Institutional constraints to small farmer development in Southern Africa

edited by:

Ajuruchukwu Obi

Wageningen Academic Publishers
# Table of contents

Preface 5

Abbreviations and acronyms 13

Exchange rates for programme countries 16

Part I – Background and issues on the role of institutions in smallholder development in Southern Africa

1. Investigating institutional constraints to smallholder development: the issues and antecedents 19
   *Ajuruchukwu Obi and Tébogo Seleka*
   
   Abstract 19
   
   1.1 Introduction 19
   
   1.2 The problem 27
   
   1.3 Plan of the book 33
   
   References 35

Part II – Rural livelihood strategies and current circumstances of the small farmer in South Africa

2. Rural household sources of income, livelihoods strategies and institutional constraints in different commodity contexts 41
   *Simbarashe Ndhleve, Bridget Jari, Lovemore Musemwa and Ajuruchukwu Obi*
   
   Abstract 41
   
   2.1 Introduction and problem context 41
   
   2.2 Household sources of income 43
   
   2.3 Rural households’ choice of activities 45
   
   2.4 Determinants of household activity choice and diversification 48
   
   2.5 Household income by source 50
   
   2.6 Income distribution 52
   
   2.7 Institutional factors in agricultural marketing 53
   
   2.8 The New Institutional Economics (NIE) 54
   
   2.9 Marketing challenges faced by the Nguni project beneficiaries 57
   
   2.10 Existing market opportunities for Nguni cattle 60
   
   2.11 Potential markets for other Nguni cattle products 62
   
   References 64

*Institutional constraints to small farmer development in Southern Africa* 7
### Part III – Socio-economic and commodity marketing factors among small farmers in South Africa

5. Influence of institutional factors on smallholder farmers' marketing channel choices

_Bridget Jari, Gavin Fraser and Ajuruchukwu Obi_

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>101</td>
</tr>
<tr>
<td>5.1 Introduction</td>
<td>101</td>
</tr>
<tr>
<td>5.2 The project area</td>
<td>101</td>
</tr>
<tr>
<td>5.3 Topography and climate</td>
<td>103</td>
</tr>
<tr>
<td>5.4 Socio-economic factors</td>
<td>103</td>
</tr>
<tr>
<td>5.5 The methodology</td>
<td>106</td>
</tr>
<tr>
<td>5.6 Specification of the model</td>
<td>108</td>
</tr>
<tr>
<td>5.7 Empirical results</td>
<td>111</td>
</tr>
<tr>
<td>5.8 Summary</td>
<td>115</td>
</tr>
<tr>
<td>References</td>
<td>115</td>
</tr>
</tbody>
</table>
Part IV – Marketing constraints and opportunities in specific commodity lines

6. Marketing challenges and opportunities faced by the Nguni cattle project beneficiaries in the Eastern Cape Province of South Africa

Lovemore Musemwa and Abyssinia Mushunje

Abstract 121
6.1 Introduction 121
6.2 Overview of the Nguni cattle project 122
6.3 Qualities, characteristics and traits of Nguni cattle 123
6.4 Contribution of Nguni cattle to communal livelihoods 124
6.5 Variables used in the analysis 125
6.6 Results of association tests 129
6.7 Results of the logistic regression 130
6.8 Variation of market opportunities across municipalities 133
6.9 Evaluation of model performance 133
6.10 Conclusion 133
References 134

7. Welfare and incentive effects of possible changes in the regulatory environment of the maize market in Swaziland

Ajuruchukwu Obi and Nkosazana N. Mashinini

Abstract 137
7.1 Introduction 137
7.2 Objectives 138
7.3 The country socio-economic context and the place of maize 139
7.4 Summary, conclusions and way forward for Swaziland’s maize industry 161
Acknowledgement 164
References 164

8. Obstacles to the profitable production and marketing of horticulture products in Lesotho: an offset-constrained probit modelling of farmers’ perception

Ajuruchukwu Obi and Litsoanelo Mphahama

Abstract 167
8.1 Introduction and problem context 167
8.2 Study area 170
8.3 The data 172
8.4 The model and analytical framework 175
8.5 Results and discussion 177
8.6 Conclusion 180
References 181

Institutional constraints to small farmer development in Southern Africa 9
Part V – Institutional issues in natural resource management and implications for smallholder development in Southern Africa

9. The land question in smallholder development in South Africa
   Ajuruchukwu Obi
   Abstract
   9.1 Introduction
   9.2 Land, economics and politics
   9.3 Land in South African economy and politics
   9.4 Agricultural taxation and the rural land tax debate
   References

10. Institutional factors in natural resource management in the Eastern Cape Province of South Africa
    Mafabia Mokhahlane and Ajuruchukwu Obi
    Abstract
    10.1 Background
    10.2 Problem statement
    10.3 Land degradation in the Eastern Cape
    10.4 Existing institutional factors for natural resource management
    10.5 Effects of institutional factors on natural resource management
    10.6 The geographical context, experiment and findings
    10.7 Justification of Institutional Analysis and Development (IAD) framework
    10.8 Institutional arrangements and institutional performance
    10.9 Expected results
    10.10 Conclusion and policy implications
    References

Part VI – Alternative trade and support arrangements to enhance livelihoods and welfare of small farmers

11. Recent changes in markets and market relationships and lessons for the design of effective support programmes
    Binganidzo Muchara and Ajuruchukwu Obi
    Abstract
    11.1 Overview of agricultural commodity markets in developing countries
    11.2 Maize commodity marketing and the emergence of informal markets in Zimbabwe
    11.3 Impact of FTLRP on agricultural input markets
    11.4 The livestock production and marketing in Zimbabwe

Institutional constraints to small farmer development in Southern Africa