

BOOK REVIEW

Unlocking markets to smallholders: Lessons from South Africa

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Overview

The book presents an excellent piece of work on an area that has been a major stumbling block to small scale farmers in Africa. The book assesses institutional, technical and market constraints as well as opportunities for smallholder farmers from previously marginalized areas in South Africa. Smallholder farmers in Africa face many challenges in their effort not only to produce marketable produce, but also to secure markets for their surplus produce. Although the book uses evidence from the black economic empowerment strategy in South Africa, the basic theoretical concepts and case studies used in the book are relevant in the rest of Africa and any emerging markets where a section of the population has been marginalized and denied full participation in economic activities.

The approach used by the book is commendable for first of all expounding the theoretical concepts in the selected topics before presenting case studies that facilitate a deeper understanding by the reader. This also creates a link between theory and application. The book further crafts a policy framework and suggests institutional responses for unlocking markets for smallholders. This makes the book not only readable by students and market specialists, but also policy makers who would find it handy for supporting decision making at policy levels in Africa.

The book is composed of eleven chapters. In Chapter 1, market access, poverty alleviation and socio-economic sustainability in South Africa is analyzed thus setting the theme and agenda for the study. Additionally, a historical and evolutionary overview of market policies shaping institutional environment for smallholder development in South Africa is discussed. Chapters 2–6, focuses on constraints in former homelands while Chapters 7–10 examine how constraints operating at micro level influence coordination of national and international food systems. Finally, Chapter 11 draws from theoretical and practical lessons learnt from various chapters of the book to generate stakeholder relevant recommendations.

Specific comments

More specifically key issues discussed by chapter are enumerated below:

In Chapter 2, strategies to improve smallholders' market access are discussed. Emerging issues from this chapter are:

- Models/examples exist in South African agriculture to show how smallholder farmers can be linked to markets in a sustainable way.
- Need to develop and implement high volume-low value and low volume-high value strategies for niche products.
- Intensified public and private support through initiatives and investments.
- Supportive financial institutions
- Intensification of sector organizations, agribusiness enterprises and member cooperatives.
- Multi-institutional task force required to monitor process of improving smallholder market access.
- The major weakness is the lack of comparison of these findings with occurrences in the rest of Africa to be able to come up with more inclusive policy framework for Sub Saharan Africa.

In Chapter 3, institutional and technical factors and market choices of smallholder farmers are discussed. Evidence from Kat River valley is used to confirm assertion by literature that smallholder and emerging farmers use informal markets to sell their produce. Some challenges that prevent farmers from using formal markets are identified; they include access to information, expertise on grades and standards, availability of contractual agreements, existence of social capital, availability of good market infrastructure, group participation and reliance on tradition. It concludes by suggesting several ways smallholder farmers can market their produce.

In Chapter 4, technical constraints to market access for crop and livestock farmers in Nkonkobe Municipality, Eastern province are discussed. It is concluded that income disparities are substantial even within a group that would ordinarily be considered homogenous. Access to information had the highest chance of influencing extent of smallholders' marketable surplus confirming expectations. Additionally, the limited scope of the present study calls for caution in generalizing results, but agrees with recent studies and viewpoints about progress in the sector. Restructuring programmes in the mid 1990's triggered dismantling of agricultural parastatals. It recommends that improvement of smallholders' market access must be framed around recent smallholders' developmental context. It is finally noted that the situation of smallholder farmers will be enhanced by arrangements that simultaneously address their skills gap and ensuring asset constraints are minimized.

In Chapter 5, smallholders and livestock markets are discussed. It concludes that there are severe weaknesses and challenges in smallholder livestock production and marketing in South Africa needing redress

In Chapter 6, unlocking markets to smallholder farmers: the potential role of contracting is discussed. It emerges that contract farming has a chequered history over the world. It argues that failures have been

previously attributed to poor organization, opportunistic behavior and lack of trust. It highlights efforts that need to be taken to boost contract smallholder agriculture.

In Chapter 7, food retailing and agricultural development is discussed. It emerges that South Africa has a dynamic food retail industry characterized by competition, concentration and a unique South African customer base. It is noted that developing food retailing industry and concentrated supermarket industry reflects on different levels of industry.

In Chapter 8, a focus of the discussion is unlocking credit markets. It emerges that marketing of agricultural products is a field where both poor small scale farmers and small scale market operators have to cope with formidable impediments.

In Chapter 9, governance structures for supply chain management in the smallholder farming systems of South Africa are discussed. Evidence from Eastern Cape Province shows that substantial variability exists in product mixes, participant profiles, existing linkages and mechanisms for coordination and regulation of food systems. From the human dimension, the principal issue is the nature of needs and aspirations and fundamental values that drive economic participation. In addition, other key elements of the food system

discussed are the nature of governance arrangements, composition of the food system, existing coordination and regulatory mechanisms as well as quality control.

In Chapter 10, smallholder market access and governance in supply chains is discussed. A number of governance structures are proposed namely: incentives for transport contractors, capacity building of smallholder farmers, encouragement of farmer organizations/associations, rebuilding support services and institutions. It basically identifies each important small holder and what role each one of them should play.

In Chapter 11, factors unlocking markets to smallholders: lessons, recommendations, and stakeholders are addressed. Major constraints are identified and remedial measures suggested. The merits of all the chapters is that theoretical concepts are discussed, followed by case studies which enhance the ability of the reader to link theory and reality. A major weakness of the book is that it puts case studies in the main body of the book which interferes with smooth flow of the text.

Overall the book is a true reflection of what goes on among smallholder farmers in emerging markets. It is easy to read and understand and can be used by different categories of users.

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