

Trends and Policy Challenges in the Rural Economy:

Four Provincial Case Studies

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6 SYNTHESIS AND CONCLUSIONS – MICHAEL ALIBER

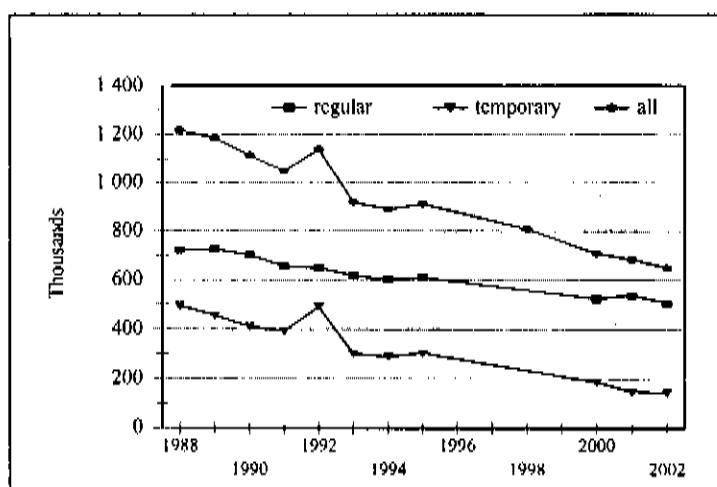
6.1 Introduction

This chapter seeks to summarise and synthesise the findings from the four provincial case studies, as well as put the case studies' findings into perspective by looking at evidence from national-level data sets. The chapter is organised according to the four main themes touched upon in this exercise, that is, labour absorption in commercial agriculture, small-scale/subsistence agriculture, the rural micro-enterprise sector, and government-sponsored projects.

6.2 Labour absorption in commercial agriculture

From a national perspective, there is little doubt that commercial agriculture is shedding jobs, and has been doing so for some time. The graph below shows the trend from the late 1980s based on a variety of data sources. Between 1988 and 2002, the percentage declines for regular, temporary (including 'casual,' 'seasonal,' and 'on contract'), and total employment, were 30%, 71%, and 47%, respectively.

Figure 6-1: Trends in commercial farm employment



Sources: 1988-1996, Stats SA and NDA, Employment Trends in Agriculture, 2000; 1998, calculated from the October Household Survey, 1999; 2000-2002, calculated from the Labour Force Survey, Stats SA.

The significance of this trend is all the more alarming given that, as of 1999, farm employment was the single largest source of rural employment for rural blacks. An order-of-magnitude estimate is that, had the absolute number of people employed in the commercial agriculture sector remained at its 1988 level, the present rate of rural unemployment would be about 37% rather than the actual figure of 45%. Whether or not this is a big difference is a matter of perspective; one could reasonably suggest that, even if one were able to reverse the loss of farmworker jobs, it would only make a modest difference to the overwhelmingly bleak picture of rural unemployment.

There are two main interpretations one can link to the trend of declining agricultural employment. They are not mutually exclusive, but do suggest different emphases, and also have distinct implications for policy. The first of these is that South African agriculture is moving along a trajectory typical of countries with land extensive agricultural systems, i.e. owing to the

perception that land is abundant relative to the capital, labour, and water that would be necessary to use the land intensively. The obvious question about this interpretation is that South Africa can certainly not be described as having scarce or expensive farm labour, although the constraint in terms of water is a very real one.

The second interpretation is that, above and beyond the underlying economic logic of the form taken by South African agriculture, commercial farmers are seeking to reduce their use of farm labour because they perceive this 'dependence' on farm workers as a source of vulnerability, particularly in the present socio-political climate (Simbi and Aliber, 2000). Indeed, this interpretation complements the other one, in that the sense of vulnerability is part of farmers' perceived costs that contribute to the choice of technique towards land extensive and/or labour-replacing technologies, as well as the shift to land uses that are inherently less labour-using, e.g. game farming.

The issue of labour absorption in commercial agriculture was picked up upon by the Limpopo and Western Cape provincial case studies, and to a limited degree by the KwaZulu-Natal provincial case study. The question is whether the provincial case studies enhance our understanding of agricultural employment, not least the declining trend in employment levels observed above.

- *Limpopo* – Evidence from the Limpopo provincial case study conforms to the overall picture of declining agricultural employment, as well as to the interpretation that the decline in farmworker employment is at least partially driven by farmers' non-economic considerations.¹² The two main themes identified in the case study as responsible for this trend were, first, the generally difficult economic environment in which commercial farmers operate, particularly given the lowering of tariff barriers and elimination of regulated marketing channels; and second, the perception among white farmers that the present government wishes to 'discipline' them, not least by raising existing levies, introducing new ones, conferring rights on resident farmworkers, and introducing a minimum wage.
- *Western Cape* – The detailed evidence from the Western Cape also corroborates the overall trends described above, especially in terms of the reduction of permanent and resident workers, but in addition evokes the diversity and complexity of farmers' adaptations in the present, fluid environment. For example, while most commercial farms are indeed gradually reducing their labour force, a significant minority of farms are seeking to maintain their regular farmworkers in the belief that their long-term viability will be strengthened by cultivating a core of skilled, loyal workers. However, only a small number of commercial farms are actually increasing the numbers of people they employ, and this appears to be strictly in situations where there is an expansion of the area planted to wine or fruit crops. Given that such expansion is relatively rare, the prevailing trend is still one of declining farmworker employment. Another finding is that farms employ a large variety of different strategies to secure labour in various combinations – e.g. permanent, various categories of seasonal and casual, and via or not via various types of labour contractors – for different operations and at different times of year. Part of the explanation for the diversity of practices is that Western Cape farmers have been affected by market liberalisation in a variety of different ways, with some being able to take increasing advantage of value-adding activities – with positive implications for the demand for permanent workers – and others faring less well, and thus taking more drastic

¹² It should be stressed however that the conditions prevailing in the Dendron area may not be characteristic of other farming areas in Limpopo Province; the fruit growing area around Tzaneen, for example, may be quite different.

steps in reaction to the labour re-regulation introduced by the post-apartheid government. Finally, the Western Cape study highlights the implications of the changing agricultural employment environment for low-income households. The stark evidence from Ceres is that while casual farm employment may be better than no employment, and while it may be the major form of employment available to most households, its unreliability aggravates households' vulnerability and exposes them to the likelihood of exploitation, e.g. by labour intermediaries as well as by informal moneylenders.

- *KwaZulu-Natal* – The KwaZulu-Natal provincial case study only touches tangentially on issues of commercial farm employment. In two of the study areas, namely the Amahlubi area and Amanyuswa, it was indicated that employment on neighbouring commercial farms was the main source of employment for local residents, but that generally this was not a very desirable form of employment (i.e. by preference, one would find a job in Durban or Gauteng), nor was it sufficient to prevent high rates of unemployment. There was little indication from the case studies as to the trends of farm employment. What comes through far more clearly is the desire by many community members to acquire more land from the commercial sector so as to enter commercial farming themselves. One aspect of the KwaZulu-Natal evidence that does not come through clearly elsewhere, is the common phenomenon of casual agricultural employment on farms within the former homeland areas. Although this form of employment is limited – only larger land holders tend to need to hire workers, while small ones rely entirely on family labour – and is not particularly remunerative, it is nonetheless a valuable source of sustenance to poorer households.

Taken together, the provincial case studies support the picture of a commercial farming sector that is less and less able to support the rural population, but that has not been replaced by anything else of meaningful scale. Partly on account of the vagaries of the international market environment, and partly in reaction to government's efforts to bring the commercial farm sector within the ambit of labour regulations, the commercial farm sector appears to be accelerating a trend of labour displacement that was already evident. But whereas agriculture in, say, North America, with its somewhat comparable agricultural endowment, is reacting in response to a genuine labour scarcity, in South Africa the shift to labour-saving production technologies is only partially (if at all) a function of labour costs. Rather it is in response to perceived labour costs, not least the perceived risks associated with resident, regular farmworkers, that commercial farmers are reacting, especially the majority who have not succeeded in exploiting opportunities created by South Africa's improved access to foreign markets.

6.3 The subsistence/small-scale agriculture sector

The importance of the subsistence/small-scale agricultural sector to rural households is established by household survey information, such as that from the 1993 SALDRU survey. Table 6-1 reveals that, for black rural households with access to agricultural land, agriculture comprised 15% of total household income. For the poorest quintile, the share contribution stood at a much larger 35%, even though the (imputed) value of agricultural income was modest in absolute terms.

6-1: Share of household income derived from agriculture

	Income quintile					Whole sample
	1% - 20%	21% - 40%	41% - 60%	61% - 80%	81% - 100%	
All rural HHs	14%	6%	4%	4%	3%	6%
Rural HHs w/ land access	35%	15%	12%	10%	9%	15%

Source: SALDRU, 1995.

Our best information is that roughly 4 million individuals, belonging to 2 million households, engage in agriculture in some form (Rural Survey and Labour Force Survey). This ranges from casual work in a backyard garden or the keeping of a small number of poultry, to commercially-oriented production involving wage employees and significant amounts of capital. However, it is clear that the vast majority of the 4 million individuals engaged subsistence/small-scale agriculture, are more towards the subsistence end. However, there are no credible, long-term data on a national scale that establish trends in the subsistence/small-scale sector, although there is some case study evidence of land under-utilisation in former homelands, as well as anecdotal information that agriculture in former homelands is undergoing a decline. For example, a recent study of livelihoods in two communities in former Ciskei found that in one community only 20% of those with arable land cultivated it, while in the other community only 28% did so (Monde, 2004). However, the study does not address the question of change over time. Another, slightly older study in former Ciskei speaks of the "virtual collapse of agriculture," but does not provide clear evidence to back up the claim of such a trend (Monana, 1998). Finally, a 2002 feature article in the *Sunday Times* described the depressed state of agriculture in a small Eastern Cape village in the former Transkei, and suggests that much of the change over time is owing to the reluctance of youth to take of farming (Paton, 2002).

For the very recent past, the Labour Force Survey series of datasets does provide some indication of trends, but it must be stressed that this period is too brief to be considered a robust trend, and moreover the Labour Force Survey is not focused on agriculture, thus it provides limited detail as to what is happening in the agricultural sector. However, data from the Labour Force Survey do appear to indicate that over the three years between February 2000 and March 2003, there has been a remarkably steady trend whereby the proportion of people who farm to provide the main source of food has declined in favour of the proportion of those who farm to produce an extra source of food (see Table 6-2).

Table 6-2: Reasons for engaging in agriculture

	Feb 2000	Sept 2000	Feb 2001	Sept 2001	Feb 2002	Sept 2002	March 2003
As a main source of food for HH	40.9%	32.7%	24.1%	18.4%	14.2%	11.3%	11.2%
As the main source of income	2.7%	3.3%	2.7%	2.0%	1.7%	1.9%	1.4%
As an extra source of income	4.4%	5.3%	3.7%	3.7%	2.6%	3.3%	3.4%
As an extra source of food for HH	52.0%	54.4%	66.9%	73.4%	79.4%	81.2%	81.8%
As a leisure activity or hobby	NA	4.3%	2.6%	2.4%	2.1%	2.3%	2.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Labour Force Survey 1-7.

An optimistic interpretation would be that people are practicing agriculture less intensively as they find other, more remunerative economic activities. In order to flesh this out, we probe a bit deeper using two datasets from the Labour Force Survey, namely LFS 5 from February 2002, and LFS 7 from March 2003. These two surveys have in common about 7 500 rural households and 17 500 adult household members. The hope is that by looking at the continuity and change in

respect of participation in agriculture over this period, we can begin to understand the dynamics of small-scale agriculture. This can then be compared to the evidence coming out of the provincial case studies.

The first thing we look at is simply the transitions into and out of agriculture as reported in the February 2002 and March 2003 Labour Force Survey. The question put to respondents was whether they had practiced any form of agriculture in the previous 12 months.¹³ The pattern of yes and no responses by the same individuals can be summarised in the 'transition matrix' shown below as Table 6-3:

Table 6-3: Transition matrix of black rural adults who did and did not farm in two consecutive years

		Farmed during 4/2002 to 3/2003		
		Yes	No	Row sum
Farmed during 3/2001 to 2/2002	Yes	18.1%	15.9%	34.0%
	No	14.2%	51.7%	66.0%
	Col. sum	32.4%	67.6%	100.00%

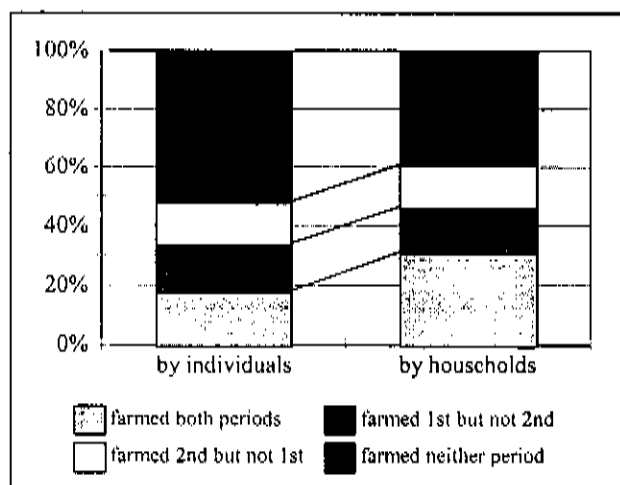
Source: Labour Force Survey 5 and 7.

Fifty two percent of the respondents had not engaged in agriculture in either period, meaning that almost half of respondents did engage in agriculture in one or the other period. What is remarkable about this table however is the degree of fluidity in and out of farming: only 18% engaged in farming in both periods – put another way, just over one third of those who engaged in agriculture at all in either period, did so in both periods. This is just marginally more than those who farmed in the first period and not in the second (16%), and than those who did not farm in the first period but did farm in the second period (14%). The implication is either that farming is very much a residual activity, or that people experience fluctuations from year-to-year in having the means to engage in agriculture.

One shortcoming of the previous approach is that it focuses on the activities of the individual, whereas small-scale agriculture might more properly be considered part of the livelihood strategy of the household. Figure 6-2 shows the implications of considering continuity – or lack of continuity – at the household level rather than at the level of the individual. As one might suspect, engagement in agriculture among black rural households is characterised by more continuity than what one perceives when focusing on individuals; however, it is still the case that roughly as many households engaged in agriculture in only one of the two periods as engaged in it for both periods.

¹³ Question 5.1: "Did grow - or help to grow - any produce, e.g. maize or other crops, vegetables or fruit, or keep, - or help to keep, any stock, e.g. cattle, sheep, goats, horses, even chickens, for sale or for household use during the last 12 months?"

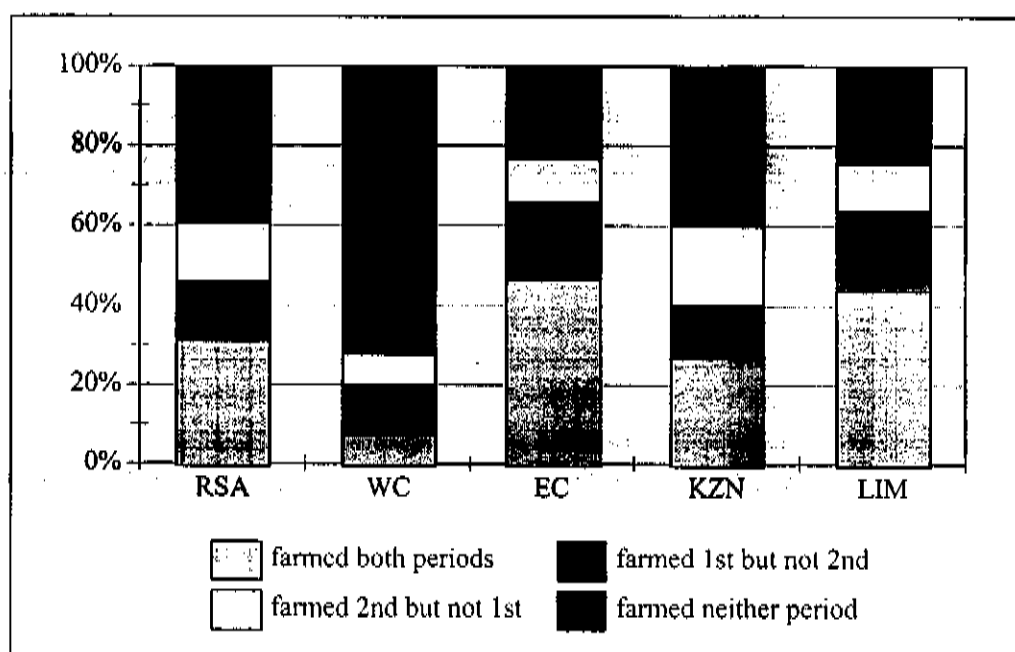
Figure 6-2: Comparison of transitions into and out of agriculture by individuals versus by households



Source: Labour Force Survey 5 and 7.

Four the four provinces that were the focus of this report, the transition shares based on the households approach were as shown in Figure 6-3.¹⁴ What is clear is that, despite significant differences between provinces (with Eastern Cape showing a relatively high degree of continuity), household mobility into and out of agriculture is very common if not the norm.

Figure 6-3: Transitions into and out of agriculture for RSA and four provinces, based on the household approach



Source: Labour Force Survey 5 and 7.

What governs – or at least influences – the movement of households into and out of agriculture, and what if anything can we say about the apparent trend away from agriculture as a main to a supplementary source of food? We approach this question by expanding on the transition matrix

¹⁴ It should be noted that up to now the analysis is inclusive of all race groups. However, most of what follows excludes white farmers and white households.

shown in Table 6-3 to consider not just movements into and out of agriculture, but also between the different 'main reasons' reported for engaging in agriculture. Table 6-4 shows transitions from the March 2001 to February 2002 period, to the April 2002 to March 2003 period, according to whether or not people reported farming in the period, and if so for what reason. With the exception of the last column, the figures are row percentages, meaning that they show what proportion of those who farmed for a particular reason in the first period farmed for that or another reason in the following period.¹⁵ The figures in the last column are the shares of households who reported different reasons for engaging in agriculture, or that they did not engage in agriculture, in the 12 months leading up to the February 2002 survey.

Table 6-4: Row percentages for black households' transitions in, out of, and within agriculture

		Reason farmed during 4/2002 to 3/2003							Row sum as % of total
		Main source of food	Main source of income	Extra source of income	Extra source of food	Leisure activity	Did not farm	Row sum	
Reason farmed during 3/2001 to 2/2002	Main source of food	11.7%	0.8%	2.4%	50.8%	0.8%	33.5%	100.0%	6.8%
	Main source of income	9.9%	3.4%	8.0%	41.6%	0.0%	37.1%	100.0%	1.0%
	Extra source of income	4.3%	3.8%	7.0%	51.6%	0.5%	32.9%	100.0%	1.5%
	Extra source of food	5.0%	0.7%	2.1%	57.9%	0.9%	33.3%	100.0%	37.6%
	Leisure activity	2.5%	3.7%	1.4%	34.9%	8.0%	49.5%	100.0%	0.7%
	Did not farm	2.3%	0.4%	1.1%	22.1%	0.5%	73.5%	100.0%	52.5%
									Σ=100.0%

Source: Labour Force Survey 5 and 7.

If anything, the picture of discontinuity that emerged before is amplified. In particular:

- A very small share (12%) of those who in the first period practiced agriculture as a main source of food continued to do so in the second period, whereas half changed to practicing agriculture to produce an extra source of food, and a third exited agriculture altogether.
- By contrast, most (58%) of those who practiced agriculture in the first period for an extra source of food continued to do so in the second period, while very few shifted into producing as a main source of food (5%) or main source of income (0.7%).
- Curiously, those who practiced agriculture as an extra source of income in the first period were much more likely to shift to producing as an extra source of food (52%) than to carry on producing for an extra source of income (7%).

Finally, Table 6-5 shows the change in average household incomes between periods one and two according to the transition followed, as well as the averages themselves (in square brackets) for period one. Figures are reported only for cases where the number of households making that transition was 20 or greater, which is why a number of the cells are left blank.

Table 6-5: Change in, and base values of, average household incomes for selected transitions

¹⁵ The question reads, "Why does grow or help in growing farm produce or keep stock for the household?," and it was posed in respect of individual's own involvement in agriculture. The tricky methodological issue was how to characterise a household's reason for engaging in agriculture if different household members cited different reasons for practicing agriculture. For cases where multiple household members practiced agriculture but for different reasons, the not-entirely-satisfactory approach that was adopted was to identify as the main reason for the household whichever reason was the most central to the household's economic survival, i.e. in the order in which they are listed in the table.

		Reason farmed during 4/2002 to 3/2003					
		Main source of food	Main source of income	Extra source of income	Extra source of food	Leisure activity	Did not farm
Reason farmed during 3/2001 to 2/2002	Main source of food	-38% [R396]			20% [R264]		26% [R326]
	Main source of income				36% [R882]		0.1% [R1009]
	Extra source of income				12% [R963]		74% [R742]
	Extra source of food	-7% [R499]		35% [R686]	15% [R511]	5% [R388]	11% [R539]
	Leisure activity				-4% [R1081]		12% [R590]
	Did not farm	-17% [R476]	31% [R761]	14% [R699]	19% [R648]	2% [R809]	6% [R937]

Source: Labour Force Survey 5 and 7.

The figures have to be interpreted with caution, in that the cause-and-effect relationship between a change in income and a change in reason for engaging in agriculture (or not engaging in) is not a given. Selecting a few figures for particular attention, we venture the following interpretations:

- The transition from agriculture as a main source of food to an extra source of food tends to be associated with a rise in household income, likely meaning that additional income from off-farm employment enables the household to purchase more of its food requirements. A similar interpretation can be made of the transition from producing as a main source of food to not producing at all. It is notable that these two categories of households are among the poorest (although only marginally poorer than those who produced as a main source of food in both periods). What remains unclear is whether in period two these households are more or less involved in agriculture: it is possible that their higher incomes allows more production, even though that production is not as central to their diets as it was previously.
- The transitions from producing for a main source of income, to producing either as an extra source of food, or not at all, appear to involve households in a higher economic bracket than those who initially produced mainly for some other reason. However, for those going into production for an extra source of income the rationale is probably very much the same as those who originally produced for their main food source, i.e. because additional off-farm income has displaced farming as the main economic activity. The situation of those who cease farming altogether are more difficult to understand. Looking more closely at the 43 observations making up this category, it appears that it is not so much that household incomes were static, and it was that half the sample experienced significant increases and the other half significant decreases in incomes over that period. Among the former, again it may be a situation of households no longer needing to engage in agriculture; among the later, it is more likely that a drop in off-farm income forced the household to suspend agriculture, or that a poor agricultural year resulted in a loss of income.

- Looking at those who produced mainly as an extra source of income in the first period, the first observation is that in general these households appear to be economically intermediate between those who farm for their main source of food and those who farm for their main source of income, though they are closer to the former. Second, the drop in income for those who made the transition to farming as a main source of food is consistent with the idea that relying primarily on one's own agricultural production is something to which poorer households are compelled to resort. Third, those who made the transition to producing for an extra source of income are a bit better off, and experienced a significant increase in income between the two periods, possibly suggesting that a bumper season allowed them to become somewhat more commercialised and contributed to higher income, but more likely that off-farm income allowed them to expand to a semi-commercial scale. Finally, the one third of all households who in the first period produced as an extra source of income, but by the second period had exited agriculture, are again likely those households who could afford to cease agriculture by virtue of an increase in off-farm income.
- Finally, the roughly 27% of households who practiced agriculture in the second period but not in the first, appear to have been driven by diverse motives. Among those who went from not farming, to farming for the main source of food, the inter-period decline in income from a low base almost certainly suggests that this was a move of desperation. By contrast, those households who went from not farming at all, to either farming to earn income or extra food, the associated increase in household income more likely suggests that an increase in off-farm income facilitated entry (or re-entry) into agriculture.

Although these interpretations remain tentative, an interesting and complex picture begins to emerge. First, an increase in off-farm income can be associated with *either* an entry into *or* an exit from agriculture, obviously depending upon households' initial circumstances and, presumably, their particular livelihood strategies. Additional income allows households to partially or totally reduce their reliance on own production, but it also allows them to start or increase production should they wish to. Second, production as a main source of food is a strong sign of desperation, thus the apparent decline over time in the proportion of rural households for whom agriculture is their main source of food is probably a desirable trend. And third, the fact that households that engage in agriculture so as to produce an extra source of food comprise a rising proportion of those who engage in agriculture, as well as of all black rural households, does not have one single explanation. As shown in Table 6-6, at least for the two periods that we have been comparing in detail there are large positive and negative shifts into production for an extra source of food, which happen to combine into a net absolute increase in this category. The largest net increase comes from those who had previously relied on agriculture as a main source of food; and the largest net decrease comes from those who stopped farming altogether in the second period.

Table 6-6: Estimated numbers of households moving into and out of production for an extra source of food

Between producing for extra food and ...	'In'	'Out'	'Net' ('In' - 'Out')
- for main food	148 955	81 600	+67 355
- for main income	17 843	10 583	+7 260
- for extra income	32 471	34 880	-2 408
- for leisure	9 991	15 052	-5 061
- not in agriculture	500 205	540 960	-40 755

Sum	709 465	683 074	+26 390
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Source: Labour Force Survey 5 and 7.

Can this be understood as a snapshot of a longer-term trend? We do not know. Nor can we ascertain from these patterns what the implications would be for aggregate agricultural production in the former homelands; clearly what appears to be a movement of significant numbers of households out of part-time agriculture suggests a decline in aggregate production, however as noted above, the net shift of poorer households from producing as a main source of food to producing as an extra source of food, might or might not be associated with an increase in production. Moreover, it is unclear whether those households entering (or re-entering) agriculture produce more or less on average than those exiting agriculture. The most robust conclusion one can draw is that the practice of family agriculture in former homelands is in a high degree of flux, and that these diverse changes are closely related to households' off-farm economic circumstances.

Turning now to the provincial case studies presented in this volume, we ask whether they support, contradict, or further refine the observations made above on the basis of the Labour Force Survey. One objective of the provincial case studies was to shed light on the question of change over time in agriculture in the former homelands.

Although still anecdotal in nature and not permitting any confident generalisation to, say, former homelands in general, the provincial case study evidence unanimously supports the claim that agriculture in former homelands is in decline. Whether this is a short-term decline due to transitory influences, or a longer-term decline that is apt to get worse with time, is unclear. There is some evidence either way. The findings per province are summarised as follows.

- *Limpopo* – The question of the state of subsistence/small-scale agriculture was studied in two study areas in two different parts of former Lebowa in Limpopo Province, namely the Dihlophaneng community, and among communities near the town of Dendron. The uniform observation is that subsistence/small-scale agriculture is either static or is in a state of collapse, though the extent to which it is the one or the other, and why, is not clear. The main evidence to suggest an absolute decline in agricultural activity is the visibly large number of fields that have been allowed to go to bush, which does not normally happen with ordinary fallowing. When small-scale farmers are asked to explain what is holding back the agricultural sector, typically the response is such as to suggest that failure is over-determined – i.e. such a plethora of obstacles and problems are listed that it is not clear what are the most immediate, pressing constraints. (Interestingly, for these particular study sites, lack of land and insecure tenure were among the few problems excluded as hindrances to production.) Reading between the lines, the tentative explanation that emerges is the prosaic one: the general level of poverty is such that people cannot afford to invest in agriculture. This is not to say that agriculture does not happen, but that it is a low-priority, subsidiary activity that forms a relatively small part of a 'multiple livelihood strategy.' Thus, although one can cast blame on the fact that agricultural extension officers have little presence, in the face of these challenges it is not clear how exactly they could help the ordinary person, which is perhaps one reason one often finds that they rather focus their attention on less ordinary people. In a related vein, another message that emerges from the Limpopo work is that people have an expectation of government that is seemingly influenced but the sort of services that were formerly provided by homeland government departments or the development corporations. It is probably correct that much of what the homeland governments did had a weak rationale – e.g. the direct provision of tractor services – but it is remarkable how enduring are the

expectations and frustrations engendered by these past experiences, especially when contrasted with the generally absent tangible support that is rendered now.

- *Eastern Cape* – The Eastern Cape provincial case study in Mount Frere District provides useful data as to the extent of land access and utilisation. Eighty-seven percent of households surveyed have a food garden, 63% have rights to arable land for field crops, and 75% have access to grazing land. The fact that 88% of households cultivate maize, the most popular crop, suggests that lack of land ownership does not necessarily prevent land access: 32% of those producing maize share some of their harvest, suggesting a form of sharecropping allowing land-poor households to access land belonging to others, in addition to which some households grow maize in their gardens. Thus far, the figures suggest a rather vibrant agricultural sector, functioning within a land tenure system that is conducive to land being made available to those wishing and able to use it. Only about 10% to 15% of households do not grow any food for their own consumption, which is quite low. The concern with the data from Mount Frere is rather that, despite a high rate of participation in agriculture, households tend to be far from self-sufficient in food, and some households near disastrously so. The data reveal that across all households, 44% of household expenditure is directed to food expenditure; the poorest third of households devote on average 81% of total expenditure to food. This is so despite the fact that these are presumably the same households for whom own production would be most vital for sustenance, yet the finding is that, to the extent they produce at all, it is very insufficient. Part of the problem may relate to the fact that some poorer households effectively have no working-age adults (e.g. 'granny households'); beyond this, however, total agricultural production is quite modest (among maize producing households, 73% produced five bags or fewer), and household expenditure on agricultural inputs is virtually undetectable. Relative to the Limpopo case study, agriculture in Mount Frere appears vibrant, but it is clear that it is also terribly limited: i) very few households are self-sufficient in food; ii) the poorest households are least self-sufficient in food; and iii) only a modest number of households produce at all for the market. The other pertinent finding from Mount Frere is that households that produce for themselves, even if only on a very modest scale, enjoy better diets and health than those who do not. Overall, the findings are consistent with the story that overall numbers of people engaged in subsistence/small-scale agriculture in former homelands is fairly steady, but the extent and intensity of their productive activities are in decline.
- *KwaZulu-Natal* – All five sites in the KwaZulu-Natal provincial case study revealed the same pattern of declining participation in small-scale/subsistence agricultural, especially by men. The main explanation for the decline was reputed to be declining cash incomes with which households could purchase agricultural inputs, but a common secondary reason – at least in the opinion of respondents – is that agriculture is no longer valued as it formerly was, because people are 'obsessed' with finding wage employment. The lack of importance ascribed to agriculture is especially severe among the youth, for whom agriculture is generally not regarded as a viable option at all. The main form of agriculture appears to be community gardens, which tend to be dismissed as 'women's work,' even though they may form an important element of support to the household.

The case studies evince a very high dependency of the rural, agricultural economy on the formal, mostly urban-based economy, mediated in large part by urban workers with links to their rural homes. As the formal economy has shed many low skilled jobs over the last 15 years, the relative contribution of remittances to be used for agricultural purposes has declined, and the ability of rural dwellers to engage in agriculture has suffered accordingly.

To the extent the general economy may improve and filter down to ordinary rural households, engagement with small-scale agriculture could well increase. In other words, if the above explanation is the correct one, then there is no reason to suppose that the decline of agriculture is permanent. On the other hand, another theme that comes to prominence in the case studies is the disinterest of youth in agriculture. The reason typically given is that, based on their observations of their parents, the youth have concluded that agriculture is an unpromising avenue to self-advancement. Whether this is a sound, rational judgement, or reflects the 'contamination' due to exposure to examples of people rapidly enriching themselves through other means, requires further study. But in effect it does not differ greatly from the process through which the commercial farm sector has also changed over the decades, as an increasing number of children raised on farms choose not to inherit their parents' farm, while consolidation has reduced the number of operational units by almost half since 1950. The difference between this story and the one that appears to apply to former homeland areas is that, in the latter, the disinterest of the youth contributes to land being left unutilised rather than being taken over by others with more commercial aspirations. Whether tenure reform is part of a solution is open to question – very likely, the more fundamental problem is that, given today's economic environment, there is an absence of demand for productive land, at least in areas such as those studied.

6.4 The rural micro-enterprise sector

Particularly given the lacklustre performance of the economy in creating formal sector employment opportunities, no one would dispute the importance of the micro-enterprise sector, although people do debate whether micro-enterprises generally constitute a form of empowerment, or are more properly described as 'survivalist' activities or forms of 'disguised unemployment.' Our purpose here is not to enter into this debate, but merely to comment on the relative efficacy of the micro-enterprise sector in rural areas to support rural dwellers.

The national-level statistics bear out that South Africa's micro-enterprise sector is small. Table 6-7 shows the relative size of the micro-enterprise sector, based on the Labour Force Survey of February 2002, where for our purposes 'micro-enterprise' is understood to be any private, non-agricultural enterprise with four or fewer workers, including the proprietor(s).¹⁶

Table 6-7: Incidence of employment and unemployment among Africans and Coloureds, rural versus urban, 2002

Employment category	Rural		Urban	
	Number	Share	Number	Share
Self-employed in micro-enterprise*	482 615	7.3%	617 952	7.2%
- formal	26 444	0.4%	67 599	0.8%
- informal	456 171	6.9%	550 353	6.4%
Employed in micro-enterprise*	335 235	5.1%	351 344	4.1%
- formal	186 458	2.8%	237 658	2.8%

¹⁶ According to the National Small Business Act (Act 102 of 1996), there are both qualitative and quantitative criteria for what defines a 'small business.' The quantitative criteria furthermore allow one to distinguish between 'medium,' 'small,' 'very small,' and 'micro' businesses for different sectors, focusing on three characteristics, namely number of employees, annual turnover, and gross asset value. For all sectors the employee criterion for a 'micro' business is 5 or fewer, excluding the proprietor. Unfortunately this creates a mismatch with how data are collected in the Labour Force Survey, which in response to the question, "How many regular workers has the organisation / business / enterprise / branch where works, including him/herself?," allows only categorical responses of 1, 2-4, 5-9, etc. This means that one cannot find out from the Labour Force Survey how many enterprises qualify as 'micro' according to its cut-off of 5 or fewer employees. Moreover, the criteria in respect of turnover and assets were even more difficult to match to the Labour Force Survey, and thus were ignored.

- informal	148 777	2.3%	113 686	1.3%
Self-employed small-scale agric.	668 148	10.1%	46 635	0.5%
Employed in private household**	424 570	6.4%	735 805	8.5%
Self-employed, other	23 784	0.4%	43 965	0.5%
Employed, other	1 543 476	23.4%	3 217 697	37.3%
Unemployed**	3 128 549	47.4%	3 610 577	41.9%
Total	6 606 377	100.0%	8 623 975	100.0%

Source: Labour Force Survey 5.

* Excludes work in agriculture.

** Includes domestics, gardeners, and security guards.

*** Broad definition.

The table disaggregates those working in the micro-enterprise sector three ways: i) proprietors versus employees; ii) formal versus informal sector;¹⁷ and iii) rural versus urban. Of those in the active labour force, about 7% are self-employed in micro-enterprises, overwhelmingly in the informal sector, and with regardless of whether one is speaking of rural or urban areas. Another 4%-5% are employed by these micro-enterprises, however, the division is more or less even between those employed in formal sector versus informal sector micro-enterprises, suggesting that a positive (and unsurprising) relationship between formal status and the tendency of the micro-enterprise to have employees. One implication is that the micro-enterprise sector is diverse, probably having an large element of what can aptly be described as 'survivalist' enterprises, but also having a large element that cannot.

Using a similar style of analysis to that presented above in respect of small-scale agriculture, we attempt to tease out a bit more statistical insight regarding rural micro-enterprises by comparing information captured in the February 2002 and March 2003 Labour Force Surveys about the same individuals. Some of the categories indicated in Table 6-7 are amalgamated so as to end up with only three categories of labour force 'participation,' namely self-employed in micro-enterprise, in wage employment or other self-employment (i.e. those self-employed in agriculture and those self-employed whose enterprises are not 'micro'), and those who are unemployed. To these we add a fourth category for adults who are 'not in the labour force,' or 'NILF.' The table reports the proportion of the whole sample that made the various transitions between the first and second periods.

Table 6-8: Transition matrix of rural adults by labour force status in two consecutive years

		Labour force status in March 2003				Row sum
		Self-employed micro-ent.	Empl. & other self-empl.	Unemployed	NILF	
Labour force status in February 2002	Self-employed micro-ent.	1.6%	0.8%	1.2%	1.2%	4.8%
	Empl. & other self-empl.	0.9%	15.2%	5.2%	6.1%	27.4%
	Unemployed	1.1%	3.7%	13.9%	8.0%	26.7%
	NILF	1.1%	3.7%	9.7%	26.6%	41.1%
	Column sum	4.7%	23.4%	30.1%	41.9%	100.0%

Source: Labour Force Survey 5 and 7.

Of the almost 5% of the sample who were self-employed in micro-enterprise in one or the other period, only about one third were engaged in micro-enterprise in both periods. Of this one third, about 15% in fact substantially changed their enterprise between the two years (not shown).

¹⁷ This is done in terms of responses to the question, "Is the organisation/ business/ enterprise/ branch where works: in the formal sector?; in the informal sector...?; don't know?" In the table, the small number who answered that they did not know were counted as part of the informal sector.

About one quarter of those who were self-employed in micro-enterprise in February 2002 declared themselves unemployed in March 2003, and as many again considered themselves not in the labour force at all by March 2003. By the same token, roughly the same number of people who had been unemployed or not in the labour force in February 2002 declared themselves self-employed in micro-enterprise 13 months later. Interestingly, mobility between self-employment in micro-enterprise and other forms of employment/self-employment is somewhat less.

Even more so perhaps than small-scale agriculture, self-employment in micro-enterprise is often ephemeral. What accounts for this fluidity is difficult to know. We pursue a similar approach to that used for small-scale agriculture based on changing incomes, but acknowledge that a fuller analysis would include consideration of other factors, such as change in household composition, adverse shocks such as ill-health, etc.

Although the transitions described thus far in terms of labour force status apply to individuals rather than to households, we nonetheless relate these transitions to the changes in average *household* income, on the grounds that the ability and desirability of engaging in different forms of employment and self-employment is likely to be a function of the household's economic circumstances more than that of just the adult household member. Table 6-9 summarises. Similar to before, the percentage figures represent the proportionate average increase in households' monthly income at the time of the two surveys, while the italicised figures in square brackets underneath are the average monthly household income reported in February 2002, i.e. the first period.¹⁸

Table 6-9: Change in, and base values of, average household incomes for transitions between labour force states

		Labour force status in March 2003			
		Self-employed micro-ent.	Empl. & other self-empl.	Unemployed	NILF
Labour force status in February 2002	Self-employed micro-ent.	51.8% [R1740]	13.0% [R78]	-60.2% [R848]	-55.1% [R1089]
	Empl. & other self-empl.		15.2% [R1600]	-56.5% [R1061]	-39.4% [R951]
	Unemployed	260.2% [R325]	188.8% [R544]	9.8% [R491]	10.2% [R471]
	NILF	304.1% [R280]	111.7% [R599]	21.1% [R386]	20.0% [R439]

Source: Labour Force Survey 5 and 7.

The key observations is a straightforward one: although self-employment in micro-enterprise is in general less remunerative than other forms of employment, the transition from having one's own micro-enterprise to being unemployed or not in the labour force has a dramatic, negative impact on household income. This is in stark contrast to the preceding analysis in respect of small-scale agriculture, in which rising incomes allow households to reduce or discontinue agriculture. Here, rather, income from individuals' micro-enterprises is integral to household income, but for some reason it is not easily maintained. The counterpart observation is that an individual who moves from being unemployed or not in the labour force, to operating her own micro-enterprise, on

¹⁸ There is a worrying possibility that incomes reported by those who are self-employed are over-stated. The income question can be paraphrased as, 'What iss total salary/pay at his/her main job, including overtime, allowances and bonus, and before any tax or deductions?' It is not clear whether respondents running their own businesses are properly prompted to subtract their costs, or whether rather they are reporting turnover.

average doubles or trebles her household's income, typically from a very low base. The desirability of having one's own micro-enterprise over being unemployed is unambiguous; what remains unclear is why such activities are so insecure.

One avenue to explore is whether the durability of one's micro-enterprise is related to inter-period changes in the number of household members with some other form of employment. This is explored in Table 6-9, in which the figures represent the average percentage change from period one to two in the number of household members – excluding the individual in question – who either had a job or were self-employed in some manner other than in micro-enterprise.

Table 6-9: Average percentage change in the number of household members having employment in relation to individuals' transitions between labour force states

		Labour force status in March 2003			
		Self-employed micro-ent.	Empl. & other self-empl.	Unemployed	NILF
Labour force status in February 2002	Self-employed micro-ent.	3.8%	7.5%	-40.3%	-31.9%
	Empl. & other self-empl.	-28.0%	-5.8%	-41.1%	-38.4%
	Unemployed	23.3%	23.1%	-9.7%	-1.1%
	NILF	9.3%	20.7%	-20.2%	-13.0%

Source: Labour Force Survey 5 and 7.

We offer the following interpretations:

- The large negative percentage changes associated with those individuals who ran micro-enterprises in the first period, but were either unemployed or not in the labour force in the second period, strongly suggests that the loss of earnings by other household members is a significant determinant of one's inability to maintain one's micro-enterprise.
- It is more difficult to understand the negative percentage change associated with the relatively small number of people who were in the 'employed and other self-employed' category in the first period but operated a non-agricultural micro-enterprise in the second period. Closer inspection of the data reveals that about 44% of those who made this transition were leaving the agricultural sector for some other sector, generally wholesale/retail; of these, two thirds were self-employed small-scale farmers, and one third farmworkers working for other people. The situation of the other 56% of those who went from the 'employed and other self-employed' category to having a micro-enterprise is very diverse; however the common denominator appears to be that they were leaving marginal forms of employment, e.g. employed in other people's micro-enterprises, employed by private households (e.g. domestics), and employed in the services industry. The difficulty in understanding the negative percentage change thus owes in part to the heterogeneity of the 'employed and other self-employed' category, but the fact that the single largest sub-group of those in this category who went over to micro-enterprise were initially small-scale farmers is consistent with the previous discussion on small-scale agriculture, i.e. the continuation of small-scale farming is in no small measure dependent on other sources of household income, thus the loss of employment of another household member can result in a small-scale farmer to quit or reduce farming in favour of other activities.

- Finally, the positive percentage changes associated with those who started unemployed or not in the labour force, is suggestive of the fact that starting a micro-enterprise is facilitated when another household member secures employment.

Turning now to the provincial case studies, we ask whether they shed any light of the evidently high degree of mobility into and out of rural micro-enterprise. The findings are summarised as follows:

- *Limpopo* – The micro-enterprise sector in Dihlophaneng consists of five shops engaged in more or less the same activity, that is, general retailing. Trading activity appears desultory, but respondents indicated that it has grown worse over time. First, there used to be more shops supported within the community; and second, for the particular shop owners interviewed, business used to be better and not so dependent on what appears to have emerged as a ‘pensioner economy.’ One of the five shops also sells beer and liquor, as a consequence of which it appears to be doing significantly better than the others. There is evidence of more vibrant and diverse micro-enterprise activity occurring in neighbouring communities, particularly those one passes through en route to Dihlophaneng, but which have the advantage of larger populations and being situated on busy transport routes. The Dendron study area raises a completely different issue. Previously, apartheid policies discouraged business development within Bochum to the advantage of business in Dendron. With the removal of these policies, investment in Bochum has led to an expansion of business activity there, which has also led to increased numbers of small businesses in rural former Lebowa. This however has led to a decline of Bochum’s business sector. Although this essentially amounts to a shift of business activity from one location to another, the overall impact is positive, in that services are now closer to the population they are there to serve, and more opportunities exist for black businesses.
- *Western Cape* – The survey work in the Ceres area reveals a pattern of overwhelming dependence on employment in the agro-food sector – about 45% of households with some form of paid employment depended primarily on work on either commercial farms or in agro-processing (e.g. canning) – even though much of this employment is casual and highly uncertain. By contrast, among households where someone earned an income, only 4.3% depended mainly on someone who was self-employed. Among all adults surveyed, only 3.1% were engaged in some form of self-employment, although this figure does not include an unmeasured amount of ‘extra-legal’ economic activity, notably unlicensed drinking establishments or alcohol/drug sales. The reasons for the low incidence of micro-enterprise activity, especially given the high rate of unemployment and under-employment, are not clear. The fact that the most common forms of legal and extra-legal self-employment were in small-scale food vending and alcohol/drug trading, respectively, both of which have notably low start-up costs and require little in the way of skills, suggests that barriers to entry are a large part of the explanation.
- *Eastern Cape* – The extent of economic inactivity and poverty in Mount Frere are stark: 75% of the working-age adults in the Mount Frere survey reported having no cash income, while 92% of the poorest third of households experienced ‘extended periods’ of hunger in the previous 12 months. And yet, the Mount Frere research depicts a “virtually non-existent non-farm micro-enterprise sector” in which only 1% of adults reported having spent an hour or more per day. On average, non-farm micro-enterprises contributed 3% of total household income, versus 46% of income from social grants, 20% from wages, and 14% from remittances. On the other hand, non-farm self-employment accounted for 16% of the paid employment among the 25% of adults who did have some

form of paid employment. The picture that emerges is that non-farm self-employment is not rare, but that it is spectacularly unremunerative relative to, say, having wage employment, especially if one takes into account the expenditure necessary to run a micro-enterprise. This is very likely one of the main reasons self-employment is not more common.

- *KwaZulu-Natal* – Micro-enterprises were almost entirely limited to two types, namely general retailers and taxis. General retailers varied in scale from small, unregistered ‘tuck shops,’ to relatively large ‘general dealerships.’ Both are competing with one another, as well as with larger shops in larger towns, which typically charge lower prices. In recent years, the rural shops on the whole have been in decline, owing to the decline in disposable income of the local population. The rural shops therefore appear to increasingly depend for their survival on pensioners, who are among the only community members still having a regular income. Many pensioners appear to develop a long-term relationship with a particular shop, from which they purchase food on credit only to repay or partially repay on pension day.

The most common type of rural micro-enterprise is the retail shop, which attempts to cater to those who for one reason or another are not able to take advantage of the better prices offered by larger shops in larger towns. As with the small-scale agricultural sector, the rural micro-enterprise sector depends critically on the formal economy, in the sense that trends in wage employment affect total disposable income, which in turn influences how much business rural micro-enterprises are able to do. Although the rural micro-enterprise sector as a whole is arguably not well served by its extreme homogeneity, it is difficult to imagine how this can change in the present circumstances, where effective demand is so limited.

6.5 Government projects

The fourth aspect of the exercise was to determine to what extent government initiatives have directly contributed to livelihoods in rural areas. By “directly,” we deliberately exclude the possible indirect effects brought about by, say, infrastructure investments or ABET, not to suggest that these are unimportant, but that they did not fit easily into this particular research exercise.

The variety of different kinds of government projects is vast, and it is difficult to summarise and generalise. The one point we try to make, however, is that it would appear that the overall scale of outreach of government projects is small relative to the scale of need. As one measure of this scale issue, we note that the total budget for the National Treasury’s Poverty Relief Programme for 2003/04 amounts to less than 6% of the total expenditure on social security grants anticipated for that year, not even taking into account the administrative costs of the grant delivery system. If one were to extract the portion of the budget for the Poverty Relief Programme¹⁹ that is ultimately spent on wages or translates into the generation of micro-enterprise incomes, the magnitude of this difference in scale would appear all the greater. Taking together the Community-Based Public Works Programme (CBPWP), the Community Water Supply and Sanitation programme (CWSS), Working for Water, and LandCare, the total number of employment opportunities created per year is around 70 000 to 110 000, though many of these jobs last for significantly less than a year, and it is not clear how many different households benefit in a given year. By contrast, around 4.9 million people receive some kind of social grant,

¹⁹ For 2002/03, the Poverty Relief Programme subsumed 16 programmes implemented by 13 government departments.

and altogether about 2.9 different households receive one or more social grants. Even if information were available to allow one to add jobs created through the House Building and Subsidy Programme and School Infrastructure Programme, the magnitude of this gap in scale would remain immense. A similar contrast could be drawn between the job-creating impact of public works programmes on the one hand, and the scale of unemployment and poverty on the other hand. The number of unemployed individuals is currently in the region of 6-8 million (extended definition), in relation to which 110 000 temporary jobs is a trivial 1.4% to 2%.

Confining our attention to rural areas, the same point can most easily be made in respect of the land redistribution programme. The purpose of the land redistribution programme is to enable people to acquire land. From 1995 to 2000, most redistribution projects were financed through the so-called Settlement/Land Acquisition Grant (SLAG). Starting from mid-2001, the SLAG-based redistribution programme was largely superseded by the Land Redistribution for Agricultural Development (LRAD) programme, which differed from the old programme in offering significantly larger grants and being more explicitly oriented to agricultural production (i.e. as opposed to tenure security). Altogether, there were roughly 87 000 households acquiring land by means of the SLAG, and something like 2 500 to 3 000 households having acquired land via LRAD between August 2001 and mid-2003 (Aliber and Mokoena, 2003). Without trying to consider the efficacy or sustainability of land redistribution projects, one can observe that the scale of land redistribution delivery remains very small, though it must be acknowledged that it is unclear 'in relation to what' it is small. Assuming around 4 to 4.5 million rural households, and using the rather tentative measure that two thirds of all rural black households would like additional agricultural land,²⁰ then the 90 000 households that have received land thus far through redistribution represent around 3% of the rural black households that 'demand' or 'need' it.

Despite the fact that there exist a large number of other economically-oriented types of projects delivered by government than those mentioned here, it is almost certainly still the case that only a small fraction of poor, rural households have directly benefited from government projects, and still fewer have benefited on a sustained basis. However, such projects are not so scarce that people have not heard of someone in their community or in a neighbouring community benefiting from them. Moreover, some projects are holdovers from the previous dispensation, and others are initiated by NGOs or CBOs, possibly with some kind of government support.

The significance of government projects is explored below for the provincial case studies, with the exception of the Eastern Cape, for which no examples of government projects were elicited.

- *Limpopo* – Two projects were encountered in the Limpopo case study. One, in the Dihlophaneng community, consisted of a group garden project started in 1998-99, and on which presently nothing is happening. The exact reason for the project failing to proceed is not clear, but a lot appears to depend on government installing a new pump with which to pump water from the government-subsidised borehole. Other problems have included dissension within the group, which initially had 21 members and now roughly 12. Government officials interviewed as well as other key informants tended to express similarly pessimistic views as to the sustainability of group-based projects, citing 'typical' problems of group dynamics, lack of managerial skills, and a lack of capacity to administer funds. The other project encountered was the Depaarl Agricultural Project, which began in the 1980s with 51 farmers and over the years has enjoyed the support of a succession of homeland agricultural development corporations. Depaarl was a typical

²⁰ This is based on the finding of the 1995 'Land Reform Research Programme,' which included a survey of 2000 rural black households around the country, but which was not conducted with great rigour, and which in any event is very old.

farmer settlement project based on irrigated agriculture, and in which the development corporation played the role of instigator, financier, technical advisor, and marketer. These projects by and large generated too little income to cover their operational costs, but beyond that depended critically on the ongoing management provided by the development corporation. As was the case with Depaarl, when the development corporations were weakened through successive budget cuts, the schemes went into decline; when the corporations were finally dissolved, the schemes collapsed. Although there is no discussion of trying to resuscitate the agricultural development corporations, the experience of Depaarl still offers a relevant lesson, namely that a comprehensive farmer settlement programme that caters to all of its farmers' needs (credit, technical assistance, irrigation, marketing assistance), can very easily be mistaken for a project in which government is effectively the producer with 'farmers' little more than tenants or hired workers. The irony is that the members of the Dihlophaneng garden project would no doubt be delighted to receive all the kinds of support that the Depaarl farmers once received, but as the Depaarl project reveals, this would not necessarily be to their long-term advantage.

- *Western Cape* – The Western Cape provincial case study touches on government projects only tangentially. It is noted for example that in Ceres, a local NGO is involved in promoting pro-poor tourist development and seasonal public works programmes. It is unclear, first, whether the NGO receives any government assistance, and second, what is the scale of its activities in the community. It is furthermore unclear whether any of the small minority of surveyed households with some micro-enterprise income are in fact beneficiaries of the NGO's activities, but if so it would have to be very few people indeed, since it was observed that the majority of respondents' micro-enterprise activities are limited to small-scale food vending. The other allusion to government programmes is the reference to a successful land reform project in Ceres, Northridge Investments, which is a wholly worker-owned and managed fruit export business. Notwithstanding the achievement projects such as this represent, the case study suggests that they are of doubtful relevance to the larger enterprise of addressing rural poverty because in any event they usually benefit only core and permanent workers, whereas the bulk of the rural poor are those stuck on the fringes of the labour market.
- *KwaZulu-Natal* – The main government project touched upon by the KwaZulu-Natal provincial case study was the land redistribution project of the Amahlubi. A few other projects were mentioned in passing, such as initiatives of local extension agents, but their status was not examined in any depth. The land redistribution project of the Amahlubi appears to suffer from the same sort of problems affecting small-scale agriculture elsewhere in rural KwaZulu-Natal. The situation is not assisted by the fact that the impetus for the project owed more to the group's wish for land restitution than to an economic proposition. But even so, the sobering thing about the Amahlubi redistribution project is not just that it has failed to produce any economic advantages for the Amahlubi, but that it might even have been to their economic disadvantage, by decreasing the number of available farmworker jobs in the area, and locating the community in a relatively isolated spot.

Given the small number of case studies covered in this exercise, it is not possible to generalise as to the coverage or efficacy of government-sponsored projects in improving rural people's economic circumstances. However, it is notable that there was no mention in any of the case studies of community members benefiting from public works projects, nor were there many clear instances of government promoting income-generating projects. The main types of government

projects encountered – partly by design – were agricultural or land reform projects, neither of which showed unambiguously positive results.

6.6 Conclusion

The main objective of this exercise was to examine the significance of different sectors for rural dwellers. This was attempted in two main ways, first by conducting case studies in which special attention was devoted to these sectors, and second by analysing the sectors via large data sets, whether for the country as a whole or for the provinces in which the case studies were located.

Part of the value of focusing on sectors as opposed to, say, rural livelihood strategies in all of their diversity, is that government policy tends to be organised according to sectors. To the extent government is periodically compelled to renew its effort to elaborate a cogent rural development strategy, it is potentially helpful to improve – or at least update – our understanding of what different sectors might have to contribute to such a strategy. This exercise is one small contribution to that end.

Two key themes emerge through the chapters of this volume as sort of motifs. One of these is that what we call sectors are highly inter-dependent in both positive and negative ways. Most significant in this regard is the relationship between the formal sector, broadly speaking, and various informal sector activities. The stagnation of formal sector employment is one of the main factors behind the stagnation of small-scale agriculture and the rural micro-enterprise sector. On the other hand, the poorest rural households – those who are most likely to practice agriculture as a main source of food – readily leave agriculture when a better income earning opportunity presents itself, thus the relationship is by no means in only one direction.

The other key theme is what we might call the fickleness of many rural economic activities. Small-scale agriculture and rural micro-enterprise are both cases in point. Those who engage in these activities on a sustained basis appear to be fewer than those who enter and exit on an annual basis. This emerges in part from the in-depth case studies, but was also documented in this concluding chapter using data from the Labour Force Survey.²¹ Is this evidence of the manoeuvrability and adaptability of rural multiple livelihood strategies? Or is it rather evidence of their fragility? Our tentative conclusion is that it is some measure of both, but unfortunately more of the latter. Among the most common ‘exit strategies’ of those who leave small-scale agriculture or micro-enterprise is to become unemployed.

To the extent a large share of small-scale agriculture and micro-enterprise are residual activities, it is questionable whether one should consider them sectors at all. And yet, this is what there is. Relative to the virtual irrelevance of government-funded projects that are designed to directly engage households in new or improved economic activities (and thus excluding infrastructure investments), small-scale agriculture and rural micro-enterprise at least exist on a large scale. With what appears to be a secular decline in employment on commercial farms, their importance is greater still. It is likely that the most strategic way of addressing rural poverty is to work with what is there. How can small-scale agriculture and rural micro-enterprise be made more robust as economic pursuits? Given the importance of the sectoral interdependencies we have seen, a direct

²¹ This was by way of a rather preliminary attempt to exploit the panel data aspect of the Labour Force Survey. Relative to the much better known KwaZulu-Natal Income Dynamics Study (KIDS), now about to embark on its third wave, this attempt was primitive, and not only because it did not benefit from the richness of the KIDS dataset. As to the relative merits of the five-year interval of KIDS versus the one-year interval used here, one key insight from the present exercise – to adapt the cliché – is that ‘in rural livelihoods, a year is a very long time.’

approach is not necessarily the most efficacious – e.g. through agricultural extension, skills training, credit schemes, market information schemes, etc. Arguably the more potent approach is to redouble efforts to expand the participation of the poor in the formal economy, and failing that to ensure a flow of disposable income into rural areas via grants and/or an enormously scaled-up public works programme.

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