

**THE CONTRIBUTION OF AGRICULTURE TO RURAL  
DEVELOPMENT IN MBASHE MUNICIPALITY**

by

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Last but not least to my dear late friend Lwazi Sikotoyi who planted the idea of these masters; gone too soon “auti yam”.

## **DECLARATION**

I, Phaphama Malusi, student number: 20325586, hereby declare that the treatise/ dissertation/ thesis for Students qualification to be awarded is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or for another qualification..

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## **ABSTRACT**

Despite the decreasing contribution of agriculture to Gross Domestic Product (GDP) in South Africa, agricultural activities are critical in the development of rural households. These activities are an important route through which these rural communities can reduce poverty. This is mainly because agriculture has been the main source of income and employment in rural areas in South Africa and other less developed countries (LDC). However, it has not generated sufficient income to sustain rural households. Rural areas are characterised by factors such as low socio-economic conditions, low standards of living, lack of access to markets and inadequate infrastructure that does not create an enabling environment for private sector involvement. The private sector is not actively involved or engaged in rural development.

Rural development involves improvement in the economic security of people in rural areas. It is poor households that look for employment in agriculture. The poor are portrayed in terms of qualifications, employment, access to resources, basic health services, skills possessed, self-sustaining activities, and income and expenditure patterns. Many individuals in rural areas are pushed into non-agricultural activities due to lack of opportunities in agricultural activities. Lack of opportunities in agriculture can be caused by subsistence agriculture in small holdings of land and lack of appropriate skills sets for certain agricultural activities. Ultimately, it is poor individuals who increase their dependence on agriculture.

The primary objective of this research was to obtain a better understanding of the contribution of agriculture in rural development in the Mbashe Local Municipality (MLM). Furthermore, the necessary conditions required to sustain livelihoods in the rural areas were identified. This was mainly done in an attempt to improve the quality of life in the rural areas.

The study was based on three objectives. The first objective was to identify the constraints to agricultural activities in the Mbashe Local Municipality; the second was to investigate the plight of rural people in the Mbashe Local Municipality. Lastly, the third objective was to investigate the contribution of agriculture in rural development in the study area.

The main finding with regards to the first objective is that factors such as lack of infrastructure, low socio-economic conditions, lack of appropriate skills and lack of opportunities in agriculture are some of the constraints to agricultural activities. Investments

in basic infrastructure need to be significant so that funds can flow into the rural areas to be invested in livelihood activities in order to create more employment opportunities.

With regard to the second objective, the main finding is that rural people need to be empowered through increased knowledge and skills. This involves improving literacy and skills training, because the outcome of this training is that they are able to stand on their own feet and provide for their families.

The main finding with regard to the third objective is that rural areas, by nature, are not easy to service but have indigenous knowledge that can be used in agriculture. However, the government must support them with the necessary infrastructure. Agriculture has been a major source of income and employment in the Mbashe Municipality.

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## LIST OF TERMS AND ACCRONYMS

**FAO:** Food and Agricultural Organization

**ADM:** Amatole District Municipality

**KSDLM:** King Sabata Dalindyebo Local Municipality

**MLM** Mbhashe Local Municipality

**GDP:** Gross Domestic Product

**HPHC:** Home Production for Home Consumption

**IDP:** Integrated Development Policy

**LED:** Local Development Plan

**DAFF:** Department of Agriculture, Forestry and Fisheries

**NDP:** Natinal Development Plan

**APAP:** Agricultural Policy Action Plan

**DRDLR:** Department of Rural Development and Land Reform

**DRDAR:** Department of Rural Development and Agrarian Reform

**LDC** Less Developed Countries

**TRC** Truth and Reconciliation Commision (a court-like body assembled in South Africa)

**TLC** Transitional Local Council (under Local Government Transition Act 209 of 1993 – South African Government)

**COGTA** Cooperative Governance and Traditional Affairs – South African Government

**Stats SA** Statistics South Africa

**Alleviate:** Making something less severe

**Welfare-oriented:** programmes are focusing on addressing welfare issues

**Economic development-oriented:** programmes are focusing on addressing economic issues

**OECD:** Organisation for Economic Co-operation and Development

**Case Study:** a particular instance of something used or analysed in order to illustrate a thesis or principle

**Rural development:** is the process of improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated areas

**Rural areas:** large and isolated areas of an open country with low population density.

**Dignity:** Value as a human being, worthy of respect

**HSL:** Household subsistence level is the living level of a household

**MSL:** Minimum subsistence level is the minimum financial requirements of a family to enable members to maintain their health and have acceptable standards of hygiene and sufficient clothing

**MLL:** Minimum living level includes food, clothing, compulsory payments to local authorities, fuel and light, washing, cleaning, materials, education, transport, contributions to medical funds and medical expenses, replacement of household equipment and taxes

**Poor:** People experiencing a lack of physical necessities, assets and income to include lacking basic needs

**Poor household:** When the combined income of all members of the household is less than the Household Subsistence Level (HSL) calculated for the specific household

**Poverty:** A lack of physical necessities, assets and income, and includes, but is more than, being income-poor

**Poverty gap:** The difference between the income of a poor household and the HSL for that specific household

**Poverty line:** Shows the income level needed to provide a MSL

**SLL:** Supplemented living level includes more necessities and some desirable amenities that enable the maintenance of a modest low-level standard of living; however, there is no general minimum living standard to satisfy certain basic needs

**Unemployed:** Those people who, being 15 years and older, are not in paid employment or self-employment, but are available for paid employment or self-employment, but cannot find a job

**Wellbeing:** The experience of a good quality of life

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## **CHAPTER ONE**

### **THE RESEARCH PROBLEM AND SETTING**

#### **1.1 Introduction**

All over the world, agriculture makes a significant contribution to reducing poverty (Bennell 2007:4; Diao, Hazell and Thurlow 2010:1; Nieuwoudt and Groenewald 2003:22). This is mainly because the majority of the population lives in rural areas without basic resources (Todaro and Smith 2012:237). Furthermore, Todaro and Smith suggest that the most valid generalisations about the poor are that they are disproportionately located in rural areas, they are primarily engaged in agricultural and associated activities, they are likely to be women and children rather than adult males, and they are often concentrated among minority ethnic groups and indigenous peoples. The ability of agriculture to reduce poverty depends on improving key elements such as infrastructure, education and training, and agricultural inputs in rural areas (Diao et al. 2007: viii).

Rural areas cannot overcome these constraints on their own. They need the support of local government (Dyubhele 2011:52). This is mainly because of the nature and the ability of the agricultural sector to create employment in rural areas. Government has introduced development legislation and policies, but these instruments have not yet enhanced the quality of life of rural areas. Development practitioners have identified problems of agriculture in the rural areas of South Africa, but have not yet found solutions to these problems. This has resulted in a policy response to agriculture that is welfare-oriented instead of economic development-oriented so that it can reduce poverty (Dyubhele 2011:2). The last decade has seen agriculture re-emerging on top of most of the developing countries' national agendas (Segura 2010:4). Rural and agricultural development and equitable distribution of the benefits of economic growth are crucial for the global reduction of poverty and hunger. Furthermore, economic growth in the agricultural and rural sector has a much greater impact on reducing poverty and hunger than urban and industrial growth. Moreover, the contribution of agriculture is obvious in rural areas where it is one of the major economic activities, although small semi-urban centres play a major role in the economic growth of rural areas. Therefore, employment in rural areas may depend heavily on agriculture and related sectors, especially

in areas where tourism and the incentive to invest in industry are very low (Food and Agriculture Organisation [FAO] 2006:7).

## **1.2 Background of the study area**

The Mbhashe Municipality is constituted in terms of the Municipal Structures Act. No. 117 of 1998 and comprises the areas that previously formed the Elliotdale, Willowvale and Dutywa TLCs and TRCs. The Municipality is located in the North Eastern part of the Amatole District Municipalities area of jurisdiction. The main administrative office of the Municipality is situated in Dutywa (Mbhashe Municipality 2012-17:15).

The total area of Mbhashe municipality is approximately 3 169km<sup>2</sup>; it is situated in the south-eastern parts of the Eastern Cape Province, and is bound by the coastline flowing from the Quora River in the south to the Mncwasa River in the north along the Indian Ocean. It borders the municipalities of King Sabata Dalindyebo in the north-east, Ngcobo in the west, Mnquma in the south and Ntsika Yethu in the south-west. The Mbhashe Municipality earned its name from the beautiful river called Mbhashe, which flows through its main towns, namely Dutywa (Idutywa), Willowvale and Elliotdale. Its main economic sectors are agriculture and tourism (Mbhashe Municipality 2012:15).

According to Mbhashe Municipality (2012:16), the municipality has a population of 254 909 and an unemployment rate of 42.40%. About 17% of the households of the Amathole District Municipality are strictly involved in agriculture and about 40% of the households are from Mbhashe Local Municipality. The agricultural households are also generally worse off than those not involved in agriculture (Amathole District Municipality 2012:20). Mbashe Municipality is a small rural economy that is dependent on both subsistence and commercial agriculture and tourism. Mbashe Municipality is unable to address the challenges and needs at once and on their own.

Figure 1.1 below, demonstrates the Mbhashe Local Municipality (LM) in the Eastern Cape and the rest of South Africa. The Eastern Cape has the second most vulnerable local municipalities (18) in the country of South Africa, after Kwazulu Natal (24) and is followed by Limpopo (13) in third place (COGTA 2009). Mbhashe LM tops that list of the fifty-seven most vulnerable local municipalities in the country. Even among the different municipalities within the province, these municipalities differ in terms of infrastructure backlogs, resource

allocations and so on. This situation is dependent on the effects of the past apartheid regime; for example, the municipalities that were under the Homelands of Transkei and Ciskei (two parts of the Amathole district) as compared to those that were under the former Republic, such as Buffalo City Metro.

Figure 1.1: Location of the Mbashe Local Municipality in the Eastern Cape



Source: Google Maps: 2000

### 1.3 The nature of the problem

Rural people in Mbashe Local Municipality have little or limited access to land and basic necessities, such as clean water, electricity, a decent home and health care. There are generally high backlogs for water and sanitation in the Mbashe Municipality (Mbashe Local Municipality 2012:19-20). This situation indicates that rural people in Mbashe Municipality still do not have the means of earning a livelihood.

The majority of the land in the municipal area is rural, encumbered in communal tenure forms of ownership jointly governed by Traditional Authorities and the State. According to the Mbhashe Local Municipality (2012:21), if harnessed, the economic potential of Mbhashe Municipality can also be used in reducing poverty. The agricultural sector is the largest contributing sector in the economy of Mbhashe, yet it is neglected. Many households use agriculture for subsistence. There are almost 22 000 hectares (ha) of arable land but agricultural production is hampered by a lack of infrastructure, including a lack of fencing. Potential exists for the dryland cultivation of maize and beans, the production of broilers and eggs, and growing tomatoes using hydroponics in the municipality, yet there are still low levels of agricultural activities in the municipality (Mbhashe Local Municipality 2013:34).

The agriculture sector has been a foundation activity for humans since the earliest times. The entire world depends mostly on agriculture for food requirements. Historically, agricultural activities were performed using primitive tools. The ability of agriculture to sustain livelihoods is not a new phenomenon. Today, government has to use new methods and tools in order to improve the quality of life in rural areas (FAO 2014:53).

Agriculture has been neglected and because of this, most people in the rural areas have been migrating to the urban areas in search of employment, which has offered good living conditions since 1960. There are also other problems that face agriculture today. These problems lie in the traditional and subsistence system of agriculture, which includes poor production techniques and few applications of fertilizers and insecticides (FAO 2014:53).

#### **1.4 Research questions**

In order to reduce poverty, the contribution of agriculture needs to be improved in rural areas. Hence the questions below become important. The questions are:

- What are the constraints to agricultural activities in the Mbashe Local Municipality?
- What is the plight of rural people in the Mbashe Local Municipality?
- What are the contributions of agriculture in rural development in the study area?



## **1.5 Research aim and objectives**

The aim of this research is to obtain a better understanding of the contribution of agriculture to rural development in the Mbhashe Local Municipality. The main question investigated is the contribution of agriculture to rural development in order to reduce poverty in rural areas. This is mainly because the agriculture in rural areas, as an economically active sector, is mostly neglected.

### *1.5.1 Purpose*

The purpose of the study was to contribute to the understanding on how agriculture can help reduce poverty in rural areas. This is achieved by identifying the contribution of agriculture to rural development in the Mbhashe Municipality. Additionally, this study contributes to policy development that would enable government and development practitioners to alleviate the plight of rural people, because poverty and unemployment are consequences of deliberate development policy.

### *1.5.2 Primary objective*

The primary objective of this research was to investigate the contribution of agriculture to rural development in Mbhashe Municipality. Furthermore, the necessary conditions required to sustain livelihoods of people in the rural areas were identified. This was mainly done to help reduce unemployment and poverty of rural people in Mbhashe Local Municipality and to improve the rural population's quality of life. The purpose is to generate a policy response to assist rural people that are economically development-oriented.

### *1.5.3. Secondary objectives*

The secondary objectives include the following:

- To identify the constraints to agriculture activities in the Mbashe Local Municipality.
- To investigate the plight of rural people in the Mbhashe Local Municipality.
- To investigate the contribution of agriculture to rural development in the study area.

## **1.6 Importance of the study and development relevance**

The study is important because the area under study has been under-researched, especially in deep rural areas. The research aims to investigate the contribution of agriculture to rural development in Mbhashe Municipality, as the agricultural sector is said to be the largest contributing sector to the economy of Mbhashe municipality, yet it is declining. Furthermore, many households use agriculture for subsistence and they heavily rely on it for food (Mbhashe Local Municipality 2013:34).

In South Africa, rural development has been prioritised to redress the past and promote the reconstruction of the rural areas which were previously disadvantaged and marginalised; as a result the Eastern Cape Province has the National Department of Rural Development and Land Reform as well as the Provincial Department of Rural Development and Agrarian Reform (formerly known as Department of Agriculture) coordinating rural development in the province. Agriculture continues to be the engine of rural growth (Cleaver 2013:7).

## **1.7 Research design and methodology**

The study identified the contribution of agriculture to rural development using Mbashe Municipality as a case study. A case study methodology was a valuable and credible method to use for this study because it provided knowledge that can be used by development practitioners to reduce poverty in rural areas. In addition, a case study does not necessarily reflect the views of the author but comprises valid evidence through document analysis and literature review from data sources such as journals, libraries etc. (Newman 2000:251).

The study used a qualitative research method for gathering and analysing data. Critical in this regard was the analysis of available documents. These include policies, frameworks, development plans, such as the IDP of Mbashe Local Municipality and Amathole District Municipality, reports, Eastern Cape Provincial Department of Rural Development and Agrarian Reform as well as the Eastern Cape Provincial Office of the Department of Rural Development and Land Reform.

According to Creswell (2009), document analysis and case studies provide an in-depth study of situations. The purpose of the document analysis was to collect information on the contributions of agriculture in rural development in order to assist policy makers with the

data and information required for planning policies and legislature regarding rural development and agriculture in the study area.

#### *1.7.1 Secondary research*

A comprehensive literature search was conducted in order to obtain information on agriculture in rural development. National and international data searches were done using sources such as the population census data of Statistics South Africa (Stats SA), the library of the Nelson Mandela Metropolitan University, conference papers, national and provincial rural summit reports, the two provincial departments' of land and agrarian reform offices and databases. Furthermore, the South African Journal of Economics, World Food and Agriculture Organisation (FAO), Sustainable Development and Google searches were also used. Data used were also accessed from other libraries by means of interlibrary loan facilities at the Nelson Mandela Metropolitan University as well as direct loans from the East London and Idutywa libraries.

The secondary research was done to identify existing information that provides contextual background, and draws clear implications for the current research and was used to contribute to a better understanding of the necessary conditions required to sustain livelihoods of people in the rural areas specifically in the Mbhashe municipality. This was mainly done to help reduce unemployment and poverty of rural people in Mbhashe Local Municipality and to improve the rural population's quality of life.

## 1.8 Structure of the project

Mbhashe Municipality was used to investigate the contribution of agriculture to rural development. The structure of the dissertation is as follows:

**Chapter 1** presents the research problem and setting. It introduces the research problem, the aim of the study, the objectives, and the research methodology.

**Chapter 2** gives a literature review and an overview of the theories outlining the importance of agriculture in rural development.

**Chapter 3** outlines the research methodology. It describes the different methodologies used for the research.

**Chapter 4** presents the contribution of agriculture to rural development in Mbhashe municipality; the constraints of agriculture and rural development in rural areas, development practitioners' perspectives; lastly what other scholars say in and outside South Africa.

**Chapter 5** presents a summary of the most important findings, conclusions and tentative recommendations. The chapter also analyses whether the research objectives were met and makes recommendations for future research.

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## **CHAPTER 2**

### **LITERATURE REVIEW AND THE THEORIES OUTLINING THE IMPORTANCE OF AGRICULTURE IN RURAL DEVELOPMENT**

#### **2.1 Introduction**

Governments and economists attach primary importance to agriculture in sustaining livelihoods in rural areas (Dercon and Gollins 2014:7; Dyubhele 2011:12; Todaro and Smith 2009:21). This means that agriculture has a central role in development in rural areas. Development generally plays an important role in the improvement of the quality of life of people in rural areas (Todaro and Smith 2009:21). The standard of living of people in rural areas is low and the quality of life is not improving (Gumede 2005:67). Rural households do not have the means of earning a livelihood and sufficient assistance has not come their way to improve their quality of life or to reduce poverty. Development practitioners have developed theories that are instructive to and can assist governments in reducing poverty.

Theories are important because they inform development policy (Dyubhele 2011:13). Many theories have been formulated to address the problems of developing societies. One of these problems is poverty, which is more visible in households in rural areas (De Beer and Swanepoel 2000:19). Agriculture is the driving force in rural areas as many of these areas are agricultural in nature. In South Africa, the experience of policy makers has given rise to revised theoretical formulations of development concerns.

The objective of this chapter is to give a literature review and an overview of the theories that outline the importance of agriculture in rural areas. This is done in order to obtain a better understanding of reducing poverty and to ascertain the contributions of agriculture in rural development. The chapter sets the theoretical framework and its relevance to the study.

#### **2.2 Agricultural Development is Essential for Rural Development**

The Rural Development framework (2009:10) refers to Rural Development as “the process of improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated areas. It has traditionally centred on the exploitation of land-intensive natural resources for agriculture and forestry.” Furthermore, Ngomane (2012:6) describes the South African economy as one with “fragmented spatial development planning along

historical lines and patterns.” He also states that the high level of poor or no economic, social and cultural linkages to areas of economic activity, and relatively prosperous commercial and urban centres creates huge problems for the growth of the South African economy. Moreover, the enduring underdevelopment with its social, economic, and cultural manifestations: poverty, gross income inequality, and chronic unemployment further describes the nature of the South African economy.

Lastly he also states that the greater contribution of the Gross Domestic Product (GDP) in former Homeland areas is represented by higher government salary payments, rather than increased production of goods and marketable services. This is why there is an importance to focus on agricultural development to address poverty, among other challenges, in rural areas. According to Overseas Development Institute (2001:445), governments in the developing countries make sure agriculture is given a fair share of funds for poverty reduction as with other sectors. However, these services such as: extension, credit/grants, inputs, and so on, are more focused on removing barriers to trade and mobility, providing an enabling environment for start up non-farming activities and not really improving the economic status of the poor. It further suggested that a cross-sectoral diversity of rural livelihoods would be required to form the basis of a rural development policy if efforts to reduce rural poverty are to be realised in the future.

The role of agriculture in economic development has been considered to be supportive and active. The early development practitioners, such as Lewis (1954:12), saw agriculture as a supplier of cheap food for workers in industrial sectors. Agriculture was transformed through the adoption of new technology.

According to FAO (2002:49), “Roads, electricity supplies, telecommunications, and other infrastructure services are limited in all rural areas, although they are of key importance to stimulate agricultural investment and growth.” Furthermore, “Better communications are a key requirement. They reduce transportation cost, increase competition, reduce marketing margins, and in this way can directly improve farm incomes and private investment opportunities.”

The theoretical framework is outlined in the following paragraphs.

## **2.3 Modernisation theory**

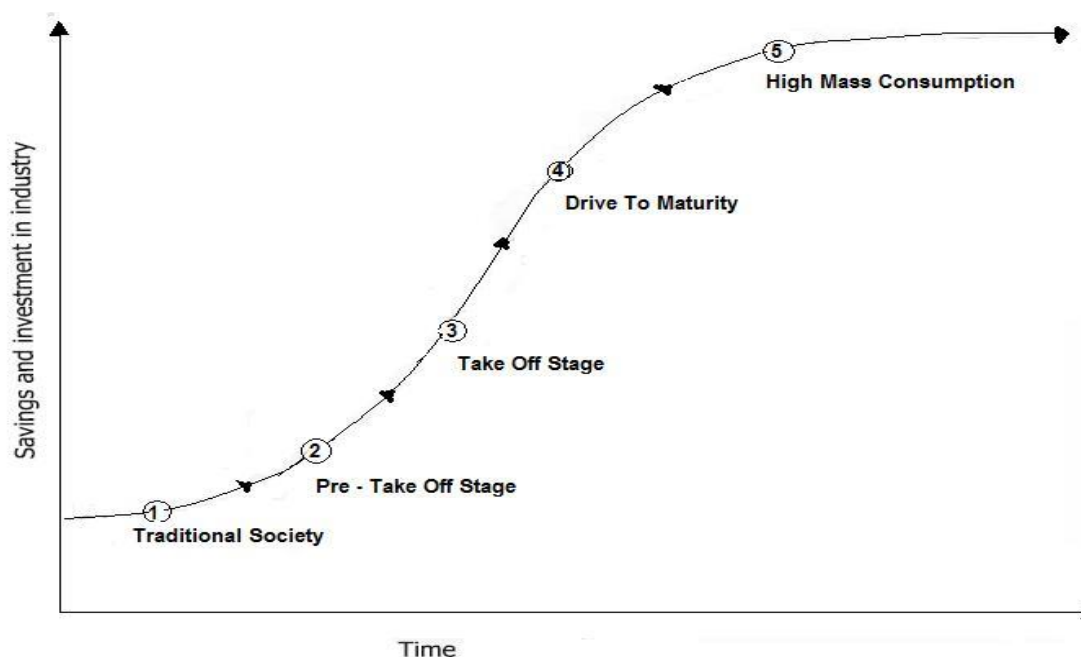
According to Dyubhele (2011:13-14), modernisation occurs when a traditional society changes to such an extent that it reflects social characteristics of ‘advanced’ societies. A traditional society has limited capacity to solve social problems whilst modern society has the ability to solve social problems and development incorporates Western values. In addition, the poor labour in agricultural production for long hours because they work with primitive tools, while capital and technology are concentrated among the large land owners in advanced societies (Nafziger 2012:215). Therefore, a modernised society strives to bring its own development in line with those of developed societies (Coetzee, Graaf, Hendricks and Wood 2001:27).

Modern theories assume that all societies progress in a linear fashion from a traditional state to modernity. Most of the developing countries are seen as traditional and developed countries are seen as modern. Even within developing countries, certain sectors are seen as modern and others as traditional. The modernisation theory identifies development with the adoption of Western values and technologies. One of the prominent proponents of modernisation theory was Rostow (1960:3). His theory is discussed below.

### *2.3.1 Rostow’s stages of economic development*

Rostow (1960:4) presents a pattern of economic development of countries. The essence of Rostow’s theory is that it is possible to identify stages of economic development and to classify societies according to these stages. He distinguishes five stages; namely traditional, preconditions, take-off, maturity and high mass consumption. The stages are outlined below in Figure 2.1.

**Figure 2.1 Rostow's stages of development theory**



Sourced from: Potter, Binns, Elliot and Smith (1999:51)

### *2.3.1.1 Traditional or subsistence society*

In a subsistence economy, most of the resources of the society are devoted to providing the basics of livelihood, such as food, clothing and shelter. Agriculture is the most important industry and production is labour intensive as there are limited quantities of capital. Here, society's energies are focused on physical survival (Bradfield 1988:21). The main economic activity is farming (Mohr, Fourie and Associates 2008:664). Therefore, an agrarian form of production dominates traditional or subsistence societies.

### *2.3.1.2 Preconditions for take-off*

The shift from a traditional or subsistence society to the preconditions for take-off stage occurs because technological improvements raise enough output to produce surpluses or profits beyond the subsistence level (Bradfield 1988:21). These surpluses provide for savings and investment, which must grow. The main economic requirement in the transition phase is that the level of investment be raised to ensure self-sustaining development. The main direction of this investment is in infrastructure. According to the World Bank (1994:14),



infrastructure represents the ‘wheels’ of economic activity. Furthermore, infrastructure is one of the constraints to development in rural areas. The transition phase is characterised by new methods of cultivation and an improvement in education levels (Davids, Theron and Maphunye 2005:10). The length of this phase depends on the modernisation of resources (Nafzinger 1990:98).

#### *2.3.1.3 Take-off*

According to Dyubhele (2011:15), the economic base shifts from predominantly primary to secondary industries during this stage. Labour moves from farming to join the urban industrial workforce. The take-off stage is characterised by declining agricultural production accompanied by increases in and the expansion of new industries. Growth of industries is stimulated, the profit reinvested in new ventures and industries.

#### *2.3.1.4 Drive to maturity*

This stage is a stage where society has effectively applied the range of modern technology to the bulk of its resources (Thirwall 2000:63). In addition, it is characterised by the ability to include sophisticated technology and work processes. The burden of agricultural labour is worsened by inadequate infrastructure and long hours often in hot climates and outside the household.

#### *2.3.1.5 High mass consumption*

During high mass consumption, the economy is dominated by the manufacturing of consumer goods and the provision of services. This stage is attained when real per capita income has risen to a level at which consumption requirements of the population are beyond the basic needs of food, clothing and shelter (Thirwall 2006:111). According to Rostow (1960:12), this stage has been reached by countries such as Japan, Western European countries and the United States of America (USA).

Initially, agriculture is developed as a resource saving practice and is recognised for its economic benefits which convinced farmers to adopt it. These benefits include: increased yields, decreased production costs, reduced labour and increased farm incomes. Agriculture is

used as a way to achieve the Millennium Development Goals of eradicating extreme poverty, while on the other hand ensuring environmental sustainability.

According to Dyubhele (2011:15), sustainable agriculture focuses on stability and resilience in order to boost agricultural production by securing intensification with fertilizers, for instance. It helps in reducing poverty, feeding an increasing number of people, and reversing the degradation of the biophysical environment. The main aim is more to develop sustainable agriculture in opposition to traditional rain-fed “mining” agriculture. According to the United Nations Food and Agriculture Organisation (FAO) (2006:1), agriculture is a concept that is aimed at conserving the environment and at the same time looking at resource-saving agricultural crop production that strives to achieve acceptable profits together with high and sustained production levels.

### *2.3.2 Criticism of modernisation theory*

One criticism against modernisation theory is that it assumes that all societies progress along the same path towards development. It argues that the development experiences of Western industrialised societies can be applied to developing countries (Dyubhele 2011:23). Another criticism is that modernisation theory regards industrialised countries as the champions of industrial development, while in fact newly developing countries have a good chance of developing agriculture. Modernisation theory does not take into account the global situation, and argues that internal deficiencies create underdevelopment (De Beer and Swanepoel 2000:37–38).

The simplistic nature of the traditional and modern dichotomy is rejected by critics such as Webster (1984:62–63). These critics argue that the stages do not progress in a linear fashion from traditional to modern societies. Modernisation is influenced by many variables, including technological progress, and industrialisation. Modernisation is a process that can differ from society to society (Coetzee et al. 2001:33–38; Davids et al. 2005:12).

According to Rostow’s (1960:12) model of stages of economic development, agricultural investment, and other investments and savings are important elements of economic development. Economic development brings about social transformation (Coetzee et al. 2001:35). For example, the movement from subsistence production to cash crop production occurs as a result of the commercialisation of agriculture, which leads to economic

development. However, a rise in savings and investment is not a sufficient condition (Todaro and Smith 2009:107). This is mainly because under-developed societies do not have adequate structural or skilled human capital and institutional and attitudinal factors to progress. Rural areas are agricultural in nature and bear the largest burden of under-developed societies (De Beer and Swanepoel 2000:34).

Another criticism of modernisation theory is that in many developing countries, modern society benefits at the expense of traditional society (De Beer and Swanepoel 2000:34). This situation perpetuates poverty in traditional societies, because traditions and agriculture contribute to the development of rural areas. This is mainly because traditions and agriculture are a reality that women, especially, cannot escape (Davids et al. 2005:26).

### *2.3.3 Implications for agriculture in Mbashe Local Municipality*

The stages of development are a series of steps that are necessary for development in all countries (Davids et al. 2005:9). However, not all countries reach economic progress at the same time. This is mainly due to inadequate infrastructure, lack of technical progress, limited investment and savings (Dyubhele 2011:18). These are key elements that hinder development of agriculture in rural areas (Todaro and Smith 2009:113) and, specifically, in Mbashe Municipality (Mbashe Municipality 2012-2017:35).

The take-off stage is the key to economic development (Rostow 1960:4). It is significant because it involves the development of infrastructure. However, in Mbashe prosperity did not benefit the agricultural sector during the take-off stage. This is mainly due to the fact that only men were trained in new technologies, while women worked in the agricultural sector using primary tools. In addition, new technical knowledge reduced access to agriculture assets and agriculture declined. According to the Mbashe Local Municipality, agriculture is mostly small scale crop farming and open grazed livestock, even though it is the biggest contributor in the economy of the municipality. Moreover, the municipality has engaged the current communal farmers to develop strategies to increase production in order to contribute to improving the economic status of the municipality and poverty alleviation (Mbashe Municipality 2012-2017:35).

The stages of the economic development model assume that all countries progress from under-development to development. However, development did not take place according to

the stages of the economic development model in many developing countries (Dyubhele 2011: 19-20). This is mainly due, amongst others, to inequalities in access to agricultural assets such as land. Information on investment in agricultural activities is limited and is obtained from the private sector (FAO 2015:8).

#### *2.3.4 Relevance of the Modernisation theories to the Mbhashe Local Municipality*

Although the Modernisation Theories are old, especially Rostow's theory, they give a basic understanding of the different stages of economic development. Ofcourse the stages are not standard for every country as the critics of these theories point out; however it is important to understand the basics of economic development by analysing these theories. Furthermore, these theories are relevant in the situation of the Mbhashe municipality, as it is like it is in many underdeveloped countries in Africa. The situation at the Mbhashe municipality remains at stage one of economic development with many initiatives of stage two failing due to the past apartheid regime that led to inequalities, lack of infrastructure, lack of skills etcetera. The municipality and sector departments are engaged in different initiatives in order to address the past but it is taking quite some time to really get off the ground, nevertheless, the situation has changed in some areas; for example, some villages have access to electricity, water and better sanitation (Mbhashe Municipality 2012-2017:18-19).

In South Africa, development was hindered by the apartheid laws, which encouraged discrimination and economic exclusion (Jacobs & Hart 2012:10). The rural areas are still experiencing the traditional stages where the wealth difference between the rural rich and poor is extreme (Sheckelton, Sheckelton & Cousins 2010:582). Much of the agricultural sector is neglected and development has been concentrated in the urban areas, leaving the rural population to the resources they have at hand or to migrate to urban areas (Dyubhele 2011:4; Davies 2003:19).

Another theory that was thought to be relevant to this study is the structural theory, which is outlined in the paragraphs below.

## **2.4 Structural theory of development**

The importance of agriculture in economic development has been noted by many theorists such as the structuralists. In fact, the need for modernisation and the labour requirements needed to develop the industrial sectors puts more burden on the agriculture sector. Structural theorists focus on ways in which underdeveloped economies transform their economic structures from traditional subsistence agriculture to a more modern urban industrialised economy (Lewis 1954:139). Structuralists view development as influenced by many factors, such as government policies, resource endowments, the size, external capital, technology, international trade and the environment. Structural theorists suggest that the pattern and pace of development differs from country to country depending on domestic and international factors. Furthermore, the patterns are affected by development policies of government (Todaro and Smith 2009:113–115).

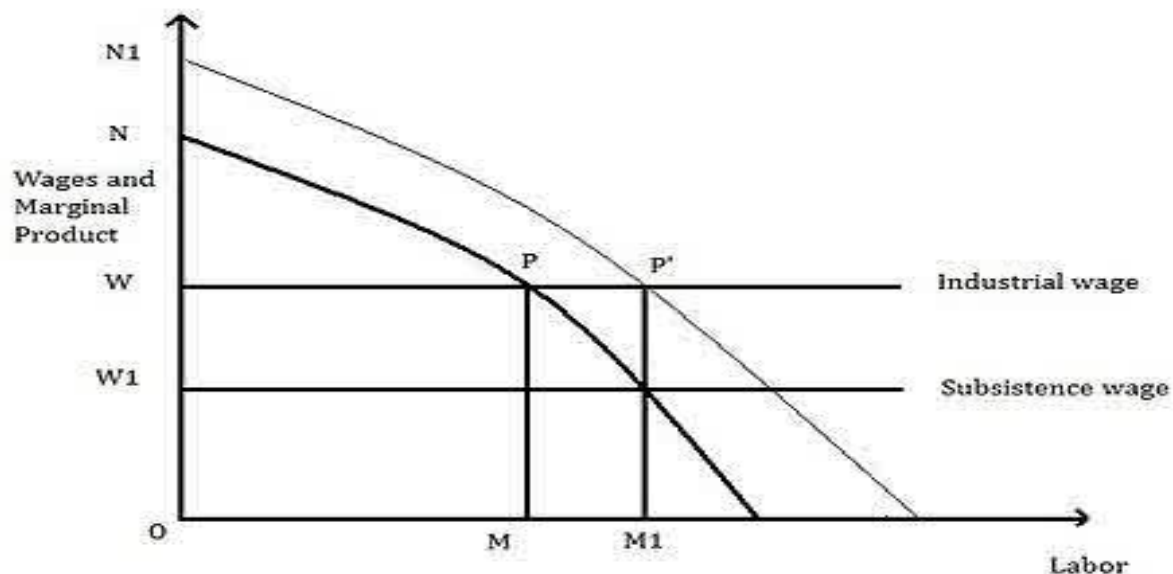
Developing countries can remove obstacles from their path through substantive and coordinated state action (De Beer and Swanepoel 2000:39). This involves investments in agricultural infrastructure. A universal feature of development in rural areas has been the transfer of resources from the traditional sector to the modern sector, along with a shift in population from rural to urban areas. In this process, agriculture was neglected as rural areas were overlooked. The model by Lewis (1954:139) addresses this basic structural change and is outlined below.

### *2.4.1 The Lewis model of development*

Lewis (1954:139) uses the following assumptions in explaining the mechanism through which economies transform their economic structures from traditional subsistence agriculture to a modern urban industrial sector. The rural subsistence or traditional sector is overpopulated and characterised by zero or very low productivity or surplus labour. Labour is classified as ‘surplus,’ because it can be withdrawn from the agricultural sector without any loss of output (Hess and Ross 1997:102). This surplus labour must be transferred into the non-agricultural sector. Therefore there will be a mutual benefit for the surplus labour as this transfer will create jobs for the agrarian population, while lifting the burden off the agricultural sector (Nafziger 2012:134)..

Figure 2.2 below represents the Lewis model, where  $NR$  is the marginal revenue product of labour ( $MRP_L$ ),  $OW$  is the industrial wage,  $OM$  is the employment in the industrial sector where the  $MRP_L$  is equal to the industrial wage. Because the industrial wage is dependent on the subsistence sector earnings, the industrial sector will want to keep wages as low as possible, so that the industrial sector can expand at a fixed wage rate (Ghatak 1987:41).

**Figure 1.2: The Lewis model**



Sourced from: Ghatak (1987)

The total production of labour is  $ONPM$ , this is the sum of payments to labour (wages),  $OWPM$ , and the industrial surplus,  $NPW$ . The growth and the absorption rate of the industrial sector depends on how the industrial sector surpluses are used (Ghatak 1987:41). When the surpluses are reinvested, the total product of labour rises. The  $MRP_L$  moves  $N_1R_1$ . Ceteris paribus, the industrial sector will now provide higher employment. The industrial surpluses go up from  $WNP$  to  $WN_1P$ , the surpluses can then be reinvested and the cycle continues until the surpluses are exhausted (Ghatak 1987:42).

According to the Lewis model, as profits in the industrial sector are reinvested, more rural labour will be absorbed into the modern sector at a higher cost of living and eventually the profits that can be reinvested will be exhausted. It is then that the wages in the industrial sector will start to increase (Ghatak 1987:42). The agricultural sector, being the most lucrative livelihood activity in rural areas, is unable to afford individuals with a higher

standard of living; however the higher cost of living in the urban areas has a negative impact on the higher earnings that the individuals receive (Ghatak 1987:42)

The modern urban industrial sector has high productivity and draws labour from the rural traditional sector. Lewis (1954:140) focuses on the process of transfer of labour, on the growth of output and employment in the modern sector. The process of transfer of labour and growth occurs as a result of the expansion of the modern sector (Todaro and Smith 2009:109–111). The rate of industrial investment and capital accumulation in the modern sector determines the speed at which the expansion occurs. The so-called capitalists reinvest their profits to make industrial investment possible, and wages in the industrial sector are higher than the average rural income (Ghatak 1987:42). Therefore, workers are inclined to migrate from rural to urban areas.

#### *2.4.2 Criticism of the Lewis model of development*

The Lewis model illustrates the dualistic nature of economic development (Hess and Ross 1997:105). Developing economies are characterised by low productivity in the agricultural sector and high productivity in the small industrial sector. The Lewis model implies that developed countries are responsible for poor progress in developing economies. In addition, the industrial sector is important and relies on the agricultural industry. However, agricultural activity has declined, especially in rural areas since the mid-1990s (Mbhashe Municipality 2006:36). This means that development stakeholders, including the government, have to support agricultural activities which are sources of income in order to sustain livelihoods in households.

The Lewis model is a point of departure for models that explain the migration of labour from rural to urban areas. As development continues, rural areas are unable to provide employment opportunities for their own growing population. Therefore, people move from rural to urban areas with the hope of finding jobs (Barker 2007:45). In South Africa, the Eastern Cape, as the province with the third highest population, has large numbers of migrants (Dyubhele 2011:28). These migrants come from the rural areas of the Eastern Cape, KwaZulu-Natal and Limpopo provinces. They move mainly to the metropolitan areas of South Africa, such as Cape Town, Gauteng and Port Elizabeth (Development Bank of South Africa 1994:60).

The Lewis model indicates that developing countries have a potential for growth and that income distribution is a problem. This happens because in the early stages of economic growth and development, everyone receives a subsistence wage. Income is distributed to the few owners of capital. Thereafter, labour is withdrawn from the traditional and moved to the modern sector. This transferred labour is used to produce capital goods. As industry expands, the capital stock and productivity of labour increase (Hess and Ross 1997:103). Therefore, industrial wages become higher than subsistence wages in agriculture.

Historically, industrial growth indicates that the modern sector has not used the surplus labour available in developing countries after two generations of development (Kasliwal 1995:101). Lewis argues that although people migrate from rural areas to cities, not all find jobs. Consequently, this pattern of growth is manifested by the high population growth in the urban areas of all developing countries. In South Africa, rural areas have abundant unskilled labour and land resources but rely on urban areas for economic development (Todaro and Smith 2009:114–116).

#### *2.4.3 Relevance of the Structural theories to the Mbhashe Local Municipality*

Mbhashe Municipality is characterised by an agricultural and a small industrial sector (Mbhashe Municipality 2012-2017:15). The agricultural sector is characterised by low incomes, low savings, low productivity and high unemployment. The industrial sector is characterised by some technological advancement with high levels of investment operating in an urban environment. The industrial sector attracts workers from the rural areas.

The firms in this municipality offer wages that should improve the quality of life over what remaining in the rural areas could provide. However, the level of labour productivity is so low in the agricultural areas, such that people are leaving the rural areas and have no impact on output. The intention to migrate is so that people could earn sufficient income to sustain themselves. This is mainly because higher incomes generate more savings, which in turn meant more funds available for investment (Pantshwa and Campbell 2013:2).

The use of the structural theory in this study was due to the relevance of it to the situation of Mbhashe municipality. This is because structural theory, just like the modernisation theory, focuses on the economic transformation of the underdeveloped countries from a more



traditional to a modern economy. However, structural theory pays more attention to what influences development, and structural theorists state that it is due to many factors, such as government policies, resource endowments, the size, external capital, technology, international trade and the environment. In the Mbhashe municipality in particular, economic transformation is delayed as a result of government policies (the fact that there is no rural development policy), lack of resources, the size of the area being vast with huge population size (covering three main towns) and lack of technology development (Ngomane 2012:12).

The Harrod-Domar growth model is outlined below.

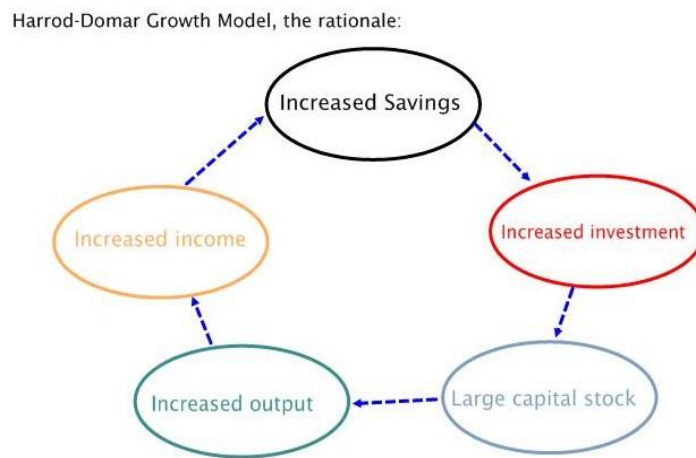
## **2.5 Harrod-Domar Growth Model**

This model is based on the work of Harrod (1939) and Domar (1946). It suggests that the economy's rate of growth depends on the level of saving, which provides increased incomes in agriculture as a market for the industrial sector and the productivity of investment; that is, the capital output ratio.

Economic growth depends on the amount of labour and capital. Labour is withdrawn from the agricultural sector to provide for the industrial sector. The model puts emphasis on the importance of agriculture as a provider for the industrial sector. It provides or transfers manpower to the industrial sector. In addition, the lack of physical capital, holds back economic growth and development due to the fact that there is an abundant supply of labour, thus, more physical capital generates economic growth, net investment in the agricultural sector leads to more capital accumulation, which generates higher output and income and higher income allows higher levels of saving (Walker 2012).

Figure 2.3 below depicts the Harrod-Domar Model, then the Urban Model will be discussed in detail in section 2.6.1.

Figure 2.3: The Harrod-Domar Growth Model



Sourced from: Welker (2012)

The Urban Agriculture model is an example of latest location models and is outlined below.

## 2.6. Urban Agriculture Model

In terms of urban agriculture, there are boundaries of cities throughout the world and include products from crop and livestock agriculture, fisheries and forestry in the urban and peri-urban area (Drescher 2001:9). It also includes non-wood forest products, as well as ecological services provided by agriculture, fisheries and forestry. Evans, Valsecchi and Pollastri (2012:2) argue that one of the key factors of any urban farming practice is the possibility to extend its positive impact over the food supply chain. Adding to that, they also argue that introduction of urban farming can positively impact green cities and buildings which can offer positive benefits all-round, including improved local economies. It has also been proven to be both cost and energy saving. This therefore, means green cities can create and expand markets for fresh, local products and services. Furthermore they argue that, from a social perspective, green cities promote healthier and more comfortable outdoor environments and have positive aesthetic benefits.

Moreover, from an environmental perspective, green cities are a win-win model as they help to reduce the impact of global warming, reduce waste, improve air quality, reduce the city heat island effect and promote a healthier living environment. Depending on production

systems considered, different regions of the world seem to present differences in terms of prevailing urban Agriculture categories. For instance, in the case of peri-urban vegetable production, shifting open-space systems seem more important in Africa than in Latin America, where home plots and peri-urban farms are more established, and the latter even more so in Asia. In contrast, intensive space-confined systems of high-value products, such as silkworms, mushrooms and fish micro-hatcheries, are more developed in Asian cities than in most of Africa (Mougeot 2000:5).

Drescher (2001:10) agrees with Mougeot that the scope of urban and peri-urban food production varies from continent to continent. This variation derives from many factors, such as: the economic status of the country and the households (which determine their needs), the household itself (determined by its size, labour force, assets etc.), cultural aspects (which partly determine the kind of crops grown), the infrastructure and availability of fossil energy and inputs (which determine transportation capacities, availability of seeds and fertilisers), climate, soils and water. Furthermore, Urban Agriculture comprises a set of different possible activities. The main components of Urban Agriculture include: urban and peri-urban horticulture and crop production, urban and peri-urban animal husbandry, urban and peri-urban forestry, as well as urban and peri-urban aquaculture.

Smit, Nasr and Ratta (2001:1) also argue that the current and potential roles of urban agriculture differ from country to country. In countries that must export agricultural products to earn foreign exchange, urban agriculture can feed the cities, while rural farmers concentrate on exports. In countries with a fragile ecology, the intensive production technology of urban agriculture and its capacity to absorb urban waste may be essential to averting environmental disasters in urban areas. Furthermore, they believe that urban agriculture has benefits, such as economic, environmental, and the well-being of those active in the industry, as well as residents who enjoy the products of urban agriculture. Lastly, urban agriculture play a role in programmes and projects that target health and nutrition, the environment, enterprise development, income generation, water and sanitation, youth and women, and food production and supply.

Zeza and Tasciotti (2012:269) suggest that Urban Agriculture can have a positive impact on household food security as it generates direct income for the household concerned, as well as

providing direct access to the food produced. They also argue that households that engage in farming may have access to comparatively cheaper food and a wider variety of particularly nutritious foods, such as vegetables and products of animal origin (milk, eggs, meat). Furthermore, the latter mechanism may be particularly relevant should urban food markets, particularly in the poorer neighbourhoods, be inefficient. Under such conditions direct access to food may allow households to consume greater amounts of food and a more diversified diet, richer in valuable micronutrients.

### *2.6.1 Criticism of the Urban Agriculture model*

According to Adell (1999:13) the most influential and strong critique of uneven development generated or maintained by urban-oriented policies in poor countries comes from Michael Lipton (1977). Adell refers to Lipton's seminal book, which states from the beginning that "the most important class conflict in the poor countries of the world today is not between labour and capital. Nor it is between foreign and national interests. It is between the rural classes and the urban classes."

He continues to say that "The rural sector contains most of the poverty, and most of the low-cost sources of potential advance; but the urban sector contains most of the articulateness, organisation, and power." Adell further relates to Lipton's explanation of 'why poor people stay poor' on the rural-urban divide. He elaborates by stating, in a somewhat simplified manner that has since been criticised, an analytical tool to evaluate the effectiveness of a model of economic development that posed economic growth and urbanisation as synonymous.

Adell (1999:14) summarises Lipton's basic argument of "urban bias" by arguing that urban dwellers tend to have more power than the rural ones and in the process, be able to divert a disproportionate share of resources towards their own interests and against the rural sector. In addition Adell states that most governments are urban based in terms of their location (offices); in the process of development, external credits are received, funds are allocated and development policies are generated by the urban elite that hold class alliances with the rural elite, thus maintaining privileged situations on both sides: the city obtaining cheap food and savings surpluses, while the rural better-off get subsidies and all of the rural investment. This means then, the more efficient and labour-intensive small and poor farmers are forced either

to sell their produce to the bigger farmers in disadvantageous conditions, to turn to subsistence production or to finish joining the ranges of rural-urban migrants.

Smit et al. (2001:1) also criticise Urban Agriculture and argue that urban agriculture is commonly perceived by some as an activity that is marginal, temporary, and archaic. They argue that some regard it as an activity that is actually harmful to farmers, consumers, the environment, the urban land economy, and the appearance of a city. Furthermore they argue that in some African countries and in Northern America; government authorities have frequently responded to the issues which are a result of urban agriculture by prohibiting urban farming rather than trying to resolve them. The main problems that may emerge from urban farming occur because of its close proximity to densely populated areas sharing the same air, water, and soil.

#### *2.6.2 Relevance of the Urban Agriculture model to the Mbhashe Local Municipality*

According to the Mbhashe Municipality Annual Report (2010/11:10) “the municipality is overwhelmingly rural, where the majority of residents (95.41%) live on tribal land.” Although this is the case, it was important to review the Urban Agriculture Model as the principles of economic development are the same for urban, peri-urban and rural areas. Furthermore, learning and understanding this model could be linked to the “Revitalisation of Rural Towns and Regions in South Africa” by the Department of Rural Development: Chief Directorate of Spatial Planning and Information (2014:45). It is stated that the selection criteria for rural towns are a combination of characteristics/indices that point towards a town and its rural surroundings with voids in its framework that cause it not to realise its potential and hence the need for its revitalisation. These characteristics include: Political, Demographics, Budgets, Spatial, Resources, Economy, Infrastructure, Security, Culture and Heritage. The Urban Agriculture model uses more or less the same characteristics and could assist the development of the area if applied and implemented correctly. Another model is diffusion of innovations and is outlined below.

## **2.7 The Diffusion of Innovations Theory**

According to Padel (2001:40), the diffusion model describes a process of change of agriculture. This includes the diffusion of an innovation into a community. The model is the main theoretical model for agricultural extension and the development of agricultural advisory services. In many rural areas agricultural work was done by utilising primitive tools. Eboh (2010:32) argues that the diffusion model suggests that tradition-bound farmers need to be taught to make more economically rational management decisions about the use of resources. Tradition-bound farmers are those farmers that use primitive tools and old methods of farming (Dyubhele 2011:6). The model promotes the use of and movement of productive agricultural technologies from more developed to less developed nations. Furthermore, significant increases in agricultural productivity can be obtained by increasing the flow of information about new agricultural technology and new institutional arrangements to farmers (Eboh 2010:32).

Research on innovation models has taken place over a long period (over 30 years) and among the most popular model was that of Diffusion of Innovations by Rogers and has since been used in much research from a broad variety of disciplines as a framework (Sahin 2006:14). Sahin also state that, according to Rogers, adoption is a decision of “full use of an innovation as the best course of action available” and rejection is a decision “not to adopt an innovation.” Sahin further defines diffusion as per Rogers’s initial definition, that diffusion is “the process in which an innovation is communicated through certain channels over time among the members of a social system.” Sahin then assumes from the definition that there are four key components of the Diffusion of Innovations, which are: innovation, communication channels, time, and social systems.

### **2.7.1 Innovation**

Innovation can be described as an idea, practice, or project that is perceived as new by an individual or other unit of adoption” (Sahin 2006:14). Even if an innovation was invented a long time ago, if individuals perceive it as new, then it may still be an innovation for them. Furthermore there are three steps of the innovation decision process which can be related with the newness characteristic of an adoption on an innovation. According to Puanov (2012:4), urgent developmental challenges such as: providing access to drinking water, eradication of poverty etcetera can be addressed through innovation. These development

goals could significantly be addressed if transfer, and when necessary, adaptation of technologies from developed countries would take place. Moreover, innovation has been noted as playing a pivotal role in economic development.

### *2.7.2 Communication channels*

The second element of the diffusion of innovations process is communication channels. Sahin (2006:14) defines this as “a process in which participants create and share information with one another in order to reach a mutual understanding.” Sahin further describes this type of communication as one which occurs through channels between sources. Sahin also refers to a source as an individual or an institution that originates a message. He then describes a channel as the means by which a message gets from the source to the receiver. Furthermore, Sahin states that included in these communication elements of diffusion of innovations are: an innovation, two individuals or other units of adoption, and a communication channel; and therefore, diffusion can be noted as a specific kind of communication. According to Rogers (1983:17), the principle of the diffusion process is concerned about the information exchange by which one individual communicates a new idea to one or several others. At its most elementary form, the process involves: (1) an innovation, (2) an individual or other unit of adoption that has knowledge of, or experience with using, the innovation, (3) another individual or other unit that does not yet have knowledge of the innovation, and (4) a communication channel connecting the two units.

### *2.7.3 Time*

Sahin (2006:15) suggests that the time aspect is ignored in most behavioural research. He argues that only one of the diffusion strengths is illustrated in the time dimension in diffusion research. Furthermore, the time dimension includes: the innovation-diffusion process, adopter categorisation, and rate of adoptions. Rogers (1983:20) further states that time inclusion as a variable in diffusion research is one of its strengths, but the measurement of the time dimension (often by means of respondents' recall) can be criticised.

#### *2.7.4 Social system*

Rogers (1983:24) describes a social system as a set of interrelated units that are engaged in joint problem-solving to accomplish a common goal.” Furthermore, he states that a social system may be formed by the members or units of individuals, informal groups, organisations, and/or subsystems of a social system. According to Sahin (2006:15), diffusion of innovations can be influenced by the social structure of the social system since it takes place within the social system. Sahin also argues that structure is “the patterned arrangements of the units in a system.” He further claims that the nature of the social system affects individuals’ innovativeness, which is the main criterion.

#### *2.7. 5 Criticism of the Diffusion Model*

Critics of the diffusion model assume that it may assist in gaining an understanding of the driving variables behind diffusion processes and allow, at least in theory, the prediction of the future adoption rate of innovations (McRoberts & Franke2004:3). It is also argued that, models of diffusion currently used in agricultural extension research are, of course, heavily simplified representations of the reality of diffusion processes and may be criticised for having little ability to predict future adoption of innovations.

According to Evenson and Swanson (2005:12), this approach states that institutional differences may result in substantial and differential time lags in the responsiveness of distinct societies to changed conditions. The ability of individual countries to respond to changes in fundamental conditions depends on their institutional make-up. Some countries are able to absorb change rapidly (receiving benefits early on) while others are much slower to ‘adapt and adopt.’ For our purposes, this indicates that the differential ability to absorb technological change will be dependent on different national investment positions, and that the distribution of benefits will result from lagged adoption of technological change. There is an unevenness to be anticipated from the impact of technological change flowing across countries with different characteristics. These differences may be cultural, physical or institutional, but the more different countries happen to be, the more uneven will be the impacts of the technological change.



#### *2.7.6 Relevance of the Diffusion theories to the Mbhashe Local Municipality situation*

Another relevant theory which was found to be relevant to the Mbhashe situation is the Diffusion of Innovations Theory; it focuses on theoretical models that promote agriculture from a traditional one to a more technologically advanced system, using agricultural extension and the development of agricultural advisory services. In the Mbhashe municipality there is work done towards achieving this as there are extension officers, scientists and agricultural advisors at the Department of Rural Development and Agrarian Reform, who are placed in the municipality and work with the communities daily in an effort to transform them from the traditional ways of farming. Below is an outline of the High-Payoff Input theory.

### **2.8 The High-Payoff Input Theory**

According to Eboh (2010:34), the high-payoff input model emphasises that agricultural growth depends on the availability and price of modern agricultural factors. The model advocates for investments in agricultural research; investments in capabilities for the production, supply and distribution of modern inputs; and investments in human capital; that is, capabilities of farmers to acquire and use new knowledge and inputs.

Ruttan (2005:462) argues that it was easy during the 1950s and 1960s, to anticipate the likely sources of increase in agricultural production over the next several decades. Advances in crop production would come from expansion in areas irrigated. They would also come from more intensive application of improved fertilizer and crop protection chemicals. Moreover, progress would come from development of crop varieties that would be more responsive to technical inputs and management. Advances in animal production would come from genetic improvements and advances in animal nutrition. Increases in production of animals and animal products would come about by genetic and management changes that would decrease the proportion of feed devoted to animal maintenance and increase the proportion used to produce usable animal products.

### *2.8. 1 Criticism of the High-Payoff Input Theory*

Jarrell (2011:19) believes that the high pay off input theory marks a transition from subsistence agriculture and multiple livelihood strategies into the global realm. Jarrell argues that the previous (Conservation and Diffusion) theories focused on a very localised view of how societies operate, where the communities grew most of their own food or relied on their family and friends in economic and social dealings. Furthermore, Jarrell argues that the high pay off input theory still involves opening up location-specific information to rural residents, which perpetuates the idea of the local community structure; however, this theory lends itself to the specialisation of produce or products, which leads to the need for development and trade. The previous two theories more or less disappeared (although it can be argued that both still exist on some level today) due to capitalist and industrial development. The Sustainable Agricultural Development theory is outlined below.

### **2.9 Sustainable Agricultural Development Theory**

According to Amekwa (2010:1), the concept of sustainable agriculture has evolved since the early 1980s. This was a response to an array of ecological and equity problems posed by the adoption of modern industrial agriculture. Sustainable development is development that meets the needs of the present, without compromising the needs of future generations, or the ability to meet their own needs (Department of Agriculture 2008:2). It takes into account social, economic and environmental objectives that must be complementary and interdependent in the development process.

During the debate about the structural adjustment policies and how to make them favourable to agricultural development, the sustainable development model emerged with a core emphasis on the nexus of agricultural growth, environmental preservation and poverty reduction (Eboh, 2010:38). It should be noted that sustainable development has three principal dimensions: economic growth, social equity and protection of the environment. Sustainable agricultural development enhances the quality of the environment and the resource base that is dependent on agriculture. This is done by providing basic human food and fibre needs that enhance the quality of life for farmers and society as a whole (Wilson and Tyrchniewicz 1995:53).

According to Feuer (2008:15), it is a hope to those, who are advocates of sustainable agriculture, to see farmers generate fundamental and profound critiques of the dominant agro-industrial models of rural development. The structural dynamic underlying much of this notion is that the Southern hemisphere, having begun agricultural industrialisation later, has a much larger cadre of peasants who are in a position to embark directly on the post-industrialist path to sustainable agricultural development.

### *2.9.1 Criticism of Sustainable Agricultural Development Theory*

Amekwa (2010:3), argues that the concept has been criticised for being a conventional agricultural paradigm. Largely, the critique focuses on equity and environmental dimensions. Amekwa also referred to one of the most commonly cited critiques, and this is with regard to the equity dimension and the fact that the adopted technologies are not scale neutral but favour resource rich farmers at the expense of poor farmers who could be displaced without adequate safety nets. Furthermore, Amekwa argues that in as much as there has been an adoption of Green Revolution technologies worldwide, which has led to remarkable improvements in agricultural productivity; in turn those achievements have been countered by unintended side effects such as inequitable access to and control of resources between rich and poor, and damage to human health and the biophysical environment.

Amekwa (2010:16-17) therefore advocates for ‘Agroecology’ as an alternative scientific approach that provides the ecological and social basis for sustaining and empowering smallholder farmers. He describes this scientific approach as one that emphasises use of input saving and cost reducing technologies to intensify production in marginal areas, achieve food security through diversified production systems, and restore degraded lands. He also argues that this approach and its field applied practices have the potential to contribute to sustainable agriculture and livelihoods of resource-poor farmers in developing countries. His argument is based on the fact that Agroecological practices have features of also exhibiting an affinity to traditional cultural systems in developing countries.

Hayati, Ranjbar and Karami (2010:73) argue that, for any study on sustainable agriculture, the question arises as to how agricultural sustainability can be measured. Some argue that the concept of sustainability is a “social construct” and is yet to be made operational. The exact measurement of sustainability is impossible as it is site-specific and a dynamic concept.

Hayati, Ranjbar and Karami (2010:80) further elaborate and argue that agricultural sustainability not only is a difficult concept to define but is also difficult to implement and monitor/measure. Although sustainability tends to be locational or site specific (at the field, farm, and community levels), it is very much influenced by the higher level authorities or policy makers, who have a great influence on ecological and economic sustainability at the field/farm levels. These policies also have influence at a social/institutional level, which can also can have major effects on the viability/welfare of communities and, hence, on quality of life. Lastly, international markets and influences (particularly in smaller countries) are increasingly affecting what happens at the lower levels.

### *2.9.2 Relevance of the Sustainable Agricultural Development Theory to the Mbhashe Local Municipality situation*

Lastly it was important to understand the Sustainable Agricultural Development Theory as it encourages whatever development is currently taking place, should be done in way that it does not destroy the environment in order for the future generations to be able to use it. This theory takes into account social, economic and environmental objectives that should be complemented in any development policy or programme used for agriculture or economic transformation. In the Mbhashe municipality, the situation is no different as for each initiative done there are steps taken in order to ensure that there are no bad environmental, social and economic impacts. Feasibility studies, Environmental Impact Asseesments, household proofing, and status quo are among other measures taken to ensure that current developments do not affect the future use of the resources. Below is this study's attempts to place the Eastern Cape province into the Agricultural Development context:

### **2.10 Putting Eastern Cape as a rural province in South Africa into the Agricultural development context**

Du Plessis (2011:2) describes South Africa as a rich and diverse country that has a vibrant cultural diversity and a spectacular range of vegetation types, biodiversity, climates and soil types. The country can be divided into distinct farming regions, and farming activities range from intensive crop production in winter rainfall and high summer rainfall areas, to cattle ranching in the bushveld and sheep farming in the more arid regions. Furthermore, Du Plessis argues that agriculture is the foundation of developing economies. Moreover, South Africa, as

one of these economies, needs to ensure a healthy agricultural industry that contributes to the country's gross domestic product (GDP), food security, social welfare, job creation and ecotourism, while adding value to raw materials. But the health of the agricultural sector depends on the sustainability of farming methods. Farming practices must therefore not only protect the long-term productivity of the land, but must also ensure profitable yields and the well-being of farmers and farm workers.

According to the Millennium Development Goals mid-term country report: South Africa (2007:40), South Africa has a century-long history of conservation, with a well-developed protected area network managed by a range of institutions at national, provincial and local level. However, the report further illustrates that the establishment of protected areas has been ad hoc in the past. Protected areas were often proclaimed on land marginal for agriculture or other use, and the current system of protected areas does not adequately include a representative sample of all ecosystems. Rivers in particular are poorly conserved, and where they are included in a protected area, that was often on the boundary. Coastal and marine bio-zones, particularly on the west coast, had previously been poorly protected. At the time of the report, about 6% of the land surface of SA was formally conserved through the system of national and provincial protected areas and 17% of the shoreline was formerly conserved through proclamation as Marine Protected Areas. The target then was to expand the terrestrial to 8% and marine to 20% by 2010.

Kahn (2007:2) argues that agriculture in South Africa is not a significant contributor to GDP. It, in fact, accounts for less than 4 % of the total; nonetheless it is a major employer, accounting for nearly 10% of employment. In the past South Africa's economy was dominated by mining and agriculture. However at the time of Kahn's report the manufacturing and financial services were contributing a larger share to GDP.

According to the Department of Agriculture Forestry and Fisheries (2011), the South African agricultural production environment is dualistic and has the following features:

- Commercial agriculture (made up of less than 40,000 farming units, covers a production area of approximately 82 million hectares and is responsible for more than 99 % of South Africa's formal marketed agricultural output);

- Smallholder agriculture (consists of 1.3 million farming households, farms an estimated 14 million hectares of agricultural land and is concentrated principally in the former homeland areas of the country, thus marginalised into regions of poor productive land, with little or no infrastructural support, and water resources);
- Production (between 1990 and 2009, field crop production increased by 13%, horticultural production by 62%, and animal products by 29%, and the largest component of agricultural production currently is animal products and data reflect the increasing importance of horticultural exports as a share of total agricultural output);
- Contribution to the economy: share of GDP = 3 % in 2005-2007 (down from 9.1 % in 1965), its small direct contribution tends to overshadow the many other positive contributions this sector makes to the economy, secondary growth generation is approximately 20 to 30 %, and has some of the strongest backward, forward and employment multipliers in the economy;
- Equity in the sector (although all agricultural strategies and programmes devised by the department since 1995 aimed to deracialise the sector via land and labour market reforms, the sector continues to wrestle with entrenched inequalities).
- Support to the sector (the commercial, smallholder, and subsistence farmers currently receive less support from the state than most of their counterparts in every industrial country in the world; these are also the markets where South African agricultural exports must compete).

The National Development Plan (2011:210-211) states that, regional approaches to food security must be investigated. The departure point is that, as South African agriculture becomes more specialised and efficient, there may be a trend away from the production of staples to higher value crops. Secondly as there is only limited correlation between climatic events in South Africa and other countries to the north of the Zambezi, regional cooperation may offer greater supply stability and resilience to droughts. Regional economic integration is best served when there are complementary interests and advantages between the parties, which may also be the case in food production. Regional expansion of production, as seen in recent years, is favourable. South Africa should benefit from the opportunities this brings for trade, food stability and value chain consolidation in the South African market. Lastly, job creation and agricultural productivity is needed to address food insecurities at household level and individual level in rural areas.

Hendricks (2003:3) describes the Eastern Cape (EC) rural province of South Africa as one that has undoubted potential of agricultural development, especial the Transkei area, although there are some parts of the Ciskei too. He however also states that in as much as the area has such high potential and its natural resources could cater for its people; it still has a crisis of food. He also outlined the continuing division of the province, caused by the abiding apartheid regime legacies, as another contributing factor in delays of agricultural developments of the province. According to the Strategic Plan document of the EC: Department of Agriculture (2006), the Eastern Cape is seen as a rural province where the majority of the population constitutes the historically disadvantaged groups. The level of understanding on technical matters is, therefore, relatively low.

### **2.11 Summary Policy discussion**

There has been notable changes in South African agriculture in the past decades. These changes have been formed by substantial macroeconomic and social reforms implemented from the mid 1900s, but reforms of agricultural policies were also initiated. These included deregulation of the marketing of agricultural products; abolishing certain tax concessions favouring the sector; reductions in budgetary expenditure on the sector; land reform; and trade policy reform (Organisation for Economic Co-operation and Development, 2006:2).

According to the National Development Plan (2011:195), the main challenge for rural development has been the need to combat marginalisation of the poor. The challenge then require changes in resource allocation such as: land, water, education, skills, rural infrastructure and other government services. Furthermore, the National Development Plan proposed a differentiated development strategy which include: agricultural development based on successful land reform, employment creation and strong environmental safeguard; Quality basic services, with focus on education, health care and public transport; in areas with greater economic potential, industries such as agro-processing, tourism, fisheries and small enterprises should be developed.

The Agricultural Policy Action Plan (2014:5) in line with the National Development Plan states that “rural communities should have greater opportunities to participate fully in the economic, social and political life of the country. People should have access to high-quality basic services that enable them to be well nourished, healthy and increasingly skilled. Rural economies will be supported by agriculture, and where possible by mining, tourism, agro-processing and fisheries... better integration of the country’s rural areas, achieved through successful land reform, job creation and poverty alleviation”.

## **2.12 Summary of the main findings and conclusions**

Research on agriculture and rural development requires an understanding of development theories such as modernisation, Rostow's stages of economic development, structural theory of development, location, the High-Payoff Input, Diffusion of Innovations and Sustainable Agricultural Development theories. A theory is a set of tools that is used in specific social contexts. Therefore, a theory can be criticised and redefined. This means that most development theories can be redefined in another context or for specific circumstances.

The term development implies change in a specific direction that the researcher regards as having potential and highly important to the welfare of society. There were two noticeable advocates of the modernisation and structural approaches to development, namely Rostow and Lewis. Modernisation occurs when a traditional society changes to such an extent that it reflects social characteristics of 'advanced' societies. Modernisation also states that some societies are more advanced than others because of differences in cultural and personality styles. The modernisation theory drew interest mainly from politicians of the West to demonstrate to the world that newly independent countries could sustain development if they adopted Western strategies. Some philosophers, scientists, social scientists, and planners incline to identify development with social structures found in countries that are highly industrialised and advanced in education, science and technology. The principle of Rostow's theory is that it is possible to identify stages of economic development and to classify societies according to five stages, such as: traditional, preconditions, take-off, maturity and high mass consumption.

Then there are location theories which assist in addressing a question such as: why do economic activities take place in one area and not the other? The same could be said with regard to why different governments take services to certain communities above others. Urban agriculture is a live example of the location model and occurs within and surrounding the boundaries of cities throughout the world and includes products from crop and livestock agriculture, fisheries and forestry in the urban and peri-urban area.

Agriculture is the foundation of developing economies and continues to be the engine of rural growth; In countries like South Africa, rural development has been prioritised and there have been different interventions to promote agriculture as a contributor to addressing problems



facing the rural people but certain key elements caused by the long-lasting apartheid regime legacies hinder development of agriculture in rural areas; these include inadequate infrastructure, lack of technical progress, limited investment and savings.

Furthermore, poverty is one of the biggest challenges facing South Africa and the rest of the developing world. Poverty is not only measured by levels of unemployment, but also by the lack of access to healthcare, infrastructure, education and basic services, including water, electricity and sanitation. Evidence shows that unemployed rural people in the rural areas bear the greatest burden of poverty. Rural people meet their survival needs not only through income, but through a variety of resources, such as subsistence farming and production, access to common property and state provision of services. The Eastern Cape is seen as a rural province where the majority of the population constitutes the historically disadvantaged groups. Many households in Mbhashe Local Municipality use agriculture for subsistence and they heavily rely on it for food.

Theories such as Sustainable Development have a core emphasis on the nexus of agricultural growth, environmental preservation and poverty reduction. The agriculture sector has been the mainstay of people since the earliest times. The entire world depends mostly on agriculture for food requirements. Historically, agricultural activities were performed using primitive tools. The ability of agriculture to sustain livelihoods is not a new phenomenon. Today, government has to use new methods and tools in order to improve the quality of life in rural areas. Therefore sustainable development ensures that these efforts maintain the current generation while making sure it does not harm the future generations.

The next chapter, chapter 3, will provide and explain the research design of the study.

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## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

After 20 years of democracy in South Africa, research in agriculture follows more or less the same pattern as international agriculture studies, for instance those conducted by the Food and Agricultural Organization (FAO) (2006:1). In South Africa, agricultural studies have made a major contribution towards creating the environment for poverty to be addressed, at national or macro level, mainly because poverty has a strong rural bias in South Africa and in the world (De Beer and Swanepoel 2000:18–22).

Agricultural studies increased rapidly during the 1980s. Ngomane (2012:12) states that success in land use and agricultural productivity is a right-based issue. Therefore, the debate about agrarian change and rural development begins with land as a national asset for food sovereignty and food security. Rural and agricultural development is crucial for reducing poverty (FAO 2006:7). However, despite agricultural development policies, agriculture is declining and poverty is rising. This has resulted in a policy response to rural areas that is welfare-oriented instead of economic development-oriented (Dyubhele 2011:44).

The purpose of this chapter is to provide and explain the research design. There are various schools of thought on how information is acquired and understood (Newman 2000:20). Chapter 3 discusses the research methodology used and the justification for the approaches. Methodology refers to ways of obtaining, organising and analysing data (Polit and Hungler 2004:233). The sampling method, selection criteria and sample size as well as the method of analysis are also discussed.

#### **3.2 Nature of the research**

The purpose of the dissertation is to contribute to the understanding on how agriculture can help reduce poverty in rural areas. This was done by identifying the contributions of agriculture in rural development in the Mbashe Municipality. Additionally, the aim was to contribute to policy development, that would enable government and development

practitioners to alleviate the plight of rural people. The agricultural sector is said to be the largest contributing sector in the economy of Mbhashe municipality yet it is declining. Furthermore, many households use agriculture for subsistence and they heavily rely on it for survival (Mbhashe Municipality 2013:34).

This research will focus on qualitative procedures; this was due to the fact that the information was collected on documents kept at the offices of the Department of Rural Development and Agrarian Reform, the Department of Rural Development and Land Reform as well as the Mbhashe Municipality. Furthermore, newspaper articles, library stored information, journals, research studies and so on were analysed.

According to Hebert & Beardsley (2001:3), data are collected on or about a single individual, group, or event. In some cases, several cases or events may be studied. The primary purpose of a case study is to understand something that is unique to the case(s). Therefore, the aim of this study was to examine the contribution of agriculture in rural development. The data collection tools to be used in this research were documents analyses. An analysis of various documents such as the Integrated Development Plan of the Mbashe Municipality was done (Mbashe Municipality 2009:15). According to Biscoe (2003:1), document analysis and case studies provide an in-depth study of situations. This research involves analysing any type of existing data such as newspaper articles, speeches and letters from public figures or existing surveys. The goal of descriptive research is to obtain factual, accurate and systematic data. The results of this research may enable development practitioners to consider agriculture as the driving force in reducing poverty in rural areas.

Schuh and Upcraft, (2001:4) describe document analysis as a form of qualitative research, in which documents are interpreted by the researcher to give voice and meaning around an assessment topic. Analysing documents incorporates coding content into themes similar to how focus group or interview transcripts are analysed. In this study the focus was the public records which included: frameworks, data, policies, documents or literature on agricultural development initiatives. The Research Evaluation Team (2009) is a way of collecting data by reviewing existing documents. The documents may be internal to a programme or organisation. Furthermore, documents may be hard copy or electronic and may include reports, programme logs, performance ratings, funding proposals, meeting minutes, newsletters, and marketing materials.

### **3.3 Justification for the approaches and the Case Study**

A case study was a valuable and credible method to use for this study because it provided knowledge that can be used by development practitioners to reduce poverty (Newman, 2000:251). Case studies do not necessarily reflect the views of the authors but contain an inclusive summary of available evidence (Davies and Crombie 2001:8). According to Mouton (2001:143), a comprehensive literature search is important because it sharpens the theoretical framework of the study. According to De Beer and Swanepoel (2000:22–23), the plight of rural areas can be addressed using the following ways:

- Investment in infrastructure using labour-intensive methods. Infrastructure is the backbone of development. Therefore, investments in infrastructure can eliminate service backlogs in under-serviced areas such as rural areas (Mbeki 1998:4). Infrastructure services can contribute to job creation using labour-intensive methods, because more labour relative to capital can be employed.
- The development of policies that actively support service improvements by the poor.
- The development of policies that support affordable services to the poor.
- The development of the agricultural sector activities in rural areas to improve the standard of living. However, the development of the agricultural sector involves addressing constraints, such as inadequate infrastructure, that prevent rural people from engaging in economic activities.

Document analysis was chosen for the following reasons. Firstly, the primary objective of the study was to investigate the contributions of agriculture in rural development in the Mbhashe Local Municipality. Furthermore, the necessary conditions required to sustain livelihoods of people in the rural areas were identified. This was mainly done to help reduce unemployment and poverty of rural people in Mbhashe Local Municipality and to improve the rural population's quality of life. The purpose is to generate a policy response to assist rural people that are economic development-oriented.

According to Bowen (2009:29), document analysis has also been used as a stand-alone method. Indeed, there are some specialised forms of qualitative research that rely solely on the analysis of documents. These documents provide means of tracking change and development. The researcher is able to compare them to identify the changes, and the process is less costly and time consuming. Many documents are in the public domain, especially since

the advent of the Internet, and are obtainable without the authors' permission, and provide exactness and coverage.

Ethical clearance for the project, which included scrutiny and acceptance of an informed consent form, was obtained beforehand from the Research Ethics Committee of the Faculty of Business and Economic Sciences of the Nelson Mandela Metropolitan University.

### **3.4 Conclusions**

The study collected data to identify the contributions of agriculture in rural development in the Mbhashe Municipality in depth and also for the purpose of contributing to policy development that would enable government and development practitioners to alleviate the plight of rural people because poverty and unemployment are consequences of deliberate development policy. South Africa is a middle-income country that has social indicators, which suggest living standards closer to those of lower-middle-income or even low-income countries. The country has high levels of material and gender inequality and therefore many people, especially those in rural areas, are left outside the economic mainstream. This situation is mainly due to the long history of segregation and discrimination that has left a legacy of inequality and poverty. One consequence of apartheid is a lack of comprehensive social indicator data that could assist in policy formulation.

Agriculture is the major contributor of rural economy of both the Eastern Cape and the Mbhashe Municipality and most livelihoods in those rural areas are mostly engaged in agriculture. Despite all this, those people in the rural areas remain under-developed and are poverty stricken; moreover, there is little or no research recorded about the contributions of agriculture to poverty alleviation. Lastly there is no rural development policy which could serve as a guide for any means of addressing the challenges the rural people face. Therefore research in this study could contribute to policy formulation.

## **CHAPTER 4**

### **ANALYSIS AND INTERPRETATION OF THE CONTRIBUTIONS OF AGRICULTURE IN RURAL DEVELOPMENT: A CASE STUDY OF THE MBHASHE LOCAL MUNICIPALITY**

#### **4.1 Introduction**

Agriculture ,among other initiatives such as tourism, is the sector that presents the largest economic potential of Mbhashe Local Municipality (Amathole District Municipality 2012:103). For the purposes of this study, the agricultural sector includes potential for fruit and vegetable farming, maize farming, forestry, aquaculture and stock farming. According to Mbhashe Municipality (2011:59) they are faced with major challenges and opportunities; their challenges include: developmental, infrastructural and spatial disparities of the past. However the municipality is also faced with major opportunities which include dealing with the legacy of apartheid and underdevelopment.

South Africa needs to ensure a healthy agricultural industry that contributes to the country's gross domestic product (GDP), food security, social welfare, job creation and ecotourism, while adding value to raw materials (Goldblatt, 2009:6). The World Wildlife Fund refers to agriculture as the “foundation of developing economies.” It is further elaborated the health of the agricultural sector depends on the sustainability of farming methods. Farming practices must therefore not only protect the long-term productivity of the land, but must also ensure profitable yields and the well-being of farmers and farm workers (Goldblatt, 2009:7).

The results of the empirical study and the research project are presented in this chapter. Data were gathered from both primary and various secondary sources. Secondary data were used mainly to supplement the primary data. The chapter describes the current situation in the Mbhashe Municipality. It provides an explanation of the contribution of agriculture in rural development. Furthermore, the chapter analyses the results derived from the first questionnaire, which dealt with the contributions of agriculture in rural development in Mbhashe Municipality. Moreover, the necessary conditions required to sustain livelihoods of people in the rural areas were identified. This was mainly done to help reduce unemployment

and poverty of rural people in Mbhashe Municipality, and to improve the rural population's quality of life.

#### 4.2 Historical background of the study area

The Mbhashe municipality is situated in the southeastern part of the Eastern Cape Province and is bound by the Quora River in the south to Mncwasa River in the north along the Indian Ocean. Mbhashe has earned the name from the fast-flowing river called Mbhashe which flows from the banks of eNgcobo. Mbhashe municipality comprises the three towns of Idutywa, Gatyana, Xhora and numerous rural settlements. The Mbhashe Municipality was constituted in terms of the Municipal Structures Act. No. 117 of 1998 (as amended). The main administrative office of the Municipality is situated in Dutywa (Mbhashe Municipality, 2012:1). Key statistics of the municipality as per the 2011 statistics report (Mbhashe Municipality, 2012: 16) include the following:

**Table 4.1: The categories of the population, unemployment rate, education levels, number of households and dwelling at the Mbhashe municipality**

<b>Total population</b> <b>254,909</b>	Young (0-14) 38%	Working Age (15-64) 53,9%;	Elderly (65+) 8,1%;	Dependency ratio 85,5	Sex ratio 85,1;	Population growth rate - 0,35%	Population density 80 persons/km <sup>2</sup>
<b>Unemployment rate 42,4%</b>	Youth unemployment rate 50,7%						
<b>Education levels</b>	No schooling aged 20+ 21,2%	Higher education aged 20+ 5,1%	Matric aged 20+ 10,2%;				
<b>Number of households 60,124</b>	Number of Agricultural households	Average household size 4,1	Female-headed households				

	36,377		58,3%				
<b>Formal dwellings</b> <b>30,9%</b>	Housing owned/paying off 73,6%	Flush toilet connected to sewerage 3,8%	Weekly refuse removal 3,1%	Piped water inside dwelling 3,5%	and Electricity for lighting 49,7%		

Source: Mbhashe Municipality (2012)

Information on the contribution of agriculture to rural development in the Mbhashe municipality was obtained through interviews with officials of the Department of Rural Development and Land Reform, Department of Rural Development and Agrarian Reform as well as the Local Economic Development: Agriculture (Mbhashe LM), as shown in Appendix A, because there is no literature available on the study area.

Figure 4.1 shows the location of the Mbhashe Municipality which comprises the areas that previously formed the Elliotdale, Willowvale and Dutywa TLCs and TRCs. The agricultural sector in the Mbhashe LM is dominated by subsistence farming, and the subsistence agricultural sector is the biggest contributing sector in the economy of Mbhashe. Many households use agriculture for subsistence and they heavily rely on it for food. The areas of the municipality are mostly under communal land tenure, agriculture in the Mbhashe area is mostly small scale crop farming and open grazed livestock (Mbhashe Municipality 2012:34).

In the Local Economic Strategy, the Municipality has identified Tourism and Agriculture as the main resources that are key for the economic development of the region. The resources include 22000-hectares of arable land and natural attractions such as the Wild Coast. The plan is included in the municipality's 2012-17 IDP and in the LED Development Plan which is aimed at unlocking the growth potential of the greater Mbhashe Municipality, which could be of benefit to the larger Mbhashe populace (Mbhashe Local Municipality - IDP 2012 - 2017:215). According to the Local Government Handbook: South Africa (2013:33) Mbhashe Local Municipality is a Category B, Third Grade municipality as it is mostly rural and mainly focuses on a subsistence economy.



**Figure 4.1: Mbhashe Local Municipality**



Source: Google Maps (2015)

The majority of the land in the Mbhashe LM is rural and encumbered in communal tenure forms of ownership, jointly governed by Traditional Authorities and the State. The communal land tenure system has its own challenges for land development, such as: common confusion among communities as to who has the final say in land allocation and development within the affected areas; security of tenure is not guaranteed to individuals, which affects the ability of land users to utilise their land as collateral for accessing development funding and bank loans; loss of potential rates revenue to the municipality since the majority of households in communal land holdings do not make any contribution to municipal rates, even though they may demand services like water, sanitation, refuse, housing, electricity and others; and service delivery is often affected by a series of unclarified protocols for accessing communities and their development agendas. According to land reform officials (Land Restitution Support 2012) there are only two known unsettled land claims in this municipality. These are said to be targeted for housing and farming type settlements (Mbhashe Municipality 2012:21).

Figure 4.2 shows the Amathole District Municipality (ADM); the Mbhashe Municipality is located in the North Eastern part of the Amathole District Municipality's area of jurisdiction. Although there is said to be agricultural potential in the ADM, the farmers in this district are

amongst the poorest (Amathole Municipality 2012:20). Some of the statistics shown for ADM, which includes Mbhashe, are the fact that: one third of Eastern Cape households are involved in Home Production for Home Consumption (HPHC); in the Amathole District Municipality (including Mbhashe Municipality), about 17% of the households are strictly involved in agriculture, while 40% of the households are broadly involved in agriculture. The research shows that agricultural households are also generally worse off than those not involved in agriculture; for example, Amathole has a poverty rate of 67.7 %.

Furthermore, the agricultural sector of the ADM (including that of Mbhashe LM) is also characterised by challenges such as: low productivity, higher farmer indebtedness, lack of access to finance by historically disadvantaged farmers, declining capital investment and ageing farmer population.

**Figure 4.2: Amathole District Municipality**



Source: Google Maps (2015)

Figure 4.3 shows the Eastern Cape province and how the Mbhashe local municipality links to other local municipalities in the province. It could be observed that there are similarities in terms of the municipalities that are dominated by rural villages, thus making it difficult to accelerate economic development as these areas have unsurveyed land, villagers fighting over the old land demarcations, land grabbing and poor state of living conditions ranging from illiterate people, poor or no sanitation, lack of drinking water and with no electricity. King Sabata Dalindyebo (KSD) can be compared to Mbhashe as it borders the great Mbhashe

river. “Only in King Sabata Dalindyebo municipality are more than one-third of households able to rely on wage income” (<http://www.nda.agric.za/doaDev/22SMS/Posters/Poster/ortambo>). According to the King Sabata Dalindyebo Municipality (2015/16), it has an estimated population of about 451 710 people living in 105 240 households. Agriculture in KSD contributes to the economy of the municipality as agriculture’s contribution to the GDP is identified principally for in Forestry and Logging (5.37%), and for Trade – centred on Retail and Repairs of goods (10.33%).

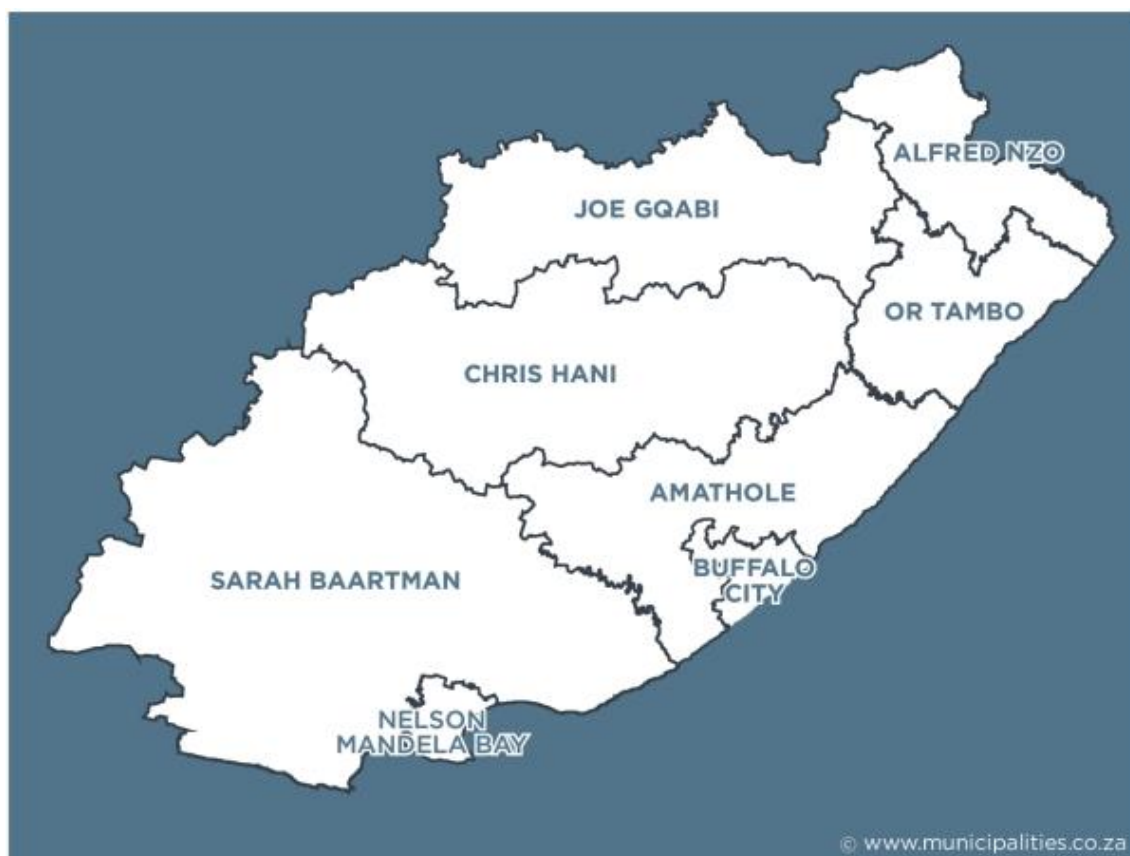
**Figure 4.3: Eastern Cape Province**



Source: Google Maps (2015)

Figure 4.4 shows the six district municipalities of the Eastern Cape and the two metro municipalities. The district municipalities include: Alfred Nzo, Amathole (where Mbashe municipality is situated), Chris Hani, Joe Gqabi, O R Tambo and Sarah Baartman; and the metros are Buffalo City and Nelson Mandela Bay. The districts are quite vast, Sarah Baartman borders the Western Cape, with Chris Hani (Inxuba Yethemba LM) bordering Northern Cape and Alfred Nzo (Matatiele LM) bordering KwaZulu Natal.

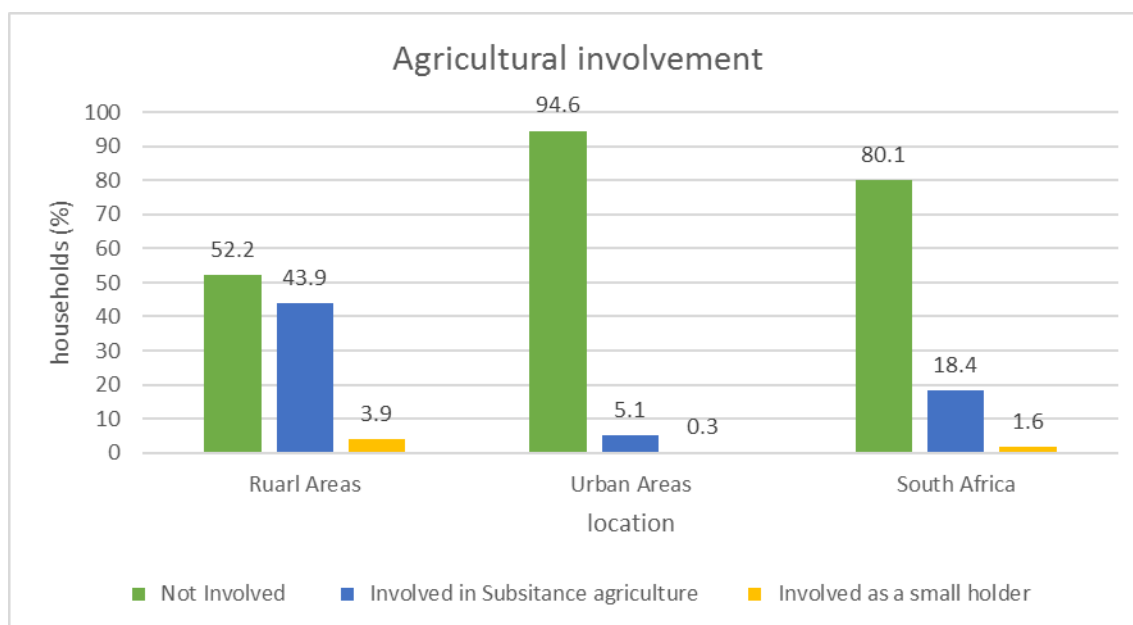
**Figure 4.4: District and Metro Municipalities of the Eastern Cape Province**



Source: Google Maps (2015)

Figure 4.5 shows how involved household are in agriculture. In the rural areas over half of the households are not involved in agriculture. According to Statistics South Africa (2012:58), black households are more likely to be involved in agricultural activities. Furthermore those households are more likely to receive government grants than salaries.

**Figure 4.5: Households involvement in South Africa according to location**



Source: Adapted from Statistics South Africa General household survey (2002-2011)

**Table 4.2: : Households involvement in Mbhashe Municipality**

Number of households	60,124
Number of Agricultural households	36,377
Average household size	4,1
Female headed households	58,3%

Table 4.2 demonstrates the households' involvement in the Mbhashe municipality; the total number of households is 60 124; 36 377 of those households are involved in agricultural activities and that is more than 50% of the total number of households. It is also important to note the number of female headed households, which is 58.3% of the total number of households.

### **4.3 Integrated Development Plan (IDP) in South Africa**

The Integrated Development Policy (IDP) was developed as a support mechanism to assist the RDP in integrating national plans on a provincial level, the policy is a planning and implementation instrument to help municipalities achieve their set obligations (Binns & Nel 2002:923). The IDP in South Africa emphasises two points: first that the plan will follow a strictly democratic planning process and second that the municipalities being the closest level of the government to the people, they should play a more active role in the process of planning and development (Pillay, Tomlinson & Du Toit 2006:197). The IDP is not a new concept for governments, the plan is similar to the United Kingdom's community strategies and the planning approaches of countries such as Australia, New Zealand and Germany (Binns et al. 2002:923).

The constitution of South Africa gives a clear and specific directive to the municipalities in accordance with the duties for development. The constitution states that the municipality's planning and budgeting process must give priority to the basic needs of the community and promotion of the economic development in the economy (Binns et al. 2002: 924). The municipalities are also to participate in the provincial and national development programmes (Binns et al. 2002:924).

There is a strong link between the IDP and local economic development (LED). The LED put laws into action that strengthened the overall responsibilities of local governments toward local development (Pillay et al. 2006:208). According to Binns et al. (2002:924) LED is mainly concerned with local development, forming strong partnerships with the private sector and other development agencies and has a strong focus on high economic development and job creation. Planning and application processes of the IDP should be done closely with the LED planning in order to create a complementary policy rather than duplication (Binns et al. 2002:924).

The IDP has been successful in the process of planning in municipalities, so planning has been better than before the plan was applied. However the process of planning has been hindered by political aspects, and these aspects are not open to the public for analysis (Pillay et al. 2006:202). Even though there has been significant improvement in the use of money from the advantaged to the previously disadvantaged, the planning process does not directly tackle the major issues that are faced in rural areas such as; infrastructural development and the availability of healthcare services (Pillay et al. 2003).

#### *4.3.1 The Integrated Development Plan of Mbhashe Local Municipality*

According to the Municipal System's Act no. 32 of 2000, local authorities are required to prepare an IDP for their municipalities in order to address the changing needs of communities. The Municipal System's Act also requires the involvement of community and stakeholder organisations in the process. This is done in order to ensure that the IDP addresses the real issues affecting the citizens of a particular municipality. The IDP is a strategic planning document that places emphasis on LED and community empowerment as key elements in reducing poverty. Furthermore, the Integrated Development Plan is seen as the key instrument to achieve organic, sustainable local economic development; as well as regulate municipal expenditure in respect of LED and build municipal partnerships for LED (Mbhashe Municipality 2012:31).

Mbhashe's economic size is estimated to be R684 million. The economy grew by 14% over the period 1995 to 2008. Local economy has a competitive advantage in Agriculture, Tourism, Community Services, Construction and Trade. Challenges of under-development, infrastructure backlogs, lack of resources and inadequate access of subsistence farmers to commercial farmers are among those that face the rural communities (Mbhashe Municipality 2012 – 2017:32).

Mbhashe municipality is characterised by a subsistence agricultural sector which is the biggest contributing sector to the economy of Mbhashe. Many households use agriculture for subsistence and they heavily rely on it for food. The areas of the municipality are mostly under communal land tenure, agriculture in the Mbhashe area is mostly small scale crop farming and open grazed livestock (Mbhashe Municipality 2012 – 2017:34).

There is a potential of growth in the agriculture and tourism sectors as they have been identified as the main resources that are key for economic development in the region in the Mbhash Municipality's Local Economic Development Strategy. The resources include 22000 hectares of arable land and natural attractions such as the Wild Coast. The main aim of the LED strategy is to unlock the growth potential of the greater Mbhashe municipality, that could be of benefit to the larger Mbhashe populace (Mbhashe Municipality 2012 – 2017:215).

Mbhashe Municipality cannot address the infrastructure challenges and needs of the rural communities at once; however, it can develop and provide infrastructure on a continuous or piecemeal basis. Table 4.3 shows that more money was allocated to the Infrastructure and LED units in the Mbhashe Municipality in 2012/13. There was no specific budget reflected for agriculture; however it has been emphasised in the LED strategy that agriculture and tourism are high priorities (Mbhashe Municipality 2012:49).

**Table 4.3: IDP approved project budget allocations per department in 2012 /2013**

<b>Items/projects</b>	<b>Budget</b>
Infrastructure (MIG)	R38 208 000
Electrification (DME)	R15 000 000
Installation of street lights	R 1 400 000
Community needs projects	R 2 140 000
LED projects	R 5 910 000
HR projects	R 2 250 000
Housing Projects	R 3 280 000
Free Basic Services (FBS)	R 8 173 735
Projects in MM & Council	R 2 600 000

#### **4.4 Composition of the rural areas**

Poverty is mainly associated with rural areas and in South Africa the households living below the poverty line are approximately 45,5% (Statistics South Africa 2014:12). Rural dwellers in South Africa make up 42,5% of the South African population. The apartheid policies, which were pro-segregation, denied the black population, which was about 70% of the entire South African population, to own or rent land which was outside of the designated areas, which were neglected. Agricultural laws favoured the white owned larger farms, which were given preference when it came to finances, agricultural business and infrastructure, while the smaller farms were neglected and state owned. These have come to be known as the rural



areas, which are rife with poverty and still suffer severe backlogs in the delivery of basic needs and services (Perret 2001:3).

Table 4.4. shows that the number of people residing in rural areas has decreased from 46.3% to 42.5%. The predominantly rural areas such as the Eastern Cape, KwaZulu Natal and Limpopo have also experienced decreases in rural residents. According to Ellis (1998:7) the decrease in the number of people residing in rural areas could be a result of livelihood diversification. Migration to urban areas takes place when people expect better opportunities for work and a manner in which they can improve their standard of living (Ellis 1998:7).

**Table 4.4: Rural-urban dwellers by province between 1996 and 2001**

Rural Urban Dwellers by province				
	1996		2001	
	Rural	Urban	Rural	Urban
Eastern Cape	63.4	36.6	61.2	38.8
Free State	31.4	68.6	24.2	75.8
Gauteng	3	97	2.8	97.2
KwaZulu Natal	56.9	43.1	54	46
Limpopo	89	11	86.7	13.3
Mpumalanga	60.9	39.1	58.7	41.3
North-West	65.1	34.9	58.2	41.8
Northeren Cape	29.9	70.1	17.3	82.7
Western Cape	11.1	88.9	9.6	90.4

Source: Adapted from Statistics South Africa, Profiling South Africa's Middle class households (1998-2000)

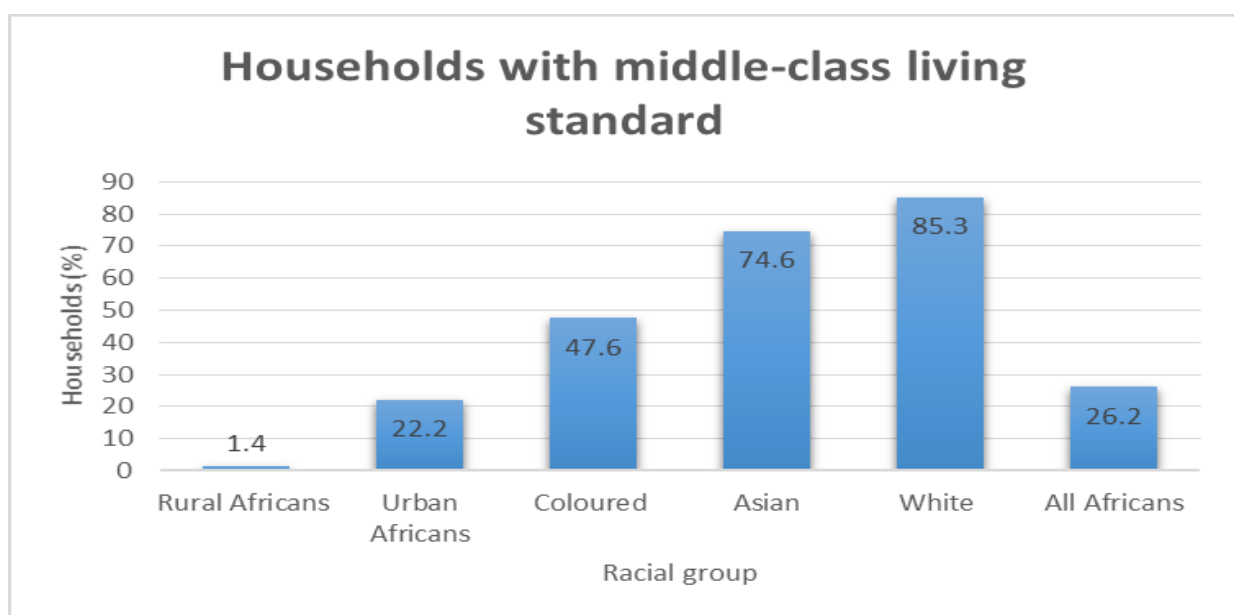
#### **4.5 Standard of living in rural areas in South Africa**

A household's standard of living contributes directly to its quality of life and in turn its ability to contribute to the country's economic growth and the prospects of any future growth (Statistics South Africa 2009:2). Statistics South Africa (2009) classifies a household's standard of living according to a set of characteristics; namely: 1 That the persons live in formal housing, 2 There is running water in the house, 3 Households have flushing toilets in

the dwelling place, 4 Electricity is the main source of lighting in the house, 5 The main cooking source is either gas or electricity and 6 There is a landline or at least one household member has a cell phone. For a household to be classified as a middle income household all these requirements must be met. A household cannot be classified as a middle class household if one or more of these characteristics are missing.

Figure 4.6 shows that rural Africans (who are the majority in the rural areas) have the lowest number of people with a middle-class standard of living. The number of middle-class households has increased from 0.5% in the year 2000 to 1.4% in the year 2006. Even in the wake of this increase, most rural households are still without basic services. Households with lack of basic services suffer the most from a vulnerable livelihood system where they are unable to take care of their families, diversify their livelihood activities and improve their standard of living, and their livelihoods cannot bounce back from shocks (Niehof 2004:325)

**Figure 4.6: Middle-class standards of living across racial groups**



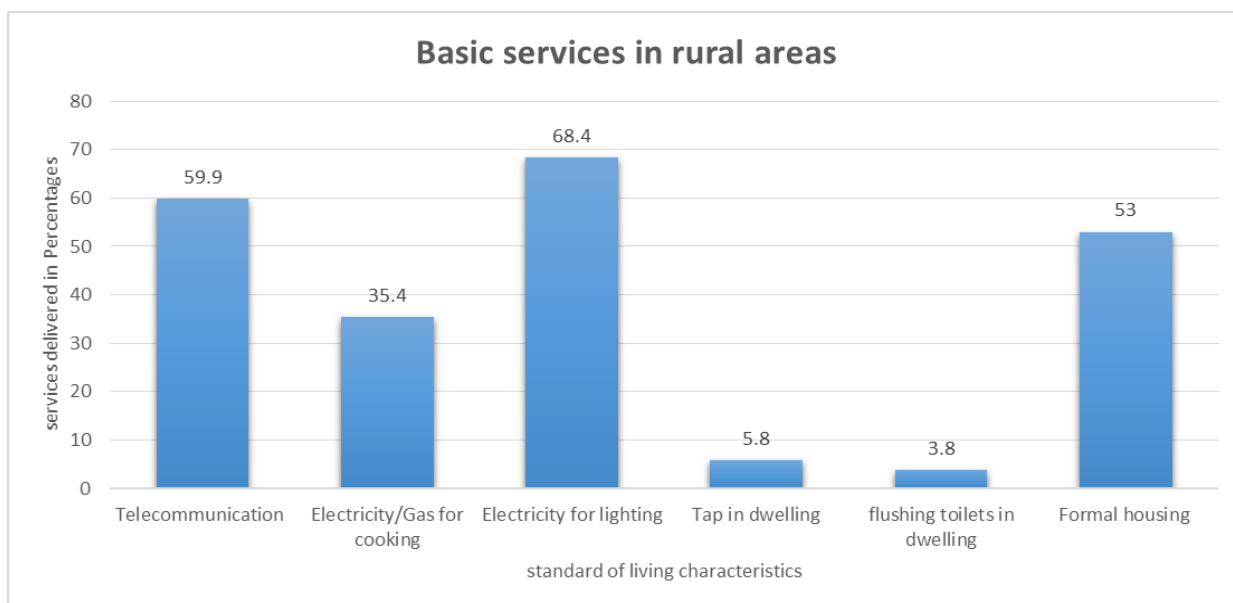
Source: Statistics South Africa, Profiling South Africa's Middle class households (1998-2000)

The characteristics that are used to measure the standard of living do not include the possessions owned by the households, such as furniture, as these are considered to only attest

to the purchasing power of the households and their tastes and preferences (Statistics South Africa 2009:4). The strides by ESKOM to supply electricity to 2.5 million households of South Africa by the year 2000, under the Reconstruction and Development Programme made a lot of progress in the supply of electricity, and in 2003 ESKOM started to focus on electrifying the rural areas.

There has been an increase in the use of electricity as the main source of lighting (Statistics South Africa 2009:12). The free basic electricity policy was implemented in 2001 and supplies 50kWh per month of electricity to households that are living in poor conditions. In all, 25.7% of all South Africans receive free basic electricity with 13.7% of them being the rural population. The free basic electricity policy has been beneficial to households that have received free electricity. However the policy has not been implemented in most local municipalities (Statistics South Africa 2009:13).

**Figure 4.7: The measures of standards of living**



Source: Adapted from Statistics South Africa, changes in standard of living among population groups in South Africa (1998-2006)

According to Statistics South Africa (2014) rural areas have high poverty rates, thus households living in extreme poverty are mainly found in rural areas. The number of poor households was reduced by only 19%. These households are among those that do not have

access to running water directly from a tap and flushing toilets inside their households. Only 5.8% of the people in rural areas have taps in their dwelling place, while the rest of the people get water from dams, rivers or communal taps, and often enough the water that they get is not safe to drink, causing sickness and impairing individuals from earning a living (Statistics South Africa 2009:16). Another health factor in rural areas, which undermines their standard of living is the issue that they do not have flushing toilets. Alternative types of sanitation in rural areas include the bucket system, the pit toilet, ventilated improved pit toilet, other flush or chemical systems and the flush on site. More than half, 57.2% of rural households use the pit toilet, which is unsanitary and erodes the standard of living.

**Table 4.5: Standard of living in Mbhashe Municipality**

Formal dwellings	30,9%
Housing owned/paying off	73,6%
Flush toilet connected to sewerage	3,8%
Piped water inside dwelling	3,5%
Electricity for lighting	49,7%

Source: Stats Sa 2011 Census (2011)

Table 4.5 indicates that 73,6% of households own their properties or they are fully paid-up owners. Furthermore, almost half of the households in the Mbhashe municipality have electricity for lightining, but only 3,5% have piped water inside their dwelling and 3,8% have flush toilet connected to sewerage. The Mbhashe Municipality is overwhelmingly rural and the majority of residents (95.41%) live on tribal land (Mbhashe Munucipality 2011:10). It also has only two unsettled land claims, seeking land for housing and for livestock farming.

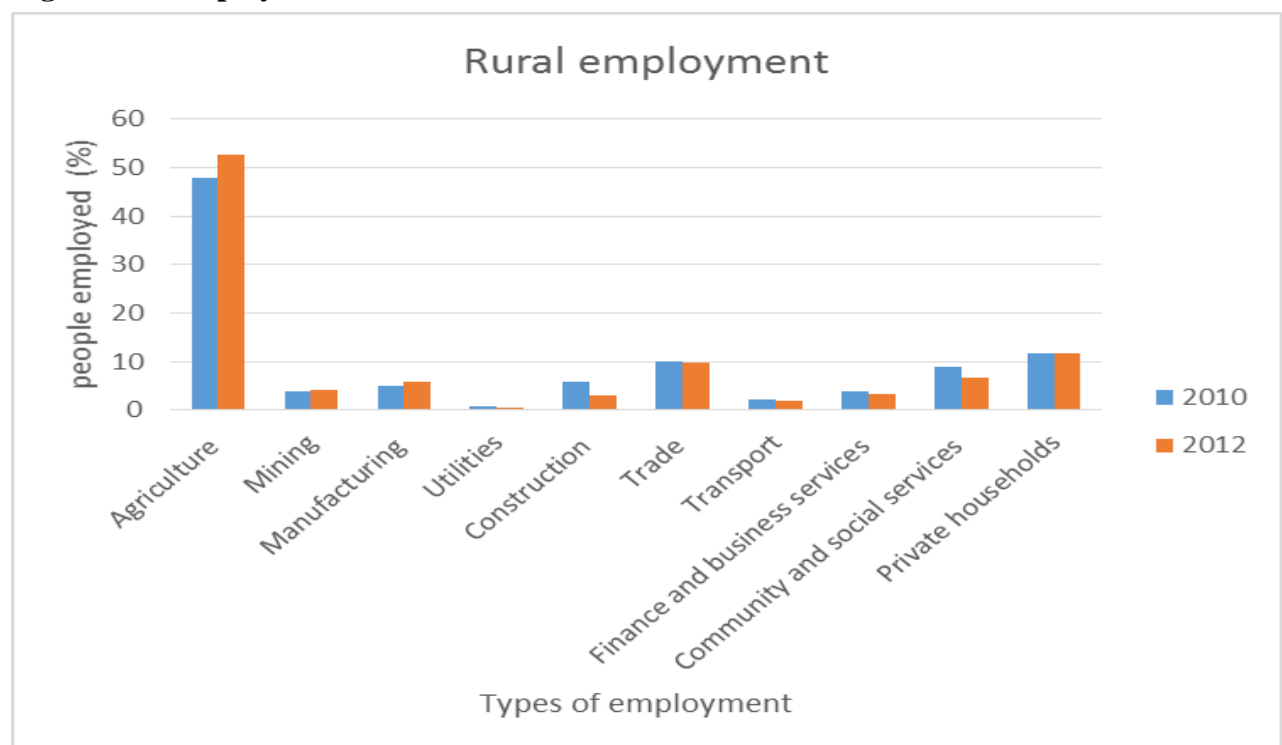
In terms of Mbhashe Municipality (2011:11), the poverty levels in the area have increased since 1996. This is an area that needs to be looked into, as almost 80% of the population is living in poverty. A high level of unemployment prevalent in the municipality has been identified as a major contribution to the increased population living in poverty and that places a great burden on social services.

## 4.6 Employment in rural areas in South Africa

The main reason for people to leave rural areas has historically been due to the lack of employment opportunities in rural areas and/or the opportunities that are available in the urban cities (Daniels et al. 2013:12). According to figure 3.5 in chapter 3, agriculture remains the largest contributor of employment in rural areas, as seen in the Quarterly labour force survey (QLFS). The blue collar jobs are more concentrated in the city centres than rural areas. The jobs that are most prominent in the rural areas are those that do not require much education and do not offer high wages.

The opportunities that exist in other industries other than agriculture require more skills and abilities than those of agriculture, which are more labour intensive. For people to get employed for these higher skilled occupations, they are required to have a certain level of education, and the rural population is mostly not afforded the luxury of higher education and skills development. Education is not only necessary for the higher skilled, better paying job but also for the employment of better technologies that would make the respective industries more efficient (Jacobs et al. 2012:5).

**Figure 4.8: Employment in rural areas**

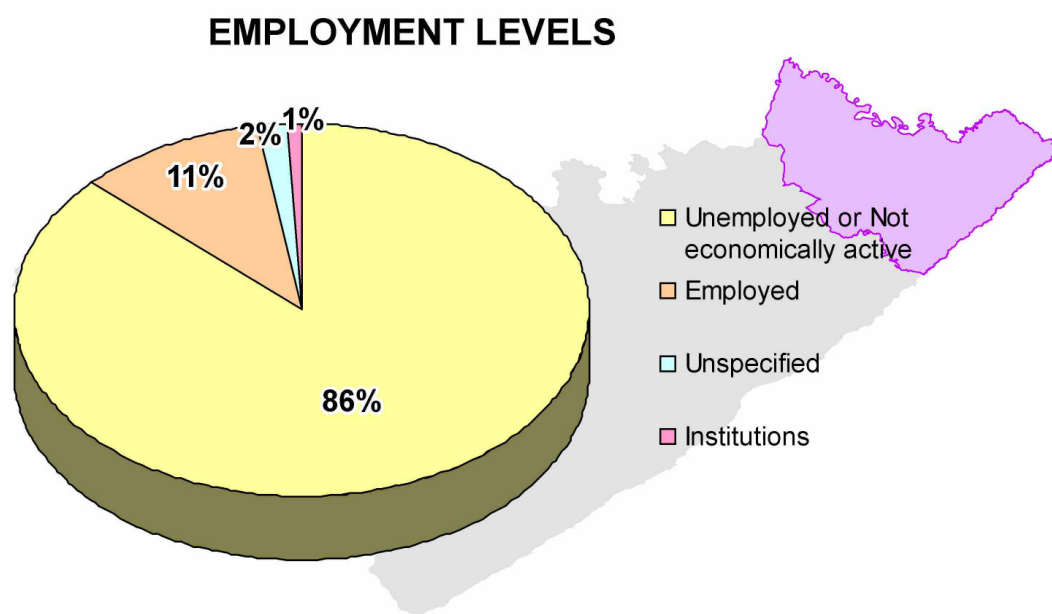


The skills shortage in the rural areas is also as a result of the lack of modern infrastructure that is necessary for skilled operations to take place. The secondary processes of the prominent industries in the rural areas are taken to urban areas to be processed and traded. The professionals that perform these tasks are based in the city centres in order to keep control over the operations (Jacobs et al. 2012:6). The education and the health services are the most affected by the lack of infrastructure in the rural areas, and the back-logs in service delivery in rural areas have a major effect on skills development in those areas (Jacobs et al. 2012:6).

#### *4.6.1 Employment level in Mbhashe Municipality*

Figure 4.9 reflects an unemployment level of 86%. The 86% includes those people that are within the economically active age category, but are no longer actively seeking employment. This was a review done by the municipality in 2007 and according to the Stats SA (2011) survey, the unemployment rate is at 42,4% with youth unemployment rate sitting at 50,7%.

**Figure 4.9: Levels of unemployment and poverty in Mbhashe Municipality**



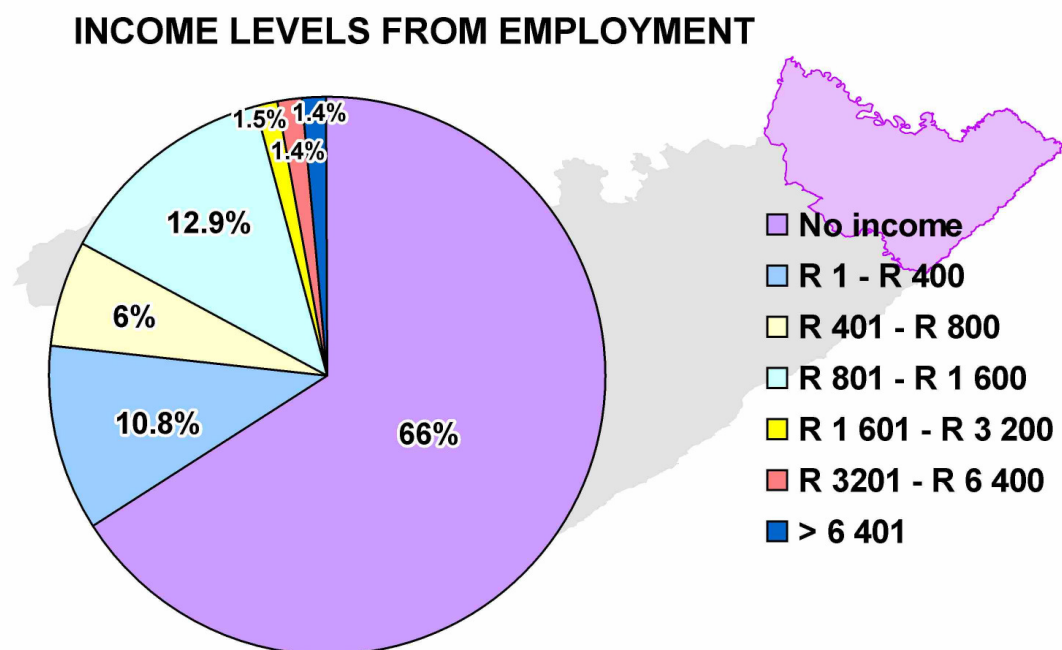
P:\Projects-Individual\JONAS & ASSOCIATES\078 MBHASHE SDF REVIEW (Mbhashe Municipality)\Community Survey 2007

Source: Mbhashe Municipality (2007)

Furthermore, figure 4.10 reflects that 66% of the population do not receive any income from employment. This statistic confirms the great dependence of the local population on Social Grants. Of the 44% of the population that do receive income from some source of employment, more than two thirds receive an income less than R1 600.00 per month.

Based on the fact that between 75 % - 90 % of the population living in Mbhashe live below the poverty line and do not have access to basic services of the acceptable minimum (RDP) standards, it must be acknowledged that the majority of communities are poverty stricken.

**Figure 4.10: Income levels from employment at the Mbhashe Municipality**



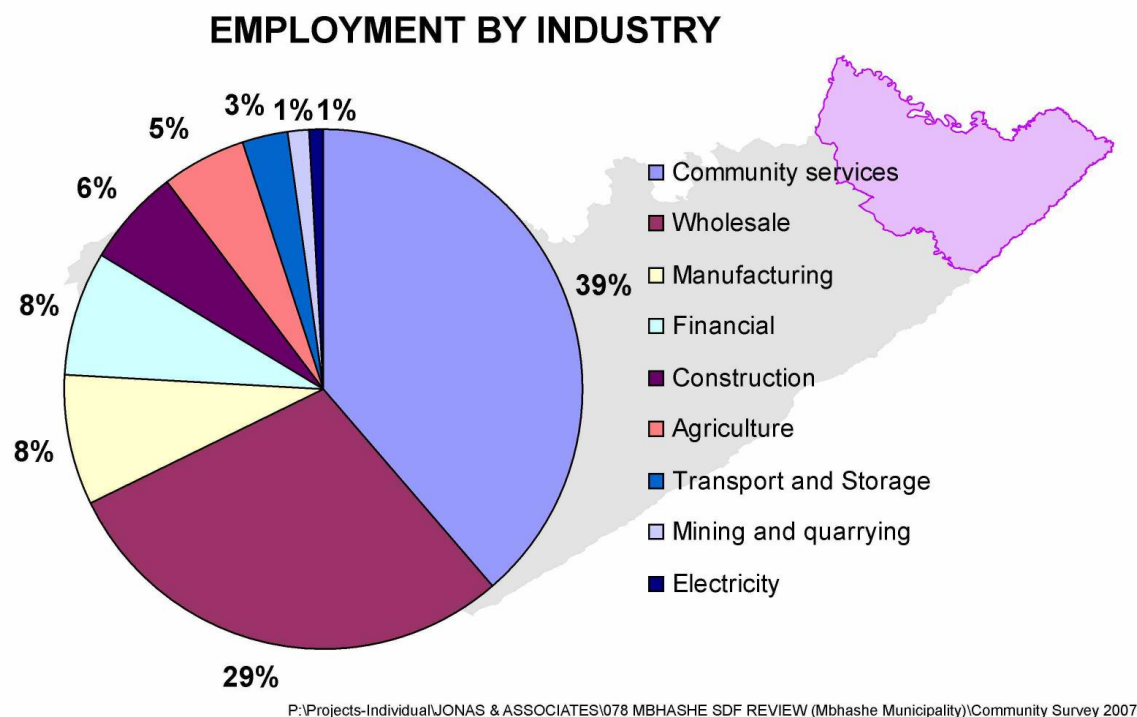
P:\Projects-Individual\JONAS & ASSOCIATES\078 MBHASHE SDF REVIEW (Mbhashe Municipality)\Community Survey 2007

Source: Mbhashe Municipality (2007)



Moreover, figure 4.11 reflects that the largest employer in Mbhashe is the Community Services Sector (Government Services). This is followed by the Wholesale (Retail & Trade) sector. In terms of Gross Value Added, statistics again clearly reflect the dominance of the Public Services Sector in the local economy of Mbhashe. This is followed by the Services and Retail Sector and Agriculture, Forestry and Fishing.

**Figure 4.11: Employment by industry at the Mbhashe Municipality**



Source: Mbhashe Municipality (2007)

#### **4.7 The current reality of Eastern Cape Agriculture**

According to the Department of Rural Development and Agrarian Reform's Strategic Plan (2014 - 2019:11), there is a high number of people involved in agricultural activities in the Eastern Cape province, so if this sector could be optimally used it can contribute to the improvement of the livelihoods of rural communities. The department further states that "there are 1 687 385 households in the Eastern Cape and the distribution of households by dominant type of farming activity is cattle farming (31% of households) while the spread of households involved in agriculture by gender of house head is at 45% and 56% male and female heads respectively." Hamann and Tuinder (2012:24) argue that "agriculture in the Eastern Cape is dominated by intensive beef and fruit farming in the south-western parts, and subsistence farming (mainly of cattle, maize and sorghum) in the north-eastern regions (where Mbhashe Local Municipality is located)". Furthermore, they add that forestry is mostly found in the southern coastal areas of the province. The East London area has cultivated pineapples. In the inland areas of the Karoo, the harsh climate limits agriculture to sheep farming. Around Grahamstown and Alexandria one finds chicory and dairy farms.

The contribution of the primary sector (agriculture, forestry, fisheries and mining) is only 2.2 % of the overall 7.8 % contribution of the Eastern Cape to National GDP. Whilst there are signs of economic recovery from the 2008 economic recession, the province is yet to reach the pre-recession economic growth of 5%. Huge infrastructure backlogs leads to under-development of the province, thus making government to be stuck in making a fair distribution of services as they have to meet three different streams of service delivery (maintenance and rehabilitation, addressing backlogs, responding to new demand) (Department of Rural Development and Agrarian Reform's Strategic Plan (2014 - 2019:13). According to the DAFF Strategic Plan (2015 - 2019:11) there has been a notable decline in the contribution of agriculture to the GDP of the country over the past 20 years to an average of 2,8% and has been showing an average decline of about 3,0% per annum since 1993. Although the contribution of primary agriculture to the GDP is low, the broader agro-food complex contributes about 14% to the GDP.

The government of the Eastern Cape, through the Department of Rural Development and Agrarian Reform has been committed to ensuring that the country develops sustainable rural

communities by focusing on land reform, agrarian reform, improving rural households, food security and rural services but the challenge of rural development, marginalisation of the poor, with many rural areas in households trapped in a vicious cycle of poverty, remains (Department Rural Development Agrarian Reform 2014:14). In the Amathole district area, involvement of households in agriculture are broadly estimated at about 40% and 17% of those are strictly involved in agriculture (Amathole District Municipality 2012:20).

#### *4.7.1 The current reality of Agriculture in Mbhashe municipality*

According to the Amathole District Municipality (2012:104), the subsistence agricultural sector is the biggest contributing sector in the economy of Mbhashe. Many households use agriculture for subsistence and they heavily rely on it for food. About 60,5% are actively involved in agricultural activities (StatsSa 2011). The areas of the municipality are mostly under communal land tenure; agriculture in Mbhashe area is mostly small scale crop farming and open grazed livestock (Mbhashe Municipality 2012:36). The employment opportunities are created in the farming projects that result in additional income flowing to the rural economy (2012:104). There are various concentration points on agricultural development such as:

- Maize production;
- Vegetable production;
- Livestock improvement;
- Poultry;
- Citrus fruit.

#### **4.8 Summary of the main findings and conclusions**

The survey forms part of the Amathole District Municipality (DM). The Mbhashe municipality and the majority of the areas in Amathole DM and other surrounding municipalities fell under the Transkei government during the dispensation prior to 1994. The apartheid system of homelands left a legacy of low levels of development in the Mbhashe LM (Mbhashe Municipality 2012:20). The Mbhashe Local Municipality, like other municipalities, has been tasked by the South African Constitution to improve the quality of life of communities and to reduce poverty. In doing this, the Municipality has to ensure that

communities within its jurisdiction have access to basic services such as water, sanitation and social services. The communities in the municipality have a role to play in their development. Although the households in the municipality are a relatively small sample, they provided much-needed data on this very poor area of the Eastern Cape (StatsSA 2011). The study was conducted to indicate the contribution of agriculture to rural development in Mbhashe LM. Mbhashe LM is a Category B, Third Grade municipality as it is mostly rural and mainly subsistence and was therefore a perfect example upon which to conduct the study.

Among other challenges, the municipality is faced with challenges such as: lack of infrastructure, inequalities, high levels of poverty, underdevelopment etcetera. The agriculture sector, among others, presents the largest economic potential of the Mbhashe LM (Mbhashe Municipality 2012:16). Across the Amathole DM and the province of the Eastern Cape, agriculture is seen to have great potential though the legacies of the past apartheid era hinder any development aimed at addressing the needs of the poor especially those residing in the rural areas (Amathole Municipality, 2012:97).

The National Department of Rural Development and Land Reform and the Provincial Department of Rural Development and Agrarian Reform, are the main drivers of rural and agricultural development across the province, districts as well as at the Mbhashe LM. The Mbhashe LM under the Local Economic Development unit also has the responsibility of addressing poverty in its rural communities through its three sub-units which are: Agriculture, Tourism and Small businesses.

The findings of the study revealed that there have been rural development initiatives that have been recently rolled out at the municipality aimed at alleviating poverty, and agriculture was the largest contributor estimated at 80%. There is a common belief that agriculture could be the main economic driver in the rural communities, yet people are still lazy to work as it requires intensive labour. There seems less integration among the different government sectors that are responsible to service the rural communities and that can lead to duplication of services. Finally there is still no specific policy that clearly outlines how rural development should be enrolled for the purposes of addressing poverty and rural economic transformation. However, the different government spheres do have plans and programmes that contribute to addressing the needs of the poor.

## **CHAPTER 5**

### **DISCUSSIONS, RESEARCH CONCLUSIONS, RECOMMENDATIONS, AREAS OF FURTHER RESEARCH AND RESEARCH LIMITATIONS**

#### **5.1 Introduction**

The study was undertaken because the Mbhashe Local Municipality community faces large challenges of poverty and unemployment. Mbhashe Local Municipality is a rural municipality under the Amathole District in the Eastern Cape Province, which is attempting to formulate sustainable rural development policies that largely ignore the concerns of the rural poor. Although there is a high level of unemployment in this area, the community's indigenous knowledge helps them to survive and agriculture is the main livelihood. Rural people in Mbhashe Local Municipality have little or limited access to land and basic necessities, such as clean water, electricity, a decent home and health care. The general purpose of the study was to identify the contributions of agriculture to rural development and the study area was the Mbhashe Local Municipality. This was done in an attempt to reduce poverty and improve the contribution of agriculture in rural areas.

In this chapter, the research findings and conclusions, recommendations, areas for further research and the research limitations of the study are presented. The conclusions have been classified in terms of the three research objectives presented in Chapter 1.

#### **5.2 Summary of the findings**

The contribution of agriculture has since the 1950s through the 1960s and 1970s, been measured both in economic development and lately in both rural development and rural economic transformation. Byerlee et al. (2005:12) argue that during the 1950s the contribution of agriculture to development was viewed as passive; it acted more as a source of food and labour than a source of growth.

However, the view changed in the 1960s and it was argued that agriculture took a more central role as a driver of growth, especially in the early stages of industrialisation. This was

especially noted in Asia. Lastly they argued that during the 1980s and 1990s the role of agriculture became a primary focus in rural rather than national development for many economists. The FAO (2006:13) argues that a complete reassessment of the role of agriculture has become a need due to the rapid changes in agricultural markets. FAO further argues that, in the past, agriculture has been an important provider of primary raw materials for the food and other industries (foodstuffs, fibres, biofuels, and timber) but the view changes a bit with regard to rural development perspectives, as it has a lead role to play in the economic welfare of a region due to its impact on different sectors: economic (income), social (employment, quality of life, health) as well as environmental (landscape, biodiversity, preservation of natural resources, and carbon sequestration).

Since 2009 rural development has been nationally manifested in the Comprehensive Rural Development Programme (CRDP) in South Africa, and agriculture (agrarian transformation) amongst other priorities, has been promoted in order to address poverty, address inequalities caused by the historic apartheid and increase production (Jacobs and Hart 2012:13). It is therefore important to measure the contributions of agriculture in rural development.

In this study it was observed that agriculture is promoted in the rural areas through extension officers deployed by the department of Rural development and Agrarian Reform in the wards of Mbhashe LM; the municipality also promotes agriculture as a contributor to both rural and economic development, as well as the project officers of the Department of Rural Development and Land Reform. The promotion of agriculture in the rural areas is done through strategies such as social facilitation, development of legal entities (Cooperatives) among the communities, infrastructure development and skills development initiative. According to the findings, the participation of households in agricultural activities is about 60,5% (StatsSA 2011). However, there was a general view observed through document analysis that there is an element of a dependency created, as the same beneficiaries get the same service over and over for years without a clear project management plan and exit strategy. For example if a rural enterprise is supported with inputs, there is generally no clear project plan as to when the department will exit and let the community or enterprise continue on its own.

It was also observed in this study, through the IDP of the Mbashe municipality, that agriculture has the potential to assist in alleviating poverty and improve the economic and social status of the rural communities in the municipality. It was also noted that most livelihoods are mostly agricultural, as they are in rural areas; these include cropping (maize and beans production), planting of vegetable gardens, livestock and poultry production.

### **5.3 Conclusions**

The conclusions drawn from the primary and secondary data, are discussed below.

#### *5.3.1 Conclusions on the constraints to agricultural activities in the Mbashe Municipality*

There is the potential of eco-tourism in the Mbashe LM, especially in the Willowvale and Elliotdale areas but the extent of unsurfaced and poor condition gravel roads is a major obstacle to unlocking that potential in eco-tourism (Mbashe Municipality 2012:36). However, agricultural activities face constraints such as: infrastructure backlogs, under-development and unskilled labour, which cause delays in development of the area. Furthermore, access to the tourism potential sites is through long and poorly maintained gravel roads.

There is also a general problem with water availability in the area as the communities only depend on rainwater to grow their produce, limiting them to only being able to produce during the summer (rainy) season (Amathole Municipality 2012:102). There have been initiatives to assist with irrigation in some areas but this is limited. There has also been a notable focus between the Department of Rural Development and Land Reform as well as the Department of Rural Development and Agrarian Reform, to priorities River Valley Catalytic Projects, but their pilot project done in the Mbashe area did not materialise or has not really surfaced (Mbashe Municipality 2011:115).

Land ownership is another challenge which delays development in the Mbashe LM. According to Mbashe municipality (2012:21) their role is to facilitate sustainable delivery of land and ensure that the process of service delivery is done smoothly. The authority with regard to land issues lies with the Department of Rural Development and Land Reform. The

municipality is also responsible for expanding the interface between Traditional Authorities and Department of Local Government in governing land-related matters. They also state that some of the land challenges include confusion on who has the final say with regard to land allocation; insecure land tenure; non-collection of revenue (rates) and non-clear protocols followed in order to access communal land. This is generally due to the fact that the land is administered communally. In the Mbhashe municipality (2012:22), the current land tenure system makes it difficult to implement successfully, even programmes such as animal improvement (genetic improvement) programmes, which are jointly done by both government and private sector stakeholders; for example, breeding is uncontrolled as all the animals from the same or different villages graze in one camp; it is difficult for individual farmers to manage diseases and mating programmes. Another constraint facing agriculture in the Mbhashe municipality is the high rate of stock theft both reported and unreported cases.

### *5.3.2 Conclusions on the plight of rural people in the Mbhashe Municipal area*

Getty (2007:4) argues that citizens living in rural areas are often the poorest; he further emphasised that 70% of the absolute poor live in rural areas and, after having observed what statistics show says, "financial support for rural development has been declining since the late 1980s." The people of Mbhashe Local Municipality live in poor conditions and the area is entirely rural. Jacobs and Hart (2012:11) describe rural areas as those that are "sparsely populated areas in which people farm or depend on natural resources, including the villages and small towns that are dispersed through these areas. In addition they include the large settlements in former homelands, created by the apartheid removals, which depend for their survival on migratory labour and remittances."

Mbhashe can be regarded as a rural municipality; this is based on a Community Survey of 2007, which stated that an estimated population of over 95% reside in rural (communal-traditional and village areas) and peri-urban (sprawl and informal settlements) areas (Mbhashe Municipality 2012:16). In this study it was observed that even after 20 years of democracy, people of Mbhashe still live in poor conditions. Mbhashe is a sub-district of the Amathole District Municipality, which forms part of the 27 priority districts of the country. These districts were identified as a result of their significant infrastructure backlogs and low levels of human development indicators among other challenges (Comprehensive Rural Development Programme 2009:35).



Most communities in the municipality still do not have electricity and this also delays development as some agricultural projects such as broiler (chicken) production, irrigation (borehole) and storage need electricity. In instances like those Eskom and/or the municipality do not 'come to the party' to assist the poor; as a result such development initiatives become stagnant and the rural people are lazy to use alternatives such as fire to keep the chickens warm, as well as using paraffin lamps for light. Another factor that is of concern in the area is people moving to urban areas and providing remittances to their families. According to the Department for International Development (2002:9), the challenges which lead to people moving to urban areas is due to stagnation of the rural economy. However, agriculture continues to provide the primary basis for livelihoods in rural areas. It is also viewed that poor people in rural areas, including those with no land, typically derive half their household income from farming. Some people move, go and work in farms within the Eastern Cape Province and even other provinces particularly the Western Cape, though some jobs are seasonal.

Lastly, according to the municipality (Mbhashe Municipality 2012-17:30), at least 64% of the adult population (20 years and above) have functional literacy. It is concerning though, that 26.8% of the adult population have not attained any formal schooling. About 13% have post-matric education attainment, while 59% have achieved up to matric education attainment. This also has an impact on development taking place in the area but both the departments (Land and Agrarian Reform), together with the municipality, do have skills development programmes in place which are aimed at addressing challenges arising from the poor education. These range from agricultural and non-agricultural skills development programmes and projects; for example no-till agriculture, sewing, sheep shearing, brick making, disease management and broiler production.

### *5.3.3 Conclusions regarding contribution of agriculture in rural development in the study area*

In South Africa, especially in rural areas, there is a huge reliance on remittance and social grants as livelihoods, and this does not assist in alleviating poverty and addressing inequalities as only a few benefit, leaving the rural poor not motivated to work. This also contributes in some of the failures noticed in both rural and agricultural initiatives (Ngomane 2012:7). Furthermore, Ngomane states that these initiatives are not strategically utilised to

sustain the rural economy. The Department for International Development (DFID) (2002:5) argues that agriculture remains a sizeable part of most developing countries' economies. The DFID make particular reference to Africa, stating that agriculture employs about two-thirds of the labour force and accounts for 37 % of GNP and one-half of exports. It is not much in terms of the contribution but it remains a significant source of wealth and an important influence on overall economic performance. According to the Department of Agriculture, Forestry and Fisheries ([www.daff.gov.za](http://www.daff.gov.za)), primary agriculture contributes about 3% to South Africa's gross domestic product (GDP) and about 7% to formal employment. However, there are strong linkages to the economy, so that the agro-industrial sector comprises about 12% of GDP.

Agriculture plays four fundamental roles in poverty eradication: through contributing to economic growth and the "quality" of that growth in terms of its benefits to the poor as a key basis of livelihood strategies for hundreds of millions of the world's poorest people. Agriculture is a provider of locally available staple foods for the poor, and encourages the sustainable management of natural resources (Department for International Development 2002:3).

In this study it was observed that agriculture can be a huge contributor to rural development amongst the rural communities of Mbhashe LM, even though there are still challenges, such as: lack of infrastructure, inequalities, illiteracy etcetera. Records in the Department of Rural Development and Land Reform and that of Rural Development and Agrarian Reform have indicated that they are starting to integrate their work with local authorities but there is still a long way to go as there is still a challenge of lack of policy to guide them, for example, Agriparks and CRDP. The agricultural development initiatives enrolled in the Mbhashe LM are a good sign of the acknowledgement by government of the need to assist the poor communities but more still needs to be done to address the huge needs of rural poor communities (Mbhashe municipality (2012:34).

## 5.4 Recommendations

Agriculture is widely regarded as a way to reduce poverty among rural communities, such as those of Mbhashe municipality. This is evident in the World Bank Reports, World Food Organisation and Food and Agricultural Organisation, thus making developing countries, such as South Africa, to prioritise agricultural development. Poverty in such rural areas may be attributed at least in part to the imbalances of the past and inequalities such as inappropriate development policies and inadequate infrastructure, which hinder economic development, as discussed in Chapter 4. A relatively large number of households are engaged in agriculture to meet their household food requirements in Mbhashe municipality. However, agricultural production is declining due to the lack of appropriate support. This can result in the deterioration of natural resources. Households have to rely on other means of survival in order to reduce poverty such as remittances and government grants as shown in figure 4.10, in chapter 4. Hence, they are also engaged in non-agricultural activities. Furthermore, households in rural areas have to plan and tell government what they need through their ward representatives. This section aims to provide recommendations for the contributions of agriculture in rural development in the Mbhashe Local Municipality.

### *5.4.1 Sustainable Rural and Agricultural Development Strategies and policies for the rural poor*

The first and most important recommendation is that land administration and the communal land system needs to be addressed in order to fast-track development in the area. Mbhashe municipality (2012:21) states that among communities there is a common confusion as to who has the final say in land allocation and development within the affected areas. The Land Administration Amendment Act 52 of 1996 provides for the delegation of powers and the assignment of the administration of laws regarding land matters to the provinces; to provide for the creation of uniform land legislation; and to provide for matters incidental thereto. Therefore the Provincial Department of Cooperative Governance and Traditional Affairs, the National Department of Land Reform, together with local authorities (local municipality, Local Traditional Leaders and communities) need to sit down and address the land administration issues and at the end, craft legislation and Memorandums of Understanding on how land should be administered.

Furthermore, development at Mbhashe municipality (2012:21) also faces a challenge of non-guaranteed security of tenure to individuals, which affects the ability of land users to utilise their land as collateral for accessing development funding and bank loans. The Extension of Security of Tenure Act, 1997, provides for measures with State assistance to facilitate long-term security of land tenure; to regulate the conditions of residence on certain land; to regulate the conditions on and circumstances under which the right of persons to reside on land may be terminated; and to regulate the conditions and circumstances under which persons, whose right of residence has been terminated, may be evicted from land; and to provide for matters connected therewith. It is therefore important for the responsible government institutions to facilitate a consultation process at a community or ward level in order to ensure that a participatory Communal Land Bill or Act is agreed upon, based on each community's needs.

The access to land, water, markets and financial services, recognition of the rights of the most vulnerable groups, community empowerment, democracy and good governance are prerequisites to sustainable development. Appropriate, well-targeted and comprehensive rural development policies, legislation and clear roles are needed to improve the rural livelihoods of the most vulnerable groups in the Mbhashe LM, Amathole and the province of the Eastern Cape. These policies also need to be holistic - considering agricultural, economic, social and cultural issues - at all levels. Rural development policy must be endorsed at a national level and must embody region-specific approaches that cover all activities, are multi-sectorial, including farming and other rural activities, and are implemented in a participatory and transparent manner.

It is also important that any rural or agricultural development strategy or policy is applied based on the needs of each individual community of Mbhashe municipality. Sector departments also need to start focusing on the IDP and LED of the Mbhashe municipality as it is a reflection of the needs of the poor communities. However, there is a need for the community to use the LED strategy to address all local constraints. All the plans and processes should be outlined in the strategy.

#### *5.4.2 Suitable economic and infrastructure development*

Lack of access to land, unemployment, lack of education and training, and inadequate and unaffordable basic services are among other factors that contribute to irregular social and economic development among rural communities. The poor roads, remoteness and lack of communication hinder the development of rural areas such as Mbhashe municipality. These factors contribute to the low quality of life and make change more difficult for rural communities. The visual index of the current road network is very poor in the Mbhashe municipality (2012:17). Tarred roads in the urban centres and especially in Willowvale and Gatyana are filled with potholes and in dire need of urgent repair or upgrade. The situation is worse in most of the rural communities or villages, who are faced with predominantly poor road conditions. Other reasons for the situation of Mbhashe municipality include but are not limited to: inadequate funding to undertake needed maintenance and repairs; limited capacity (machinery, skilled personnel and budgetary allocations); poor planning (there is currently no master plan for infrastructure maintenance) and so on. Infrastructural facilities have an impact on the reduction of poverty and social upliftment. They contribute to increasing the mobility of people, resources and outputs, and to improving the working and accessing of markets especially for agricultural products produced in the far remote rural villages.

Rural communities of Mbhashe municipality waste time producing and miss out on market opportunities due to poor infrastructure. There is a need for Mbhashe municipality to have innovative approaches for the provision of infrastructure and maintenance thereof. Government monopolies of infrastructural suppliers such as those of electricity and telephones may help to reach remote rural areas such as Mbhashe municipality. Furthermore, agricultural infrastructure such as: animal handling facilities, livestock auction facilities, feedlots, machinery, branding material, dip tanks and shearing sheds would help the rural poor communities of Mbhashe municipality to improve their social and economic status. Rural communities of Mbhashe cannot afford to pay for essential services such as electricity and water due to the high cost of services from companies such as electricity companies.

## **5.5 Areas of further research**

The contribution of agriculture to the rural development in the Mbhashe Local Municipality suggests that there are several areas of research that can be most useful to policy makers. Firstly, this study focused on the contribution of agriculture in rural development in the Mbhashe LM. It will be necessary to focus a study on a particular area or community which can be quantified, so as to improve the quality of life of households.

Secondly, another aspect that warrants attention is the use of indigenous knowledge by rural people in the development of Mbhashe LM. This is mainly because indigenous knowledge contributes to the reduction of poverty, rural empowerment and sustainable development in the area. The study could identify the nature and types of indigenous knowledge used by the rural people of the area.

Thirdly, there is a need to investigate how the informal activities can generate more income for the unemployed people in Mbhashe LM. This is mainly because studies have shown that rural people and families can survive and cope with poverty through informal activities.

Lastly, there is a need to investigate what are other economic contributors (non-agricultural) and livelihoods rural people of Mbhashe LM have in order to compare that with the agricultural livelihoods and activities. This can help reduce poverty in the area.

## **5.6 Limitations of this research**

The major problem encountered in the study was obtaining statistical data on the rural people in the Mbhashe Local Municipality area. There was no information available on the contribution of agriculture in rural development in the municipality; the author had to rely on the information given by the Rural Development Officers. The contributions made by agriculture to rural development in the Mbhashe LM , and to the local economy, have not been recorded.

Furthermore, detailed empirical data on income and expenditure patterns, especially for rural areas cannot be obtained.

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