positive force in 'getting agriculture moving'. He suggests that African governments should give priority to the development of both smallholder and middle farmers. With the necessary support, smallholder farmers have the potential to produce a marketable surplus. Smallholder farmers in Kenya with farms of less than two hectares have increased their share of national agricultural production from four percent in 1965 to 49 percent in 1985 (Lele and Agarwal, 1989). Zimbabwe's remarkable increases in maize production by smallholder farmers in the 1980s is another example and is often referred to as Africa's green revolution success story (Eicher, 1994). Smallholder farmers in Zimbabwe tripled maize production between 1980 and 1987 and increased their share of the national marketable maize surplus from ten percent in 1980 to 40 percent in 1987 (Eicher, 1994). This success was attributed to the launch of a government programme to boost maize and cotton production and development of hybrid maize varieties.

Agriculture contributes to poverty alleviation at rural, urban and national levels in three ways: (a) reducing food prices; (b) employment creation; (c) increasing real wages; and (d) improving farm income. Results of studies conducted in several countries indicate that the "pro-poor role of agricultural growth can be dramatic, and much more effective than other sectors at reducing poverty and hunger in both urban and rural areas. Agricultural growth has strong and positive impact on poverty often significantly greater than that of other economic sectors" (FAO, 2004:12). Irz et al. (2001) analysed the relationship between agricultural growth and rural poverty. The results show the poverty-alleviation effects of agricultural growth to be strong. For example, a one-third increase in yield was expected to reduce the number of poor people by a quarter or more.

With regard to food security, the studies conclude that growing the agricultural sector is the primary channel for achieving household food security. The studies also conclude that unless agriculture reaches some degree of commercialisation, the impact of agricultural growth on food insecurity and poverty alleviation is limited. Another important observation from the studies is that households (in the rural sector) engaged in agricultural activities tend to be less poor and have better nutritional status than other households. A study conducted in Indonesia found that agricultural growth reduced the depth of poverty by 50 percent in rural areas while the percentage for urban areas was 36 (FAO, 2004).

The above analysis presents a strong case for agriculture's role in reducing poverty. However, it should be noted that the nonfarm sector also plays a key role in poverty alleviation. Furthermore, a growing nonfarm sector is important for promoting growth in the agricultural sector.

### **3. WHAT IS THE CONTRIBUTION OF SMALLHOLDER AGRICULTURE TO POVERTY ALLEVIATION IN SOUTH AFRICA?<sup>2</sup>**

One way to assess the contribution of agriculture to poverty is to look at its share of the total household income. In a study involving 138 smallholder irrigation farmers in Limpopo Province by Machethe et al. (2004), household income sources were divided into two broad categories of farm and non-farm sources. Farm income included income derived from the sale of farm produce (no livestock income is included as the

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<sup>2</sup> This section relies heavily on Machethe et al. (2004).

households did not have any livestock). Non-farm sources included old-age pension, remittances, wages, family business and other sources. Table 1 outlines the various household income sources and the contribution of each to total household income.

Farming is the greatest contributor to household income -- more than 40 percent of total household income is generated from farming. Old-age pension is the second most important source of household income with a contribution of about 25 percent to total household income followed by wages contributing about 20 percent to household income. Non-farm income sources as a category contribute more to household income than farming – about 60 percent of total household income is from non-farm sources.

*Table 1. Sources of income and contribution to total household income*

<b>Income source</b>	<b>Average monthly income (R)</b>	<b>Contribution as % of total household income</b>
Farming	545	41.0
Pension	329	24.8
Wages	258	19.4
Remittances	165	12.4
Family business	19	1.4
Other non-farm income	13	1.0
<b>Total</b>	<b>1329</b>	<b>100</b>

Source: Machethe et al. (2004)

Categorizing the households into “poor” and “rich” and analyzing the contribution of the various sources of income to total household income provide some interesting results. This is done in Table 2 using the median income to divide the households into “poor” and “rich”. “Rich” households include those with total household income above the median income for all households while those whose income falls below the median income are considered to be “poor”.

*Table 2. Sources of income and contribution to total household income for poor households (using median income for categorisation)*

<b>Income source</b>	<b>Average monthly income (R)</b>	<b>Contribution as % of total household income</b>
Farming	62	27.7
Remittances	53	23.6
Wages	52	23.1
Pension	37	16.5
Family business	19	8.2
Other non-farm income	2	0.9
<b>Total</b>	<b>225</b>	<b>100</b>

Source: Machethe et al. (2004)

Farming is the most important source of income for “poor” rural households – contributing approximately 28 percent to total household income. Remittances and wages are the second and third most important sources of income, respectively, for poor households -- contributing just over 23 percent each to total household income. These results are similar to those presented above for all households as they also indicate that non-farm sources of income contribute more to household income than farm sources. However, farming contributes more to household income than all individual non-farm sources of income.

*Table 3. Sources of income and contribution to total household income for richer households (using median income for categorization)*

<b>Income source</b>	<b>Average monthly income (R)</b>	<b>Contribution as % of total household income</b>
Farming	745	42.9
Pension	395	22.7
Wages	344	19.8
Remittances	215	12.4
Family business	21	1.21
Other non-farm income	17	0.98
<b>Total</b>	<b>1737</b>	<b>100</b>

Source: Machethe et al. (2004)

A breakdown of income sources and their contribution to total household income for “rich” households is provided in Table 3. Although farming is the most important source of income for “rich” households, non-farm sources as a category contribute more to total household income. Table 3 also indicates that “rich” households depend more on farming for their income than “poor” households. Furthermore, pension and wages are the most important non-farm sources of income for “rich” households. These results also confirm the important role of farming as a contributor to household income. The results further indicate that the role of agriculture as a source of household income is more pronounced in the case of “rich” households than it is for “poor” households.

Categorisation of the households into “rich” and “poor” using the household subsistence level of R250 per adult equivalent per month (Table 4) indicates that farming is the most important source of income for rich households while pension is the most important source of income for “poor” households. Farming plays a more dominant role as a source of household income for “rich” households and its contribution to household income exceeds the total contribution of all non-farm income sources combined. Non-farm sources contribute more to household income for “poor” households than farming. Except for the results indicating that pension is the most important source of income for “poor” households, the results are similar to those presented in previous sections. Even in “poor” households, farming is the second most important source of income confirming its importance as a contributor to household income (Table 5).

*Table 4. Sources of income and contribution to total household income for richer households (using household subsistence level of R250 per month/person)*

<b>Income source</b>	<b>Average monthly income (R)</b>	<b>Contribution as % of total household income</b>
Farming	1821	56.4
Wages	553	17.1
Pension	452	14.0
Remittances	359	11.1
Family business	28	0.9
Other non-farm income	18	0.6
<b>Total</b>	<b>3231</b>	<b>100</b>

Source: Machethe et al. (2004)

*Table 5. Sources of income and contribution to total household income for poor households (using household subsistence level of R250 per month/person)*

<b>Income source</b>	<b>Average monthly income (R)</b>	<b>Contribution as % of total household income</b>
Pension	297	37.0
Farming	191	23.8
Wages	175	21.8
Remittances	111	13.8
Family business	17	2.1
Other non-farm income	11	1.4
<b>Total</b>	<b>802</b>	<b>100</b>

Source: Machethe et al. (2004)

The above analysis indicates that agriculture plays a key role in poverty alleviation in rural areas. Agriculture is not only a major contributor to total household income but the contribution seems to increase as households become richer.

Another study involving 1031 households by May et al. (reported in FAO, 2004) conducted in KwaZulu-Natal confirms the important role of agriculture in poverty alleviation. The study concludes that households engaging in agricultural activities tend to be less poor than those not participating in agricultural production. Furthermore, the study notes that the level of farm income increases with total household income suggesting that agriculture remains an important source of income even for households deriving a significant proportion of their income from nonfarm sources. The study also

found that some households that were engaged in informal activities moved to agriculture suggesting that agriculture was a better option as a source of income for these households than informal activities.

#### **4. GOVERNMENT EFFORTS TO PROMOTE SMALLHOLDER AGRICULTURAL DEVELOPMENT IN SOUTH AFRICA**

Many of the services required to promote smallholder agricultural development are public goods. Therefore, little progress can be expected in achieving the objectives of agricultural development without government involvement. Some of the initiatives of the South African government aimed at promoting smallholder agricultural development are outlined in this section.

##### *Land Reform*

Access to land for production purposes is an essential requirement for the poor to enjoy the benefits of agricultural growth. The government has since 1995 when the Settlement/Land Acquisition Grant (SLAG) programme was launched made efforts to improve access to land for productive purposes. The rationale for this programme was that if black people were provided with financial assistance, they would be able to purchase land on willing-seller-willing-buyer basis allowing market forces to play their role and, thus, minimize the role of government. The SLAG did not live up to expectations and a new programme, Land Redistribution for Agricultural Development (LRAD), was introduced in 2000. However, Deininger and May (2000) conclude that the land reform programme was able to target the poor and was successful in combining equity and efficiency. A study by Hall et al. (2003) indicates that the pace of land reform has increased since 2000 in terms of the amount of land redistributed but the number of beneficiaries has declined. A major criticism of the land reform programme is that little attention has been given to the provision of farmer support services to land reform beneficiaries. Global experience shows that it is fruitless to embark on a land reform programme without ensuring access to farmer support services (Eicher and Rukuni, 1996).

##### *Agricultural Credit*

Improving access to credit is often regarded as one of the key elements in raising agricultural productivity. The establishment of parastatal institutions with a mandate to channel credit to smallholder farmers is one of the approaches used by governments in developing countries to promote smallholder agricultural development. In South Africa, such parastatals were established in the former homelands. On the other, the Land Bank and the defunct Agricultural Credit Board were established to address the credit needs of commercial farmers. Some of the parastatals that were established in the former homelands have collapsed as the result of the transformation of agriculture in the country leaving smallholder farmers without access to credit services. The Land Bank was expected to fill the vacuum created by the demise of homeland parastatals. The mandate of the Land Bank has been broadened to include persons that were previously excluded from enjoying the services the bank provided. While the Land Bank has succeeded in reaching more smallholder farmers with loans, the majority of these farmers still do not have access to credit. In its 2003 annual report, the Land Bank reported that R2 billion was advanced to some 15 000 black farmers and that the number was increasing by 80 percent annually. Furthermore, 130 000 microenterprise

entrepreneurs are reported to have received loans from the Land Bank. The Land Bank has also increased the number of branches to more than 80 outlets, including 20 mobile outlets serving rural areas (Land Bank, 2003).

The realisation that insufficient progress has been made with regard to improving access to credit for smallholder farmers has prompted the government to establish the Agricultural Credit Scheme. The scheme is supposed to address the credit needs of smallholder farmers while the Land Bank concentrates on lending to established commercial farmers. A major challenge will be to simultaneously achieve the objectives of improving access to credit for smallholder farmers and ensuring the financial sustainability of the scheme.

### *Infrastructure*

High transaction costs is one of the major factors constraining the growth of smallholder agriculture in African countries and this can largely be attributed to poor infrastructure. An analysis of the experience of any country that has successfully developed its agriculture will always identify the provision of good infrastructure as a requirement for achieving higher levels of agricultural productivity and profitability. This is true whether one is looking at the development of American agriculture or the green revolution experience of Asian countries. Commenting on the American agricultural development experience, Cochrane (1993) concludes that there can be no agricultural development without the services that flow from the required infrastructural elements. A careful analysis of the Asian green revolution reveals that physical infrastructure (irrigation, roads, storage, etc.) was a key element in the success achieved.

Inadequate physical infrastructure in rural areas, particularly in the former homeland areas, remains a major obstacle to smallholder agricultural growth in South Africa. Despite government initiatives to improve the quality and quantity of infrastructure in the rural areas through programmes such as Community Based Public Works Programme, Consolidated Municipal Infrastructure Programme, and Poverty Relief and Infrastructure Investment Fund, the impact on the lives of many rural people has been limited (Everatt and Zulu, 2001).

In the area of smallholder irrigation in the former homelands, South Africa has made large investments but many of the irrigation schemes are not performing optimally (Machethe et al., 2004). In addition, the withdrawal from service provision by provincial governments and the collapse/withdrawal of parastatals that were responsible for operation and maintenance of irrigation infrastructure is threatening the viability of the irrigation schemes. In Limpopo Province, the provincial department of agriculture has initiated a process of rehabilitation of the irrigation schemes and intends to hand over the management of the schemes to smallholder farmers once the process is complete.

### *Comprehensive Farmer Support Services*

Smallholder agricultural growth cannot be achieved without access to farmer support services. International experience has shown that, with adequate access to farmer support services, smallholder farmers can significantly increase agricultural productivity and production. For example, smallholder farmers in Zimbabwe doubled maize and cotton production in the 1980s when extension, finance and marketing services were provided (Rukuni and Eicher, 1994). Similar results were achieved in Southeast Asia



when access to farmer support services was improved (Purcell, 1994). It is worth noting that in these examples of successful efforts to raise smallholder agricultural productivity, a variety of farmer support services were provided simultaneously. To emphasise the need to view these services as a package, Mosher (1971) refers to them as “elements of a progressive rural structure”.

A look at agricultural development strategies in the 1960s is helpful in avoiding some of the pitfalls. During the 1960s, large investments were made in agricultural research, especially the introduction of high-yielding varieties. Despite all these investments, there was little improvement in the productivity and incomes of the majority of resource-poor farmers (ODI, 1979). Two factors are attributed to this relative failure. The emphasis on crop production technology failed to recognise that farmers were facing a multitude of constraints and lack of access to technology was just one of these. Increasing agricultural productivity required addressing all of these constraints which included health, education, physical infrastructure, etc. These problems needed to be attacked simultaneously. A second reason for the failure of efforts to increase agricultural productivity in the 1960s was that the benefits from programmes based upon the provision of a particular agricultural input were often captured by progressive farmers at the expense of poor ones. Therefore, it was necessary to act simultaneously on agricultural and non-agricultural factors to increase agricultural productivity; and to integrate agricultural inputs into the neglected resource-poor farming sector.

The Comprehensive Agricultural Support Programme<sup>3</sup> introduced in South Africa to address the problem of lack of access to farmer support services appears to have incorporated some of the lessons from the agricultural development experience of the 1960s. This observation is based on the fact that the programme attempts to provide a wide range of services simultaneously rather than emphasising one of the elements of a progressive rural structure. This approach is likely to contribute to the success of the land reform programme which has been criticised for failing to provide farmer support services after farmers have been settled on new farms. The approach needs to be broadened to include smallholder agriculture in the former homelands where farmers require comprehensive farmer support services. Currently, these services are not available to the majority of smallholder farmers. Where farmer support services are available, often only a single (e.g. extension) or a few of the services will be provided rather than adopting a comprehensive approach.

## **5. WHAT NEEDS TO BE DONE TO INCREASE THE CONTRIBUTION OF AGRICULTURE TO POVERTY ALLEVIATION?**

Increasing the contribution of agriculture to poverty alleviation implies raising the incomes of smallholder farmers. This requires promoting the growth of smallholder agriculture. The problems of increasing incomes in smallholder agriculture in Africa have been examined in the literature on agricultural and rural development. The consensus reached on how to promote growth in smallholder agriculture is that it (a) is not easy; (b) will require overcoming structural constraints arising from history and geography; and (c) will require more than market reforms (Eicher, 1994; Delgado, 1995). This section attempts to (a) identify areas of investment likely to impact positively on

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<sup>3</sup> The Comprehensive Agricultural Support Programme is a programme of the National Department of Agriculture aimed at providing post-settlement support to land reform beneficiaries.

smallholder agricultural productivity; and (b) outline some of the principles to be observed if smallholder agriculture is to increase its contribution to poverty alleviation.

### **5.1 Investing in the Prime Movers of Agricultural Development**

Significant achievements can be made in agricultural development by creating a favourable economic environment and investing in the 'prime movers' of agricultural development: human capital, agricultural research, biophysical capital formation, and rural institutions (Eicher, 1994). Asia's experience of changing the long-term comparative advantage in export commodities clearly indicates that major achievements in smallholder agriculture can be made by investing in the above areas. South Africa has invested in these areas over the years and this is a major explanation for the country to have one of the most developed commercial agricultural sectors in the world. The challenge now is to make similar investments to get the smallholder agricultural sector moving. The human capital and institutional base of smallholder agriculture must be strengthened for long-term growth in this sector and to attack rural poverty in a sustainable manner. Investments in science and technology and the quality of people have become major determinants of comparative advantage surpassing the role of natural resource endowments.

### **5.2 Drawing Lessons from Global Experience**

South Africa can draw lessons from Asia's green revolution experience. The main ingredients of the green revolution were (a) physical infrastructure (irrigation, roads, storage, etc.); (b) technological innovation and diffusion (modern varieties, extension services); and (c) fertilizer and chemical application. An analysis of the development of American agriculture by Cochrane (1993) indicates that the same factors were largely responsible for the development of the agricultural sector. Focusing on the above ingredients of the green revolution is likely to result in a greater impact on agricultural productivity in the former homeland areas. More needs to be done to improve access to improved technology for smallholder farmers and increasing the area of land under irrigation.

### **5.3 Production of High Value-added Products**

Staple food crops such as maize dominate the production systems of smallholder farmers in the former homelands. Increasingly, the view that smallholder farmers should engage in the production of high value-added products such as animal products, horticulture and beverage crops is gaining momentum (Jaffee and Morton, 1995). Delgado and Siamwalla (1997) conclude that promoting growth in smallholder agriculture through participation in world markets (by selling high value-added items) will require significant vertical integration of smallholder farmers to processing and marketing firms. In addition, smallholder farmers will need to gain access to assets, information, infrastructure, and remunerative markets. All of these elements are either lacking or insufficient in the former homeland areas.

### **5.4 Strengthening Farm/Nonfarm Linkages**

The promotion of farm/non-farm linkages is one aspect that has received little attention in strategies for promoting smallholder agricultural growth in South Africa. Yet strengthening these linkages has proved effective in generating employment and income in other countries (Machethe et al., 1997). The development of small agroindustrial

businesses in the former homelands would generate employment and income by (a) providing inputs to smallholder farmers; and (b) adding value to products of smallholder farmers through processing and distribution. The potential for such agroindustrial businesses appears to be enormous in a province like Limpopo whose agricultural economy is largely based on the production of horticultural and livestock products.

### **5.5 Not Every Rural Resident is or should be a Farmer**

Strategies for smallholder agricultural development need to take cognisance of the fact that the skills and interests of rural residents are not the same. Not every rural resident should be treated like a farmer and not all rural residents are interested or skilled in improving their livelihood through farming. Therefore, it is important to ensure that government initiatives to reduce poverty through smallholder agricultural development focus on those that are interested and/or have the necessary skills to farm successfully. Other rural development strategies should be developed for those interested in nonfarm activities.

### **5.6 Smallholder Farmers and Farming Areas are not Homogeneous**

Any attempt to increase the contribution of agriculture to poverty reduction needs to appreciate that farmers are not a homogeneous group. An effective smallholder agricultural development strategy will recognise that there are different categories of smallholder farmers requiring different approaches. "An agricultural strategy that relies on a standard package of 'technological bullets' is too narrow to assist the diverse agrarian structure in Africa today" (Eicher, 1994:87). Technological and institutional packages should be tailored for each category of farmers. Likewise, farming areas in the former homelands do not have the same agricultural potential. Therefore, diverse strategies will need to be developed to ensure that each farming area is assisted to reach its agricultural potential.

## **6. CONCLUSION**

Poverty and income inequality persist in South Africa despite efforts to eliminate them. The poverty problem in South Africa is largely rural. Promoting smallholder agricultural growth can be an effective strategy to reduce rural poverty and income inequality. Evidence from other countries shows that, with the necessary support, smallholder agriculture can contribute significantly to poverty alleviation by raising agricultural productivity and rural incomes. Farming constitutes a major source of income for many rural communities in South Africa and, therefore, plays a major role in poverty alleviation. This role can be enhanced by making appropriate investments in the prime movers of agricultural development: human capital, agricultural research, biophysical capital formation, and rural institutions. Such investments have proved effective in promoting smallholder agricultural growth in other countries and largely explain the success achieved in developing the commercial agricultural sector in South Africa.

Access to agricultural support services remains a major factor constraining the growth of smallholder agriculture in the former homelands. Experience from other countries indicates that a comprehensive approach to the provision of farmer support services is required to achieve growth in the smallholder agricultural sector. This approach has been embraced in South Africa as demonstrated by the launch of the Comprehensive Agricultural Support Programme. This programme is expected to address the problem

of lack of access to farmer support services especially for land reform beneficiaries. To achieve a broad-based smallholder agricultural development, it will be necessary to broaden the scope of the programme to include smallholder farmers in the former homelands.

While agriculture plays a major role in poverty alleviation, the poverty problem in South Africa cannot be solved by promoting smallholder agricultural growth alone. More attention should also be given to the promotion of nonfarm activities (e.g. agroindustry), particularly those that are linked to the smallholder agricultural sector. A strategy that pays attention to the strengthening of farm/nonfarm linkages is likely to yield better results in terms of employment and income generation.

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