Livelihoods in Value Chain Inclusion
Assessing the impacts of value chain inclusion on small-scale avocado farmers in Vhembe district, South Africa

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Universiteit van Amsterdam
Ulrike Salva Chawiche - 10706801

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Supervisor: Dr. Yves van Leynseele
Second reader: Dr. Mirjam A.F. Ros-Tonen
Local supervisor: Dr. Petronella Chaminuka
Abstract

This research seeks to explore value chain inclusion practices and their impact on avocado small-scale farmers’ livelihoods in the Vhembe district, South Africa and the way these practices alter risks and opportunities around production. It primarily aimed at uncovering livelihoods and the strategies they pursue in terms of producing and marketing of their crop. The second objective focused on how value chain inclusion practices, including certification schemes are conducted and by whom to grasp the changing relationship dynamics of value chain actors involved in facilitating this inclusion process. Seeing that integrating small-scale farmers into bigger value chains is caused through increased world market demands it is also central to development discourses around improving rural livelihoods. In this they are subject to the dual challenge caused by value chain inclusion and the persistent constraints related to issues like land tenure and the lack of market access. Especially in the South African context it receives much attention as its dual agrarian landscape with many black small-scale farmers and few white commercial agribusinesses dominate the picture. Former attempts to include small producers into bigger agricultural value chains have however failed to capture underlying livelihood dynamics following a rather unidirectional support path from small-scale to commercial farming business resulting in negative rather than positive development.

The research design consists of a baseline survey to quantify and reveal assets, financial capitals and input structures of avocado farmers trying to draw up a picture of their resource base and the level of agricultural production. Semi-structured interviews with avocado farmers and selected representatives of agribusinesses, exporters and certification consultants was then used to explain the rationales behind value chain inclusion uncovering perceived risks and opportunities by individuals.

The results show that small-scale avocado farmers in Vhembe district, although differing in assets, monetary endowment and diversified agricultural production seem to willingly participate in these inclusionary practices with private sector actors taking the lead in facilitating this process. However, it also revealed the heightened risks for farmers’ respective livelihoods and the need to use a livelihoods analysis to inform value chain inclusion practices and determine its feasibility.

Keywords: value chain inclusion, livelihoods, small-scale farmer, South Africa
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List of Acronyms and Abbreviations

AHF - Albert Heijn Foundation

CRDP - Comprehensive Rural Development Programme

DAFF - Departement of Agriculture, Forestry and Fishery

DRDLR - Comprehensive Rural Development Programme

GAP - Good Agricultural Practice

GG - Global GAP

GVC - Global Value Chain

PPP - Public-Private Partnerships

PSSC - Provincial Shared Services Centers

PTO - Permission to Occupy

LRAD - Land Redistribution for Agricultural Development

MRL - Maximum Residue Level

NAMC - National Agricultural Marketing Council

SALGA - South African Litchi Growers Association

SIZA - Sustainable Agriculture in South Africa

SRLA - Sustainable Rural Livelihood Approach

VAGA - Vhembe Avocado Growers Association

WOTRO- Science for Global Development
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Chapter 1: Introduction

The South African agricultural sector is in a constant process of change. Increased world demand of agricultural products and higher quality requirements not only puts huge stresses on smallholders to keep up with these developments trying to secure their livelihoods and food supply it also forms a policy discourse. Going back in history notorious neglect and service under-provision of the black\(^1\), small-scale farming sector resulted in a dualistic agricultural landscape; with few white commercial farmers dominating the main food production alongside a large number of black subsistence farmers. Much policy reform post-1994 has therefore centred on smallholders’ integration into value chains as one linear trajectory from subsistence to commercial farming. Being mostly focused on “viability” as well as “success” which were however linked to the commercial farming model thereby neglecting the heterogeneity of smallholders’ livelihoods and ways of production and marketing state reforms did not bring the desired outcomes (Aliber et al., 2013: 2).

Today the complication unfolds along adversely being incorporated into the value chain on the one hand and pursuing one’s livelihood on the other. Upholding one’s agency in production processes and decisions around the farm whilst at the same time negotiating the terms of engagement vis-à-vis the various value chains and actors involved then becomes a balancing act for many small-scale farmers. Neoliberal policies in South Africa see an increase in public-private partnerships and constitute a privatization of services as a new way of agricultural extension. Through that the plethora of possible network and support channels for smallholders increase. The different farmer profiles will then determine how they position themselves strategically within and between these various markets and actors but also indicate how this push towards integration into global value chains will play out in the long term. Here, one will also see how this affects their livelihoods and the strategies they pursue. As avocado smallholders are not a homogenous body of farmers’ “success” and “viability” of engagement with the value chain is therefore defined and pursued in many different locally embedded ways (ibid, 3). The main research question is therefore:  *How does the inclusion of avocado small-scale farmers in value chains in Vhembe district, South Africa impact on their respective livelihood strategies in regard to production and marketing?*

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\(^1\) In using the term ‘black’ the research refers to African farmers as a legitimate category in South African policy discourse.
Here research aims to close the knowledge gap between local livelihood strategies in regard to production and marketing and the way value chain inclusion impacts on them. By taking a livelihood strategies lens towards inclusion into value chains one does not take the commodity sector and the value chains within it as the defining starting point but rather locally embedded ways of living and producing for the market. That means taking into account the different strategies towards farming one pursues and the capitals available to function in a certain value chain. That enables one to understand farmers’ strategic choices towards the latter within the constraints of their respective livelihoods. Risks and opportunities in value chain integration will then become much more refined as they are drawn up based on locally embedded ways of living. The knowledge gap here centres around the two opposing research narratives of radical peasant studies advocating autonomy from the value chain versus integration approached through the inclusion of smallholders into global value chains. However, engagement with different value chains can manifest itself in hybrid arrangements of smallholders’ partial inclusion combined with other commodity or non-commodity activities as an attempt to diversify their livelihoods or a deliberate distancing from the market as a form of resistance. Avocado as a crop is in this respect interesting as it has a long history in the Limpopo region as well as having local and national markets which offer smallholders options in terms of marketing their produce and therefore more room for decision making (DAFF, 2012:8; Mabaya et al, 2011: 212). Highlighting smallholder’s characteristics, their priorities and strategic behaviour within the confines of the options available and capitals they have will enable policy makers as well as private sector actors to adequately engage with them by understanding their needs and aspirations.
Chapter 2: Theoretical framework

Given this introduction the chapter explains the prominent narratives of value chain inclusion and its theoretical underpinnings. A focus will be applied to look at the inclusion of small-scale farmers into larger value chains with an increased engagement of and the role for private sector actors in facilitating this. The chapter will then argue that as the value chain inclusion debate is too focused on the “inclusion vs. exclusion debate” it should rather take local livelihood strategies as the starting point of its analysis to inform policy and unpack the potential for new partnerships to facilitate this. In order to conceptualize this, the chapter will map out and link both the literature of value chain inclusion and the Sustainable Rural Livelihoods Approach (SRLA) with a focus on farming strategies in production and marketing. Here, value chain inclusion will cast a light on governance trends in global value chains and the way it is too narrowly centred on technology uptake and knowledge dissemination. Market trends, consumer demands and necessary certification labels all play a role in how power is distributed along the upwards chain, i.e. from producer to consumer as well as the way in which that impacts on the producer in a specific context. Therefore, it will first give an introduction into the value chain inclusion literature from a development perspective highlighting the shift in governance aspects with the rise of more private sector engagement. Second, by engaging with the risk versus opportunity debate for small-scale farmers’ integration it casts a light on the feasibility of such attempts and the imbalance in power governing these processes. The livelihood concept is then comprised of capitals and inputs to be further explored through the more directional notion of livelihood strategies in regard to production and marketing. Of importance is here the shift from the rather empirical SRLA towards a more critical conceptualization of the livelihoods approach taking into account the changing institutional set up of value chains they supply and the way in which production and marketing manifest themselves as a response to that.

2.1 Value Chain Inclusion in Development Discourse

Much of the development debate has emphasized the potential of integrating small-scale farmers in rural areas around the world into larger value chains. The storyline goes that the more integrated they are the more they will benefit economically speaking tackling issues around poverty eradication and rural development (Greenberg, 2013: 2). However,
agricultural value chains constitute a specific area where changing dynamics created by consumer demands, policies and regulations in the form of accreditation schemes create entry barriers for small-scale producers. It shall here be noted that the term small-scale farmer will here interchangeably be used with the concept of a ‘smallholder’ due to two reasons. First, as the term is used in varying contexts to describe farmers with different assets and degrees of market orientation it lacks ‘explanatory strength’ (Cousins, 2010: 3). Second, as it has ‘descriptive power’ (ibid) it will be the analysis of a specific farming livelihood which gives meaning to the term itself. Using it as a predefined, all-encompassing concept means missing out on the nuances in assets and dynamics of production specific to a context. That then links to the debate around entry barriers to markets and the conditions of quality and quantity tied to it making it in many cases impossible for small producers to participate. Inclusion into these agricultural value chains is therefore not one linear process but is tied to technology input, scientific knowledge transfer or the creation of market access (Blitzer, 2011: 85). Conceptualizing the way value chain inclusion should be approached to derive at best practices to facilitate this integration process therefore depends on the analytical lens one takes.

Acknowledging a considerable overlap as well as confusion in delineating a value chain concept from other concepts such as global commodity chains or production networks this research uses it as follows. The value chain concept refers to the way in which a set of activities by various actors construct a commodity consumed by the end user. It not only involves the production stage but all nodes which influence, add value to or reshape the end product (Kaplinsky & Morris, 2001: 6). Here, subsector studies offer a useful tool in going from broader global value chain approaches (GVC) towards a specific commodity subsector. It has the same underlying rationale in regard to dismantle chains according to actors, structure and governance as the GVC analysis but gives a more focused lens on a specific sector. It places emphasis on the structure of a subsector and how that influences actors’ behaviors in it (Holtzman, 2002). Subsector studies can therefore create an entry point to deepen the insight into patterns and linkages between the structural set up of a specific value chain and the production site allowing one to zoom in on the relationship between the producer and the subsector he or she operates in. Through that it helps to situate one’s analysis in a more refined way to analyse inclusion practices and the role each actor plays in it.
Entry barriers as a structural feature are crucial in deciding on in- or exclusion of producers. Even though small-scale agriculture dominates the food production in most African countries many times producers are constraint in their attempt to access higher value markets (Bitzer, 2011: 85). The constraints faced are mainly centred on the level of technological advancements, financial resources at hand, market access to sell produce as well as rules and regulations governing a specific chain. These inputs are crucial in accessing higher value markets furthering quality and quantity of produce needed. However, they require financial capital as a starting point which constitutes another constraint. A vicious circle is then created as needed agricultural implements require monetary input and therefore makes it hard for the producer to escape from. Access to markets in terms of physical distance, the absence of markets to sell produce or certain accreditation requirements set by importing countries or retailers resembles a burden which is crucial in the analysis of a sectoral specific value chain and the inclusion of producers into it (Blitzer, 2011: 87-89). Furthermore, regulations around product standards form an institutional constraint increasingly marginalizing them from value chains beyond the local level. As product quality is closely linked to the level of mechanization i.e. agricultural implements on the farm many producers cannot meet these standards (Greenberg, 2013: 2).

2.1.1 The Role of the Private Sector

Partnerships in the development literature are approached through the shift in the underlying assumptions about the role of the state and private businesses. Assumed to be the driver of economic development they now increasingly take over governance tasks in a commodity sector prior attached to the state. Especially in agro-value chains this change in the division of tasks is most prominent. As the agricultural sector is subject to the increased pace of modernization and changing consumer demands meeting criteria of quality and quantity is many times linked to the need for upgrading practices. Upgrading in the agricultural sector is then closely linked to skill development, the shift towards a high value crop or optimizing production processes as a way for the producer to access larger value chains overcoming the entry barriers outlined above (Humphrey and Schmitz, 2002).

Here public-private partnerships (PPP) enter the debate as the facilitator of these upgrading processes. On the one hand it can be explained in functional terms as one actor cannot tackle the tasks around value chain inclusion alone. On the other hand it can be explained through the changing relationship between the state and private sector actors. Partnering with the
private sector to enhance the working of a commodity chain is then a strategic choice by the state to cut down its own expenses whilst decreasing its area of responsibility (Bitzer, 2011: 27). As the private sector can offer inputs around needed assets the state is necessary in creating the enabling institutional set up through policies in which these partnerships can flourish. Here, PPPs will be analysed how they provide for knowledge dissemination through study groups, the provision of physical farm inputs and the way certification is facilitated. That then forms a crucial part for the successful integration of small-scale farmers into bigger value chains and underlines the importance of complementarity within these PPPs in facilitating value chain inclusion.

2.1.2 Adverse inclusion: Risks vs. Opportunities

The explicit impact of the integration of small producers has not been put center stage in the general value chain literature so far (Bolwig et al., 2010: 174). It is here where simplistic distinctions between being included or excluded in value chains have to be added with nuance if upgrading practices are to be tailored to the specific context in which they occur (Bair, 2005: 154). A more critical approach to study value chain inclusion is then offered by du Toit (2004) and the theoretical debate on adverse inclusion. Theoretically it stems from the debate around social inclusion versus exclusion determining the latter as the root cause of persistent poverty. That however is too simplistic an account as individuals are not simply excluded or included entirely of larger entities (value chains, social groups, political institutions) but find themselves enmeshed in hybrid arrangements of in- and exclusion (du Toit, 2009). First, one can therefore be included in one set of social relationships (part of a local farmer’s community) whilst being excluded from participating in larger value chains. Second, one can be adversely incorporated into larger value chains on disadvantageous terms resulting in the exploitation of productive capacities rather than the sharing of benefits. It is therefore important to not only exchange the concept of social exclusion with adverse inclusion. If the latter one wants to be more nuanced it needs to enable one to identify both the advantages and disadvantages of inclusion into value chains identifying how and why it constrains individuals and how that changes risks and vulnerabilities. Inclusion or exclusion then becomes less important as opposed to the conditions attached to it (ibid).

Following from that it is necessary to come back to Bolwig et al. (2010) and his conceptualization of horizontal and vertical linkages governing a value chain. Vertical linkages comprise governance aspects and co-ordination, the power of standard setting as well
as the possibilities for producers to ‘move up the value chain’ (ibid: 176) by producing higher value crops, developing a certain skill set or refining production methods; therefore linked to the upgrading discussion above. Horizontal aspects however, take the centre stage in the adverse inclusion debate as they try and grasp the mediated impacts of value chain inclusion on local realities (ibid: 178; Goodman and Watts, 1994). As opportunities and risks of inclusion depend on people’s respective livelihoods i.e. the assets they have and activities they pursue profitability of value chain inclusion cannot simply be assumed through analysing vertical linkages. It must also ask questions around how social relationships, diversified incomes, reliance on grants or government schemes hinder or enhance individual’s capacities to take up given technology and knowledge. Inclusion into value chains is then not simply a matter of more or less private sector engagement; although a central part in the analysis, but depends on which conditions this inclusion is based on taking into account local realities as a starting point.

2.2 Livelihoods Approach

Creating a bridge from the previous section livelihood approaches offer a valuable analytical tool to carve out horizontal dynamics important for evaluating the processes and impacts of value chain integration. This section therefore wants to use Scoones (2009) sustainable rural livelihoods approach. Here, livelihoods are analysed according to resources in the form of different capitals, the institutional set up influencing the access of these capitals and the respective livelihood strategies resulting from it. To link it to the agricultural sector strategies in producing for a certain market will then be put in relation to the vulnerabilities that creates as it influences the way a strategy plays out and shape a certain livelihood outcome. A more critical perspective will then be added by the nuance of agency and power dynamics shaping the relationship between the inside and the outside world (i.e. livelihood and value chain inclusion) of an individual.

Livelihood approaches have been central to development thinking and practice since the 1990s. Arising out of former household studies they try and unpack complex systems of how people gain a living, with what resources and through which activities (Scoones, 2009). This conceptualization of livelihoods therefore takes account of individuals trying to make a living by meeting their consumption as well as economic needs whilst at the same time coping with various stresses, uncertainties and institutional relations. This however, is not simply a matter
of access to property and material well-being such as land, technology or financial assets but needs to be placed in a more specified understanding of people’s social and human capital as well as placing it in a broader analysis of institutional and historical processes they are enmeshed in (Appendini, 2001: 24-5; Scoones, 2009: 188). In the debate around poverty reduction this became the core of analysis to derive at more appropriate, locally embedded practices for poverty reduction casting a light on opportunities and constraints faced (De Haan & Zoomers, 2005: 29). Through that it becomes apparent that livelihood approaches are ‘...not intended to depict reality in any specific setting... [but] rather [used] as an analytical structure for coming to grips with the complexity of livelihoods’ (Farrington et al.,1999: 1).

2.2.1 Sustainable Rural Livelihoods Approach

These pathways as a set of activities build the link to what is discussed in the sustainable rural livelihoods approach (SRLA). As a concept it is concerned with the causes of poverty, the access to capitals individuals have and the way that forms their respective strategies to pursue a certain goal. Seemingly obvious, but rather neglected in earlier household level analysis was the way in which these attempts saw people, poor or not, as mere recipients of external aid. What is therefore central to this approach is its underlying normative assumption that people are the protagonists of their lives including their self-perceptions, visions and aspirations in the analysis of a certain livelihood (Adato & Meinzen-Dick, 2002: 6). Crucial in the understanding of the functioning of a certain livelihood are the five types of capitals (i.e. physical, financial, human, social and natural). They are as follows:

*Physical capital:* refers to assets such as roads, technology, farm implements, housing and water supply

*Financial capital:* referring to monetary endowments such as rents, grants, bank loans, remittances inflows and savings

*Human capital:* assessing the ability to work, health, knowledge and formal education

*Social capital:* the networks and connections (vertical with e.g. value chain actors or horizontal with other community members), memberships and relationships of trust people are linked to

*Natural capital:* land, forest and wildlife resources, water and clean air constituting the ecological surroundings (DFID Guidance Sheet)
These assets form the resource base which individuals have to pursue a living. Here, each of them can constitute multiple benefits and is not restricted to a single purpose. Owned land (as a physical asset) can function as an agricultural property but also as collateral to access credits. In a similar vein, growing a high value crop may not only generate money (financial asset) but can also give the individual cultivating it a more prestigious standing within the community. It is through these assets that people can act and create a living.

A defining characteristic of this SRLA is however that it takes the vulnerability context as its starting point which is especially important in the understanding of impacts of value chain inclusion and livelihood strategies (see Figure 1). As it forms the external world an individual operates in it can take shape in various different ways and is beyond their reach of influence.

![Figure 1. Sustainable livelihoods framework (DFID, 1999)](image)

First, it can relate to trends in the mode of governance, consumer demands, technology or policy. Linking it to the governance of certain commodity chains, the shift towards more private sector engagement resembles a change in governance and can shape the availability of physical capitals such new technology and the access to them. That then becomes important as it sets the pace for modernization and the increased speed individuals have to adapt to. Second, shocks in the form of natural disasters, crop failure through drought or health
constitute another point of vulnerability. As the proper functioning of one’s capitals is crucial for pursuing a certain livelihood path shocks resemble a more sudden and drastic inference into individual’s lives (Adato & Meinzen-Dick, 2002). Seasonality constitutes a third aspect of the vulnerability context. It can manifest itself in form of food availability or fluctuations in prices and constitutes a reoccurring phenomenon interrupting a certain livelihood. However, these scenarios do not have to be of negative impact per se. They are also able to open up new opportunities to change the direction or set of activities one follows.

Having conceptualized the vulnerability context through the SRLA the research wants to take a novel perspective on it. Looking at the relationship between small-scale farmers and the markets they produce for different value chains to access these markets resemble in many ways a narrow line between new opportunities and a heightened degree of risk. As different markets come with certain criteria for entry the asset base as well as the way individuals perceive their benefits to be become a playground where opportunities and risks are weighted (ibid: 8). Here, the political context as well as the institutional set up of the agricultural sector play a defining role in that perception as they can enable or hinder the access to new assets, actors or networks. Considering trends in consumer demands for certain products, the increased pace of development in agricultural technology as well as seasonal price fluctuations at different markets a plethora of considerations arise if costs and benefits are to be evaluated in terms of what a certain livelihood can manage but is also willing to absorb (Scoones, 2009: 189).

2.2.2. Livelihoods as Strategies

The vulnerability context, assets available and the institutional environment form the base for a certain livelihood strategy towards an individually defined livelihood outcome (Farrington et al, 1999: 1). Their mutually influencing relationship makes a livelihood strategy context specific, bound to localities, culture, politics and social relationships. Again, linking it to the agricultural sector different strategies to production in relation to certain markets is determined by capitals and the external world. Trying to draw up farming strategies is then not simply to categorize farmers into set boxes but rather to understand the nature of different decision making rationales, production for certain markets and outcomes given a certain livelihood situation. It is important to note that conceptualizing a livelihood approach through a strategy lens therefore does not just give a snapshot in time but takes into consideration the way in which individuals take a course of action for survival or enhancing one’s livelihood.
Three different strategies will here be considered. First, active distancing from a market as a form of resistance is one way to escape integration processes as risks are considered too high. Second, diversifying one’s income in the form of different agricultural or non-agricultural activities to spread the income over the year can then take form of a road side shop or growing a range of different tree crops. Intensification of a specific cash crop as a third strategy relates to an increased integration into formal value chain operations usually to access a high end market (Schneider & Niederle, 2010: 380; Scoones, 2009: 184). Through that it also casts a light on farmers’ aspirations and what place agriculture plays within that. This research especially wants to focus on pathways smallholders pursue in regard to the various market channels and explore how decisions in that regard are made and what factors determine different strategies. As the relationship of both the external and internal world of the smallholder is characterized by its reflexivity only looking at the internal world (i.e. assets, capabilities) is not sufficient to determine how certain strategies come into being. It therefore does touches on the above mentioned areas such as capitals, perceptions and goals but also the external world which is constituted through the market, the respective value chain, the state, agribusinesses and support institutions.

2.2.3 Vulnerabilities, Power and Agency

That said a rural livelihoods strategy approach must therefore take into consideration wider power constellations and agency to analyse different small-scale farmers’ livelihoods. Neglecting these will lead to ‘black boxing’ (Scoones, 2009: 186) of the impacts of value chain inclusion to understand choices made by individuals. Especially for this research it will be crucial to look at constraints and opportunities in regard to combining different marketing channels. Assets can in that respect not merely be classified as material resources for people to build livelihoods but are assets that ‘give them the capability to be and to act’ (Bebbington, 1999: 2022). Assets and capabilities that give them the ‘power to’ (de Haan & Zoomers, 2005: 37) seize a certain opportunity for change. Here, the question of power and agency comes into the picture again as to what extent do farmers have the power to change, manage or transform the rules that govern the capitals at hand and interactions with other value chain actors. Processes of ‘wielding and yielding’ (Villareal, 1994: 8-14) cast a light on power constellations between farmers and the institutional set up of production. Following from the previous sections small-scale farmers’ livelihood strategies are therefore also vulnerable as they are enmeshed in different networks and vertical value chains which often do not offer
them much decision making capacity and therefore the agency to improve their situation as well as the power over a given constraint faced.

Value chain inclusion becomes here a case in point in regard to small producers where power from above and agency from below clash. Especially due to the liberalization of agricultural markets and technological changes smallholders face serious challenges to meet the product requirements by the formal market. Lack of support services, knowledge of formal markets, capital and management skills as well as increasing product standards make it almost impossible for smallholders to function in these vertical value chains thereby creating vulnerabilities of meeting livelihood standards (Baloyi, 2010: 20). However, in many cases vulnerabilities are then relational due to compulsive involvement into globalizing markets and not the exclusion of farmers from them (Bernstein, 2007). As large scale food regimes dictate the structure of production and the terms of engagement it fails to capture underlying dynamics and heterogeneous demands by smallholders thereby diminishing their agency in determining pathways of modernization or alternative ways of living (McMichael, 2013: 5). The power and agency divide is therefore deepened disqualifying rural farming practices and cultural appropriations as a mere representation of a deposition of deficiencies and not a source of knowledge. The adverse inclusion debate is then a point in case where the unequal distribution of power within value chains and the terms of engagement with smallholders can suffocate farmers’ emancipatory aspirations if underlying power structures are ignored (van der Ploeg, 2014: 9).

2.3 Modes of farming

‘Peasant farms are essentially grounded on natural and social resources that are controlled by the peasant unit itself … This structural feature allows peasant farms to produce for the markets, without being completely dependent on them… this is a strategic feature. By contrast, entrepreneurial and capitalist farms are to a large extent, or even completely, grounded on commodities.’ (Van der Ploeg, 2014: 12)

Conceptualizing livelihoods in that way allows the research to develop farmer profiles around the notions of assets, level of market integration, orientations towards the latter and resulting strategies. Here van der Ploeg’s (2008) conceptualization of peasant, entrepreneurial and commercial farming serves as a useful analytical tool to determine emerging trends between
small-scale farmers. He explicitly distinguishes between the peasant and the entrepreneurial mode of farming. Central to the understanding of the peasant mode of farming is the different degrees of autonomy in regard to the resource base, i.e. how it is used, developed and linked to other spheres of life and ultimately in relation to the market. Here, the resource base constitutes key assets such as animals, land, crops, irrigation, knowledge etc. which forms the foundation of agricultural production. The ‘peasant mode of farming’ stems from the ‘peasant condition’ (ibid, 2008: 23) itself and includes the striving for autonomy over one’s resource base (linking back to the five capitals) in the context of ongoing relationships of dependency with the external world. This context manifests itself in the form of market relationships which can be exploitative in nature and in turn determine the use of the resource base. To reduce this dependency in order to use resources as freely as possible towards a self-defined goal an ongoing pursuit for autonomy is characteristic to the peasant condition. ‘Pluriactivity’ (ibid, 32) defined as the engagement in various money-generating activities apart from farming is then a form of strategy to reduce the impact of these exploitative relationships. It gives the farmer financial capital with which he can buy farm implements, herbicides, fertilizers, new trees or invest in his children’s school education. Important is here that they constitute assets over which he as the freedom to decide over. Through pluriactivity the resource base can then be strengthened autonomously without the dependence on money lenders or other support structures. Often this strengthening comes with the farmers’ pride in his production (Lanner, 1996).

Comparing the peasant condition to the entrepreneurial farming mode a different degree of autonomy in relation to the resource base arises. The entrepreneurial mode of farming relies to a heightened degree on external actors in operating parts of the farm unit embracing new commodity crops and new technologies. This creates ever more dependencies in relation to physical resource input such as chemical fertilizers rather than organic manure but also technical and managerial guidance. As peasant farms do not feature these extensive external linkages they are much more self-sufficient on the input side of production (van der Ploeg, 2008: 116). This externalization process is crucial in understanding the different dynamics on the farm level and the difference between the peasant and the entrepreneurial mode of farming. Increased externalization however results in loss of oversight of the necessary whole so that labour and production processes are then increasingly informed by market demands. Through that it changes the entire ‘logic of farming’ (ibid: 117) i.e. the underlying choices,
modes of operation and planning by the farmer. Farming moves closer to satisfying market
demands and away from natural ecosystems, living nature and local knowledge.

2.4 Conclusion

This chapter gave an overview of the value chain inclusion debate and its impacts in the
development discourse. Here special attention was given to the way in which a shift towards
more private sector engagement in including small-scale farmers into larger value chains
results in an increase of technology and knowledge transfer from the former to the latter to
facilitate this. As earlier value chain analyses have focused on the functioning of the whole
less attention has been given to how inclusion practices are done and what the impacts on
livelihoods are. Taking a SRLA as a starting point of this analysis therefore enables one to
examine the vulnerability context created by new market relationships (through the inclusion
into value chains) and to analyse the impact on the resource base and therefore a pursued
livelihood strategy. It is this conceptual link which makes it possible to grasp the risks and
opportunities for small producers as value chain inclusion is taken as the starting point into
the livelihoods analysis. This then forms the basis on how distancing, diversification or
intensification strategies change and allows for different trends in the mode of farming to
emerge. Whether that creates a mode informed by a given livelihood or a mode informed by
market demands depends on all aspects above.
2.5 Conceptual Scheme

The following conceptual scheme is derived from this literature review and positioning within the debates about livelihoods and value chain inclusion. Market integration of smallholders is here not attempted from a value chain inclusion perspective but rather approaches it from a livelihood strategy perspective. This enables the research to identify the different strategies in terms of production and marketing in regard to the different markets to arrive at assumptions about the risks and opportunities for value chain inclusion into the markets.
export market. The relationship with a respective market forms the vulnerability context the individual operates in (see Chapter 2). Therefore, the sustainable rural livelihoods approach (SRLA) will be employed to get a clear picture of assets and capitals, taking into account the policy context and institutional set up of the sector. On the other side different market channels will be explored to understand respective levels of risks and opportunities (here in different shades of red). Put together, different strategies of smallholders to produce for and supply these different markets will emerge. The government and the private sector then form the driver behind value chain inclusion practices into the export market with the latter one asserting more power in that process. Taking into account the different livelihood strategies, value chain inclusion practices create risks and opportunities infringing the autonomy over production and marketing. Different modes of farming form the outcome of that process.
Chapter 3 Research Design

This chapter builds on the theoretical chapter and outlines how the developed theory and derived research question are operationalized. It first outlines the main research question and its sub-questions which guide the answering of the former one. Following from there it sets out the methodological underpinnings and operationalization of the main concepts. From there it goes on to give insights into the unit of analysis and the way respondents for the research were sampled. It further explains methods used to gather the data needed and ends with a brief discussion on the limitations of the research.

3.1 Research question and sub-questions

*How does the inclusion of avocado small-scale farmers in value chains in Vhembe district, South Africa impact on their respective livelihood strategies in regard to production and marketing?*

Sub-questions:

1. *What are the different assets and inputs available to avocado small-scale farmers?*
2. *What are the different livelihood strategies of small-scale farmers?*
3. *How are they integrated into the different avocado value chains?*
4. *What support do the small-scale farmers receive?*
5. *What risks and opportunities arise out of the VC inclusion?*

3.2 Operationalization

From the theoretical framework under Chapter 2 and the research questions an operationalization table is derived putting livelihood strategies and value chain inclusion as
the two main concepts to be investigated (see Appendix 1). They are operationalized as follows:

**Livelihood strategies:**

Livelihood strategies are conceptualized through the outlined SRLA. Here the different capitals as well as the vulnerability context formed through different market relations are key in deriving at the different strategies in regard to production and marketing. However, they are also formed by different on- and off farm activities as well as the autonomy one has over production and marketing processes. The following dimensions were therefore derived:

- Capitals (human, social, physical, financial)
- Vulnerability Context (formed through market relations)
- Autonomy over productive assets and marketing (agency over production and marketing, power of price setting)
- Pluriactivity (commodity vs. non-commodity production)

**Value chain inclusion:**

The second main concept is operationalized through the following dimensions:

- Actors involved (public and private)
- Institutional arrangements (PPPs)
- Support mechanisms (upgrading practices)
- Entry barriers (quality standards, certification schemes, capitals)
- Adverse inclusion (risks vs. opportunities)

Through these dimensions and the respective indicators the research analyses value chain inclusion practices, the actors involved and the underlying structures governing it. Entry barriers and the issue of adverse inclusion form the link to the first concept of livelihood strategies.
3.3 Research Methodology

Theory is here guiding the inquiry of the research and its methodology rather than being subordinate to any methodological rules (Danermark et al., 1997: 1). Concepts are operationalized through various dimensions and variables from which a variety of methods are picked as they are deemed suited to give the researcher the best answers to the research questions.

This research has critical realism as its ontological and epistemological underpinning (Bhaskar, 1978). It therefore acknowledges that there are two worlds of reality coexisting, i.e. one ontological co-existing independently from the socially constructed one of the researcher. That is a crucial consideration as it first emphasizes the importance of the research’s theoretical starting point and second, the realization that every entity addressed in the research is theoretically defined prior to analysing it (Danermark et al., 1997: 3). The theory has shown the need for value chain inclusion to be based on a livelihoods analysis. This research therefore takes a bottom-up approach by exploring value chain integration from a livelihoods perspective.

Coming from this ‘worldview’ (Cresswell et al., 2011: 39) the research adopted a mixed-methods design comprising qualitative as well as quantitative methods. The justification for using such a design is twofold. First, in a more general sense it is best suited to explore and understand the complexities of our globalized world (Cresswell et al., 2011: 21) which is here represented through the push for smallholder’s value chain inclusion. Due to socio-economic phenomena and problems becoming increasingly multifaceted and not graspable by a single method it mostly does not suffice to only apply one. Quantitative data therefore provided for a broader framework to curb out different livelihood assets, income generating activities and relations to the various market channels while qualitative data collection methods helped to go deeper into illuminating these relationships and investigate the underlying dynamics between actors and their rationales. Second, the historical evolution of qualitative methods as a viable methodological tool itself plays an important role here too (see Denzin & Lincoln, 2005). Triangulation in that respect offers the mixed method design to bridge gaps between qualitative and quantitative methods so that both methods can complement each other. Creating a link to its philosophical underpinnings of critical realism a mixed methods design is best suited to accommodate both positivism which sees valid knowledge derived from empirical data and interpretivism which refers to a qualitative inherent subjectivist standpoint.
However, as it is not possible to give each method the same scope within the research it will focus more on the qualitative strand to give meaning to smallholder’s lives and experiences.

3.4 Unit of Analysis and Sampling Method

The unit of analysis for this research will be avocado smallholders and their livelihood strategies vis-à-vis the different avocado markets and the impact of value chain inclusion on them. It is acknowledged here that there exist different scales of value chain interaction which produces different risks and opportunities for smallholders. The focus is therefore the implications of value chain inclusion on smallholder’s livelihood strategies and their positioning towards the former. It was crucial to grasp smallholder’s assets and capacities to see how they differ in their livelihood strategies chosen (De Haan & Zoomers, 2005: 37) and how the different levels of value chain integration affects their livelihoods within this new vulnerability context. Another focus point is therefore the private sector within the value chain and its interaction with smallholders and the government as they are the actors facilitating this integration into greater value chains. This link between avocado smallholder’s livelihood strategies, the private sector, government actors and the inclusion into value chains forms the unit of analysis for this research.

As these key actors, including the smallholders, were identified purposive sampling was therefore the chosen method (Cresswell & Clark, 2011: 173) Gate keeper contacts were obtained through the families we lived with as well as the supervisor at home. This gate keeper being the extension officer then facilitated the provision of numbers of avocado smallholders so that the sampling for qualitative data collection was conducted through the list provided by him. As these extension officers resembled a great source of trust for the smallholders they formed an entry point into their community (Cresswell & Clark, 2011: 175). That was crucial for two reasons. First, to build up good relationships for further snowball sampling. Second, to properly inform the smallholders about the research and its purpose to keep ethical considerations in mind (Bryman, 2012: 134). Sampling for private sector actors was conducted through Subtrop as the head organization of the different subtropical fruit growers associations in South Africa which also acts as a research institution. Contact here was established through the supervisor prior to the departure. Sample size for the
interviews was at 21 smallholders as well as three commercial farmers/ agribusinesses in the avocado sector. Additionally six observations were conducted including three pack houses within the area, two study groups for farmers, one certification audit, a visit to the local agricultural research centre and a transect walk. The baseline survey in collaboration with the team members of the Science for Global Development (WOTRO) funded project included 142 farmers 86 of whom grew avocados. The additional smaller survey included a sample size of 30 smallholders. In addition to that two representatives of research bodies were included in the interview sampling to get a good understanding of the unit of analysis.

3.5 Research Methods

As outlined above the research adopted a mixed methods approach so that data collection was approached through a staged process. First, a scoping study was conducted with different value chain actors such as smallholders, pack houses, the private sector, commercial farmers and government actors as well as support institutions such as Subtrop, the Agricultural Research Centre (ARC) to get a picture of the avocado sector in the area. Second it conducted qualitative and quantitative data gathering as well as farm and learning platform observations.

3.5.1 Participant and nonparticipant (structured) observations

Observations were carried out in Tshakhuma and its surrounding villages in Vhembe district, South Africa. Here, especially the livelihoods of smallholder avocado farmers and farm practices were observed. The aim was to observe local practices in everyday life as well as related to avocado production and marketing to get a first-hand account of issues which they might not have deemed worthy to mention in interviews (Mack et al., 2005: 14). Not only were farming practices observed, but also learning platforms facilitated by Subtrop, commercial farmers and the government. These served as a good way of seeing all actors engage with each other and the way in which knowledge was transferred to the smallholders. Learning about avocado growing, harvesting and marketing procedures was another task and conducted through commercial farms visits to observing their avocado production.
3.5.2 Surveys

As part of a wider project on inclusive value chain collaboration financed by the Netherlands Organization for Scientific Research ‘WOTRO Science for Global Development’ aimed at sustainably increasing production capacities and livelihood improvement through engagement with the private sector, a base line survey with N= 141 was conducted. Out of this 86 were avocado growers (n= 86). This base line survey addressed quantifiable data concerning the size of smallholder farms such as land, labour and level of mechanization, household income, family composition, data on food security aspects like access to food and dietary diversity. The data obtained from this survey provides this research with useful data in regard to capitals and agricultural production of small-scale avocado farmers. Another smaller survey with 30 participants was also conducted individually asking questions around assets, production capacities, access to finance, off-farm activities and market relations as the timely outcome of the baseline survey was not assured. At the end only the baseline survey was used for the analysis.

3.5.3 Semi-structured interviews

Qualitative semi-structured interviews were conducted with selected avocado farmers from the study area (see Chapter 4). These interviews facilitated gaining a deeper understanding of smallholders’ livelihood paths, the rationale behind their farming practices as well as their relationship with the government and private sector actors. As part of that interviews also investigated different market relations of each farmer and the impact of value chain inclusion on their livelihoods and farming practices. Several risks and opportunities in that regard were uncovered. However semi-structured in nature, the interviews still encouraged the interviewee to speak freely leaving room for other topics to emerge to gain a more holistic picture of the individual situation (Bryman, 2012: 470). Open-ended questions were asked to maximise the possibility to gain information. Indicators and questions outlined in the operationalization table were used as the interview guide helping to navigate the data-collection process (Bryman, 2012: 471). Reflecting upon past interviews, additional questions were added to the list of indicators allowing for other areas of interest to emerge. In addition to smallholders, key stakeholders within the value chain were interviewed. Here, agribusinesses and commercial farmers such as Westfalia Fruit, Allesbeste and Springfield Farms as well as packhouses like Tshakhuma, Wolkberg and Mopani were also interviewed. Interviews were less structured and resembled an open interview without a priory set out interview guide
allowing for maximal flexibility (Bryman, 2012: 470). Depending on the location interviews were tape recorded (Appendix 2).

3.6 Data analysis

The qualitative data analysis stage was guided by the principles of constant comparison and theoretical sensitivity. As data collection and analysis are not strictly separable activities but rather follow a cyclical pattern, this research considered constant comparison to be one of its main analytical tools (Boeije, 2010: 83). Every time data was gathered it was instantly processed and therefore analysed by the researcher so that new themes or areas of interest emerged. Observations were the starting point here. Through that questions were reformulated in following rounds of data collection and new actors included. This constant reflection formed a major part of the data analysis already in the field.

Using previously defined theoretical concepts and phenomena to be investigated meant that data analysis was guided. Here, to stick with Boeije’s words ‘a code is not just a name for a category; it has to lead to a meaningful interpretation of the data… armed with this knowledge, the researcher can look at the data properly…theoretically charged’ (2010: 88). That meant that upon return interviews and fieldwork notes were manually coded. Segmenting collected data into manageable pieces to then reassembling them into meaningful categories was conducted to find patterns and relationships between the concepts ultimately leading towards answering the research questions.

Quantitative data was processed through the SPSS software. Descriptive statistics were used to draw up assets, inputs and aspects around production ultimately leading to farmer profiles and farming strategies they adopt. Throughout the analysis the subsample of n=86 is referred to as “N=” as it constituted the main sample group for the descriptive statistics. It did however differ in respondents for each question as not all answers were recorded properly or answered in the collection process so that some questions consisted of fewer respondents.
3.7 Limitations and Ethical considerations

In terms of ethical considerations the research kept in mind Diener and Crandall’s (1978) points of harm to participants, lack of informed consent, invasion of privacy and avoiding deception. Each data collection step was conducted by attaining informed consent of the participants beforehand. Here the purpose of the data collection was explained as research, rather than input provision from the government or the private sector as many had assumed. It was however explained that this research was part of a wider project aimed at informing policy and might have impact on the sector in the years to come. As participants were approached through the local extension officer problems or concerns of the participants could be communicated through him. Confidentiality of the data was assured and data collection scheduled around the convenience of the participants.

Although rigour is aimed at in this research operationalization, methods chosen as well as data analysis provides for ample possibilities to arrive at different research outcomes. Limitations of this research were in this respect related to the selection of participants due to proximity, the language barrier, my prior misconceptions about the study area and potentially biased answers given by the participants hoping to receive extra inputs.

As stated above the sampling of participants was conducted through an official government list. However, due to my reliance on public transport I had to be selective of the farms I visited as some were not feasible to reach due to distance and safety issues related to traveling in the dark. In other cases farmers were not available or had no time to participate (Biernacki & Waldorf, 1981: 144) Another issue evolved around the communication. As the local language was Venda some interviews had to be conducted via a translator. Even though communication between me and the translator was good and I firmly believe he did the best to translate my questions and responses given accordingly, conducting an interview in another language inevitably means some of the nuances get lost in the translation process. Vice versa, an interview conducted in English often lacked the depth I was aiming for. As English was not their native language it was understandable that answers were rather short or participants got tired as speaking English was strenuous.

Trying to be completely objective as a researcher is not possible (Bryman, 2012). Therefore, my own misconception about the local dynamics and the area involved led to a certain inevitable subjectivity. However, on the side of the participants a certain subjectivity could be
observed as being a foreigner in that area led many to believe I came to distribute required inputs. Also, observations made by the researcher may be tainted by the key informants used or family lived with (de Munck & Sobo, 1998). The researchers own gender and ethnicity can also be a hindrance in terms of access to and willingness of smallholders to engage with the research.
Chapter 4 Exploring agrarian policies: A sector outlook

This chapter aims at exploring the history of agrarian policy and land reform processes in the South African context. It will not dive into exploring different livelihoods in the avocado sector but rather give an overview of how policy narratives in the South African context have helped to shape and reshape a dualistic agrarian landscape. To understand this duality one needs to go back in South Africa’s political past to see how colonialism initiated the agrarian inequalities persistent till today. The South African policy landscape is therefore still enmeshed in a rather confused state of mind. On the one hand it tries to focus on rights and poverty eradication touching upon the rural development theory (see Chapter 2). On the other hand, the way it is done follows a rather homogenous policy trajectory from small-scale to commercial producer neglecting the heterogeneity within the smallholder body. Connected to that is then the question around how expanding the small-scale sector could help improve the economic situation and contribute to alleviating poverty in rural areas at large. Here, two problems arise. First, the paucity of accurate and credible data on small-scale agricultural production hinders the establishment of a causal relationship between developing the former to improve the latter (Cousins, 2013: 117). Second, this homogeneity in policy is then reflected in support given and can manifest itself in harmful adverse inclusion practices. Here, the avocado production in the region of the research is an case in point where the former neglect of the smallholder community reversed into an increased attempt to opening up market channels for what is now widely termed “emerging commercial farmers” within this body of smallholders. Being the focus of much policy in South Africa it refers broadly to the farmers within that community whose productions are oriented towards marketing of produce rather than sole subsistence purposes. The private sector has then increasingly been drawn into the picture as a facilitator and supporter within these land reform policies around rural development but many times neglected the heterogeneity of the ones targeted (Spierenburg et al., 2013; as discussed in Chapter 2).

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2 See Louw (2013a) for a critical paper on the paradoxes and dilemmas around land distributions.
3 For policy on “emerging commercial farmers”, see ‘Comprehensive Rural Development Programme’ (DRDLR, 2009).
4 A more elaborate distinction on “emerging commercial” and “subsistence” farmers in the South African policy landscape see Louw (2013b)
4.1 Agrarian Policy Landscape

To understand South Africa’s dual agricultural landscape one has to go back in time and can be split up in three broad periods. During 1912 and the start of World War II several land acts (e.g. Land Act of 1913, the Native Administration Act of 1927, the Land Act of 1936 and Marketing Act of 1937) set the foundation for the hugely unequal distribution of land. Having being allocated the majority of the land the white commercial sector was set to dominate the agricultural production for the decades to come (Vink & Kirsten, 2000). The second phase (1945-1980) then saw an increased protectionist policy narrative arising. Commercial farming was shielded off against any foreign competition through direct or indirect subsidies to white farmers, tightened control over prices and marketing of the produce and increased duties and tariff barriers (Vink et al, 2002: 2). These market distorting policies could not be upheld in the long run so that due to mounting criticism from outside South Africa started to open up its market and removing its extortionate trade barriers so that by 1998 it saw fewer state interventions than most countries (Van Schalkwyk, et al 2003:119). This is of course a rather curtailed version of South Africa’s history but sets the policy scene under which the government during the apartheid era established a racially segregated rural landscape. That then is important to understand the context of the research area.

To demarcate the black population from the white the government formed the so-called Bantustans or homelands, especially assigned areas for the former community to live and farm. Constituting only around 17 million ha of mostly unfertile land for a community of three million black farmers it stood in stark contrast with the 50,000 commercial farmers who cultivated up to 102 million ha of land (Ortmann and Machethe, 2003). The vast majority of the land was therefore in the hands of the white commercial farmers’ minority. Neglect and poor service provision by the government to these homelands was not only at the core of the segregation policies but also constituted the underlying ideology of racial separation in everyday practice before laws came into being. Up until today it explains their chronic backwardness of these former homelands in comparison to the rest of the country.

After the formal end of apartheid in 1994 the reform challenge was to undo the racially skewed land ownership issues, reduce rural poverty as well as empowering the black farming

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5 For a more detailed account of South Africa’s history on land issues throughout the last two centuries, see Bernstein et al. (1996)
6 On the underlying rationales and practices of segregation in South Africa’s history, see Beinart and Dubow (eds., 1995).
community. Restructuring of funds and compensation through the Reconstruction and Development Plan (ANC, 1994) were made\(^7\), however with little success for a number of reasons. Huge efforts have been made to open up the country to foreign markets to strengthen its macroeconomic position on the one hand and uplifting the smallholder community on the other. Inadequate market access, poor service delivery as well as land claim issues were to be dealt with as a matter of urgency (Obi et al., 2012: 17). However, looking at the success these trade liberalizations and market deregulating policies as well as efforts of democratizing the land ownership had up until now the picture looks rather bleak. Many constituted that having opened up South Africa’s external trade and liberalized it internally have rather hurt the small-scale farmer rather than improved his or her economic standing (Van Schalkwyk et al., 2003).

4.1.1 Privatisation of Value Chain Inclusion

Many have claimed that post-apartheid land reforms did not meet the intended outcomes in terms of economic development, poverty reduction, market access and the general righting of past injustices (Greenberg, 2010). Support mechanisms by the government after agricultural land has been given back mostly failed to sustain smallholder’s productive capacities due to poor planning and implementation. Partnerships with the private sector have then been integrated into the core of the government’s agricultural development plans as it was seen as a way to push the process of market access and poverty alleviation forward. Due to policy initiatives such as the Land Redistribution for Agricultural Development (LRAD) pushing for the commercial farming model joint ventures between leading firms in a specific sector and smallholders are now the focus of the government’s policy agenda.\(^8\) Knowledge transfer, productive capacity provision and long term guidance are at the core of these engagements (Mayson, 2003).

It is however questionable how power relations and the bias towards the commercial farming model play out as in many cases partnerships aren’t set out in an equitable manner and take too little account of local realities and the heterogeneity of the beneficiaries (Brinkerhoff, 2002). As these collaborations give up certain support roles to external actors and firms it begs the question to what extent that will lead to the privatization of development efforts and

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\(^7\) Redistribution, restitution and land rights formed the building blocks of the compensation efforts. For a detailed account and its shortcomings, see Hall and Williams (2001).

\(^8\) On public-private partnerships role in South African’s land reform processes, see Chapter 8 by Spierenburg and Cousins et al. in de Bruijn and van Dijk (eds., 2012).
an obscured picture on the future of small-scale farming. For now, no clear figures are available in regard to what the exact socio-economic impacts are (Lahiff, 2007). Given their increased prominence in providing technological input or scientific knowledge to smallholders in the agricultural sector the role of agribusinesses, retailers and research institutions are central to the analysis of value chain inclusion processes in the South African context.

4.2 Area outlook: Vhembe district, Limpopo

Map 1. Limpopo Province South Africa (Source: http://www.mapsharing.org.za.)

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10 See Lahiff (2007) for a detailed account of the different types of business models emerging from land reforms in South Africa.
Vhembe district in the Northern parts of Limpopo (see Map 1 and 2) is then an case in point where the neglect in service provision left deep scars in the agricultural landscape. Situated in the most northern corner of the Limpopo province the Vhembe district has an abundance of fertile soil and long standing production of sub-tropical fruits (Aliber et al., 2013: 1). Tshakhuma and its surroundings were then the main site of the research. Being located in the former Venda homeland agriculture plays a major role in terms of food security and income generation and therefore for the overall economy of the area, as revealed in the consensus of 2011 (Statistics South Africa, 2013). Especially sub-tropical fruits such as mangos, litchis or avocados play a major role in generating agricultural income for the communities. Avocado production then constitutes a sector which increasingly expanded over the years having a strong focus on the export market.  

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11 For a full report on export and production figures in the South African avocado sector, see DAFF (2012) agricultural marketing profiles.
Policies and initiatives by the government in this area have therefore centred on the push for developing small-scale farmers towards the commercial model through improving their market access. Categories of “emerging” and “subsistence” farmer used in government cycles are then important as they lay the foundation for policy interventions. The Provincial Shared Services Centres (PSSC) were then established to provide support services to the rural communities in regard to land claims but also to build the bridge with the commercial sector through Comprehensive Rural Development Programmes (CRDP). Especially the Limpopo province has seen a major push towards strategic partnerships with private sector actors as restitution communities demanded more support in terms of technology and capital input. Through that valuable agricultural land has been given back to marginalized communities thus having agribusinesses or private sector companies providing the expertise and financial assets to secure the profitability of the land (Derman, Lahiff & Sjaastad 2006).

4.3 Avocado value chains and their dynamics

The avocado value chains in the area are here of importance as they offer three different markets for the producer, i.e. the local, national and international. Being a high value commodity the avocado crop bears potential for the local growers to access larger value chains for an increase in remuneration as well as opportunities for public-private partnerships (DAFF, 2012). However, governance aspects in terms of access, quality standards and the role of the private sector also link the potential straight to the increase in risks of export value chains. Especially in Vhembe district the engagement with private sector actors such as Westfalia Fruit or Allesbeste as one of the biggest avocado growers in South Africa very much follows the government policy of increased private sector collaboration. Assumed tasks include the provision of new trees, fertilizer and spraying machinery. Subtrop, acting as the head institution for the respective subtropical fruit growers associations conducts research but also disseminates scientific farming knowledge to the avocado smallholders in the region as part of their strategy to integrate them into bigger value chains. Here, it is important to acknowledge that collaboration not only occurs between the smallholders as the producers and Subtrop as well as commercial avocado growers but also between the latter two. Within this provision of assets and dissemination of knowledge in the form of workshops the state only takes a mediating role (see discussion in Chapter 6). This privatization of integration then also depicts the way in which the focus now shifts more towards special commodity
production as a way to ‘uplift whole communities’ (interview 20) as it bears this potential mentioned above.

To get a better understanding of the underlying dynamics at each level it is important to analyse the different dimensions in terms of value chain governance there are. Here, price setting, rules and regulations (i.e. quality standard setting), the division of tasks and the different degrees of influence by the private sector together form the major characteristics for each market and form different levels of risk and opportunity for the smallholder. Analysing the above areas of value chain governance, their underlying dynamics will become clear and set the ground for the analytical Chapter 5 and 6. The following sections are derived from conducted interviews with small-scale farmers as well as interviewees from the commercial sector and give an account of governance structures within the different market channels. The focus will be on key actors such as commercial producers (Westfalia Fruits), growers associations and research institutions (Subtrop), packhouses (Mopani packhouse, Wolkberg) and national retailers (Woolworths, Pick ‘n Pay, Spar) as they are important in steering the above governance aspects.

**Price setting**

Prices for avocados at all three markets are influenced by supply and demand mechanisms (interview 24). Especially at the export market during high peak harvesting times in major avocado producing countries the world market gets flooded and prices drop (interview 20). That means that farm returns are meager. Looking at the national market which mainly constitutes the fresh produce markets in Cape Town or Johannesburg or the high end retailers such as Woolworth, price setting is determined by supply and demand nationally. As distances are shorter, transport time is reduced and fluctuations in prices until produce reaches the market are unlikely to be drastic; therefore less risky to lose out in terms of remuneration. Furthermore, the national market reduces transport costs as it does not involve overseas shipments, which in the case of export constitutes a major expense. National markets therefore offer a more secure way of marketing avocados considering the risks of price fluctuations and transport costs. As one respondent said, ‘When you have a good crop the markets are flooded you get a low price. But the Levubu chaps or the guys who are in the lower altitudes, not the one’s on top of the mountains they are early [in their harvest]. They can normally pick their Fierte [type of cultivar] in the middle of February which is really early and the market is at a good price. So they are ideally positioned to make money’ (interview 20). Looking at the local road side market price setting is to a large degree determined by the
farmer. As cash flows are handled in terms of cash in hand transactions it gives the smallholder instant security. Payment in the export market happens up to a month after the produce has been sent off which leaves the smallholder with a considerable time to bridge with other sources of income.

**Quality Standards**

The setting of export quality standards for the avocado sector lies partly within the retailers but ultimately with the consumers overseas (observation 6). Shape, size, maturity and cultivar are determined by the customers in importing countries. Again, trying to integrate smallholders into the national or international value chain means avocados need to be of much higher quality if fruit is yielding a high price. Major issues in terms of quality is the blackspot disease (common but not harmful, black skin colouring if not sprayed), scratches, sunburn (yellow patches on the skin due to increased exposure to the sun) and deformities in shape which prevents smallholders from being able to supply the international markets or high end retailers in the country (observation 2). Export markets demand spotless, well-shaped avocados.

Over the last few years European countries have increased their requirements for importing fresh fruit produce demanding certification such as Global Gap (GG) and more recently the Sustainability Initiative South Africa (SIZA) audit which not only deals with the quality of the product itself but also how it is produced and under what conditions for the work force (SIZA, 2015). Here risks for the smallholders emanate from the fact that meeting these quality standards demand higher input costs for spraying machines, minimum wages and on farm infrastructure to invest in posing an entry barrier for many small-scale producers. Furthermore, as these high quality fruits are susceptible to fluctuations in world market prices cash flows back to the grower can vary tremendously; a risk which the small producer cannot
absorb (interview 24). National fresh produce markets can in that regard offer a slightly less restricting market window as only certain retailers such as Woolworth, Spar or Pick ‘n Pay demand avocados without blackspot disease, scratches or deformities. Quality standards at the local market are not set or regulated by any certain actor and therefore do not constitute a hindrance for entry into this value chain but also do not demand input costs comparable to the national and international markets (see Chapter 2).

**Division of tasks: More or less private sector**

The intensity of private sector engagement differs in regard to the three different avocado value chains in Vhembe district. That then determines how much influence these actors exert on the producers. By acting as a new support structure in the attempt to integrate smallholders into the export chain they take over managerial tasks, facilitate study groups to disseminate agricultural knowledge and provide for physical input on the farm. Looking at the local market, the farmer is in charge of cultivating the crop, meaning taking care of it from the stage of buying over planting and nurturing to the point of harvest. After that the product gets sold right off the farm to street vendors who then sell it on the road side market in Tshakhuma (interview 4, 6, 8, 15). In that local level scenario tasks of production and marketing are very much left to the farmer himself. The private sector does not exert its influence on production and marketing of avocados leaving local value chain dynamics untouched. Taking it to the next level, the national value chain involves intermediaries such as the pack house, the transport company and the agent at the market in Johannesburg or Cape Town which considerably spreads out the tasks of sorting, packaging and transport thereby reducing the smallholder’s power over production and marketing. Different quality standards and sizes get packed accordingly so the pack house constitutes the place where the level of cash return to the farmer gets determined (observation 6). The increased division of tasks at this level implies that the farmer does not hold agency over the marketing procedure as a whole anymore and is handled by the pack house, transport company and agent at the national market. On farm production is still in the hands of the farmer but is influenced by the mounting pressure of meeting quality and quantity requirements to make national market supply feasible. At the international level the division of tasks in production and marketing constitutes a highly complex web of national pack houses, transporters, storage facilities at the harbour as well as export companies to ship produce overseas. To meet expected fruit standards the private sector forms a support structure for the smallholder to alter production
processes on the farm to get ‘fruits clean’ (interview 20) and increase quantity. Support is then not only centred on knowledge but also on physical inputs which will be further discussed in Chapter 6. The multitude of actors resembles a decrease of oversight over the whole process for the farmer as production and marketing tasks previously held by him are now transferred to external actors.

4.4 Conclusion

This chapter provided an overview of the agrarian landscape through a historical perspective of South Africa. Here, legacies of racial segregation through the establishment of homelands set the stage for a dual agrarian economy persistent till today. It is against this backdrop of policies to eradicate rural poverty, uplift formerly neglected homelands economically and settle blurred lines in landownership this research is set in. The smallholder body within rural areas here plays a crucial role. Increasing their production capacities whilst enabling them to access distant markets lie at the core of policies throughout the past decade. The underlying rationale being that expanding small-scale agricultural production will have a positive impact on the economic development of the areas at large. Here, the private sector has increasingly gained importance within the support structure of agricultural value chains in facilitating the inclusion of smallholders. The avocado production in the Vhembe district is then an case in point where value chain integration alters the risks around production and marketing of the farmers involved. Selected governance aspects such as the power of price setting, the rise in quality standards and the division of tasks at each market level give an insight into how these new forces impact on the small-scale producer. Comparing all three value chains a marked loss of agency and rise in risks can be identified moving from local to international. As the moving from one market to the next comes with an increase in actors managing the respective value chain it is accompanied by the need to give up sorting, packaging and transportation tasks to external actors; increasingly to the private sector. At the international level prices are fully determined by the quality of the produce and market forces of supply and demand. Especially here it constitutes a major risk for the small-scale producer as first, high quality and quantity means high input costs and second, unexpected fluctuations in prices can occur on the prolonged journey so that remuneration is not secured. It therefore creates a setting for the producer in which s/he is responsible to supply quality avocados in high quantities but is not assured of a remuneration which will cover the rise in the cost involved. However, how
the vulnerability context unfolds for each individual is also determined by the capitals and input support s/he receives.
Chapter 5 Rural livelihoods: Strategies towards Production

Following from the previous this chapter provides an analysis of the livelihoods of small-scale farmers in the Vhembe district and their strategies in regard to production and marketing of avocados. That will enable one to identify areas of risk but also of opportunities arising. In order to draw up these strategies it will outline the different capitals (i.e. physical, social, human and financial) as well as the way land is used for agricultural production within the constraints faced. This enables one to understand how these capitals allow or hinder an individual to produce for a certain market. Strategies however, don’t just form through assets and constraints (see Chapter 2). They are also based upon relationships at the inter personal and community level as they form a network of trust and knowledge sharing in regard to best practices in production and marketing of the crop. Human assets such as the underlying motivation and the intrinsic value for farming form the base upon which future aspirations for the agricultural production will thrive. It is therefore an indicator of the willingness of an individual to take up new technologies and knowledge provided. The nature and origin of inputs at the farm level, i.e. the support structures which form a part in the institutional set up of the avocado sector will then allow for an analysis of the level of dependency in the agricultural production.

5.1 Small-scale Avocado Production in Vhembe: A Picture

Avocado production in Vhembe district is based on various determinants which stand in a mutually influencing relationship and form a farmer’s livelihood strategy in regard to production and marketing. Inputs in the production process can then originate in revenues from previous years harvests, money from prior jobs, old age grants or support from government or private sector programmes as one part of their productive capacities. This section wants to combine both quantitative and qualitative data sets to get a better understanding of avocado farmers’ socio-economic context in which they operate.

5.1.1 Production: Assets and Inputs

This section gives an assessment of the small-scale avocado production in Vhembe district. This is comprised of assets, input structure and input sources as well as diversified
agricultural production. Assets are selectively looked at in the form of land size, ownership of agricultural implements and hired labour to grasp the scope of production. Input sources for income as well as for seeds, fertilizers and herbicides are analysed to gain an understanding where support structures in terms of financial capital and farm resources lie. Agricultural production is then analysed to derive different strategies to see how intensified their avocado production is. Analysing these productive assets allows the research to assess the heterogeneity of small-scale farmers in regard to avocado production in the area. It will also allow moving to the analysis of market relationships and how they are shaped by these productive assets.

The baseline survey therefore gives an entry point. The total sample size here was 141 farmers (N= 141). Out of this sample size 61% (n = 86) grew avocados on their plots. The land size of farmers who grew avocados ranged from 0.25 ha to up to 48 ha with the average of 6.18 ha (SD= 6.52456) hinting at the limited scope for intensifying agricultural production linked to the size of land available. Land was primarily acquired through a Permission to Occupy (PTO) in 88.3 % of cases. This means that land was under communal tenure and solely granted by the chief of the village. It therefore did not constitute a monetary asset in itself. Being asked about sources of agricultural implements 72.8 % out of n= 81 who answered that question stated that they owned their machinery followed by 19.8 % who rented it and only 3.7 % who borrowed it (Figure 4). Owning agricultural implements can indicate the level of wealth of an individual but also how intensified his production is. It must however be noted that this percentage does not give an actual account of how much machinery was owned, but states that if there were implements on the farm, how they were sourced referring to the support in inputs given. Derived from observations of various farm visits during interviews conducted machines or spraying guns for pesticides were mostly non-existant on farms.
Interesting to note is then that out of the sample (n= 85) asked 63.5 % indicated that they hired labour from other households for agricultural purposes. Operations on the farm therefore highly depended on outside manual labour lacking the sources for machinery. Comparing this to visited commercial avocado farms such as Allesbeste or Springfield farms (interview 23 & 24) in the area the level of technology in agricultural production of most small-scale avocado farmers was rather low. Looking at the input side in terms of seedlings to grow an avocado tree 75.6 % of the farmers who answered this question (n= 82) had to purchase it themselves. 11 % benefitted from government schemes followed by 9.8 % who stated that they saved seedlings on the farm (Figure 5) giving a clear picture that plant material had to be sourced on one’s own account. Linking these two aspects of owned farm implements and the necessity to hire wage labour back to the theoretical considerations around the peasant mode of farming it seems that these farmers have the ownership over these productive assets as opposed to relying on the government or other external actors to supply or facilitate this. Surprising however is the low percentage of borrowed farm implements as borrowing from neighbouring avocado farmers could constitute a useful way of sharing scarce technology.

Figure 4. Source of farm implements
Sources of pesticides, herbicides and fertilizer which constitute important inputs in terms of quality and quantity improvements mainly came from the farmer himself. 70.6% of 85 respondents indicated that they purchased these inputs themselves. 18.8% were supplied by the government, 8.2% used manure and only 2.4% sourced their chemicals from a farmers cooperation indicating a heavy self reliance on productive assets owned. The autonomy over productive assets, here in the form of pesticides, herbicides and fertilizers suggest that these farm inputs are not tied to external actors supplying them. Also, farmers’ cooperations do not seem to form a supportive source for these productive assets. In terms of access to credit 85.7% of 84 respondents said that it was not possible for them to obtain external money. If credit could be obtained only 7.1% received it from a savings group and 4.8% from a bank.

However, this data has to be looked upon with scrutiny as in most instances small-scale farmers were not deemed credit worthy for banks and therefore could not apply for loans in any way. Due to the fact that agricultural land was not owned, as in most cases land was solely granted (see previous section) they did not have enough collateral. It seems that many are using their own savings to invest in the farm as one respondent with a high paying side job explained (in regard to buying new trees): ‘… the majority of them like I told you are old men and women…if you take away 500 Rand there is not much left. It is very difficult to buy one or two…so if you give them one or two trees would make a huge difference. But for someone like me it is ok…’ (interview 4). That said, 68.5% of the 86 respondents stated that they received an old age grant from the government which amounts up to 1,410 Rand per month (South African Government) constituting the second biggest source of income. It is however agriculture which ranks highest in terms of monetary income to the household (Figure 6) and
establishes the importance of agricultural production for small-scale avocado farmers’ livelihoods.

![Biggest Source of Income](image)

**Figure 6. Biggest source of income**

In terms of diversification of tree crop production 31.4% of the interviewed avocado farmers also produced macadamia nuts, 70.9% also mangos and 66.3% also litchis. As different crops bear fruit at different times of the year and are harvested at different times small-scale farmers try to combine them thereby multiplying their income generation and most importantly spread the income over the year (Interview, 6 & 9). As discussed in chapter two, the vulnerability context in regard to seasonality and shock resistance is of importance here. Diversifying one’s cash crops as a strategy results in an increase in income as one respondent put it like this: ‘…avocados is more money than mangos …but the litchis is more money than the avos. Litchis is too much [sic]…this year it was 300 Rand per crate!’ (interview 7). In terms of seasonality other subtropical fruits are harvested at different times of the year compared to avocados resulting in income around the year (interview 6). That also means that if one crop fails due to pests the other one will remain as a generator of income. Especially because agriculture resembles the most important source of money mitigating this vulnerability context through the strategy of diversification indicates a form of agency over the pathway of their production. During interviews especially the cultivation of litchis was mentioned as a good crop yielding good prices at the local level (interview 7, 6, 8). Vegetables and maize as a staple food in the region was then mostly grown for household consumption with 60.5% of the 86 farmers stating to practice intercropping (interview 2 &
to make optimal use of the limited space available. Here one can see that avocado production does not constitute the only agricultural activity. When asked which input most money was spend on 19.8% of the 86 respondents indicated fertilizers, followed by herbicides and pesticides as well as wages for the labourers on the farm with 15.1% each (see Figure 8). This relates to the fact that most avocado farms depend on hiring external labour as well as relying on their own monetary assets (obtained from agricultural production) to purchase fertilizers, herbicides and pesticides.

Having looked at selected assets, sources of farm inputs and diversification in agricultural production a first but rather general picture of the avocado farmer arises. Seeing that the land size is rather limited in most cases, agricultural production is confined within these boundaries. That aspect will become more important in the debate around value chain inclusion and the need for upgrading processes. Farm inputs in the form of agricultural implements and chemicals to spray and fertilize one’s crop indicate that the majority of avocado farmers do not get much support from external actors in regard to their agricultural production. As monetary income seems to be centred on sources such as agricultural production only government grants as the second biggest source of income constitute a reliance on external support. Access to credit is for the majority of the farmers not possible as their inability to provide for collateral prevents them from being granted credit. Autonomy over their production then seems to be the general trend. However, enabling environments such as more support to provide for inputs in production, be it in the form of financial or physical capital seem to be limited.

5.1.2 Market relations

As the avocado crop offers the small-scale grower three main markets to sell the produce (see chapter four) market relationships can manifest themselves in various ways. The power over price setting, the issues around entry barriers linked to quality standards and relationships with value chain actors and community members are considered here. Most farmers sell their avocados locally due to the ‘easyness’ of marketing procedures, i.e. low entry barriers (interview 7, 6) but also to Johannesburg market (interview 6, 8, 3; Figure 7).
Nevertheless, as one respondent explained: ‘…sometimes the local market may be better than the export market…it depending [sic] on several factors like who is transporting, how much you are sending…you must weigh the options…how many avos [sic] …what type of cultivar…where it is going and the demand’ (interview 4). That shows that market relations can be a matter of choice and weighing one’s options. It also portrays the complexity of making a decision in that regard considering the assets and inputs at hand and the characteristics of a certain market such as distance, available transport, demand and the actual volume of the harvest.

For the local market transportation is simple. Depending on the demand vendors come to buy the avocados straight off the farm or produce is conducted with one’s own buckie and doesn't involve huge costs (interview 4, 6, 8). Another advantage of the local market is the fact that remuneration of the farmer occurs straight away through cash in hand transactions leaving out intermediaries for transport or marketing, as described in Chapter 4. As one respondent put it: ‘…you give them your avos [sic] and they give you money straight away…no like “nah the avos weren’t good…”’ (interview 4). That trend is resembled by the survey with 31.1 % out of n= 81 stating cash in hand transactions as the main reason for choosing a buyer for their crops. In either case the buyer of the produce is known to the farmer as most of them come from the village, are neighbours or friends (interview 6, see Figure 7). In terms of price setting that means that the farmer has some power within the constraints of supply and demand in the
area to determine the value of his fruits (interview 8). One respondent explained it like this: ‘…the people they make arrangement, they come and want to buy some avocados…and come to the orchard [sic], …they are all friends…relatives…so you can say how much…’ (interview 6). Since people are known and no intermediaries operate the value chain the main power of price setting lies within the producer. Reasons for choosing the local market are then constituted through low transport costs, cash in hand transactions and the power to negotiate prices within the confines of demand for and supply of avocados in the local surroundings. These benefits perceived by the producer constitute opportunities for the marketing of their crop. The vulnerability context is here comprised by the fact that seasonality creates different patterns in supply and demand and is therefore out of reach for the producer. However, it seems that because the local value chain is short and buyers are known to the farmer before the local market has the advantage to assert power in negotiating prices.

In terms of quality standards (as discussed in Chapter 4) the local market has a low entry barrier since requirements of shape and size of the fruit do not exist therefore making it a highly accessible market. This becomes apparent when comparing it to the national level as summed up by one respondent: ‘…because there by the market [national] they look at your avos and say ok, how does this avocado looks like [sic]. If it’s bad we don’t want them…’ (interview 15). Here, produce can be rejected due to poor quality resulting in reduced remuneration. Remuneration at the national level is therefore linked to the quality of the avocados supplied and determines the price the retailer will pay (interview 15, 8, 3). As the value chain for the national market involves a packhouse as well as a transport company it increases the costs for the farmer. All occurring costs (handling, packaging, transport, storage) are deducted from the income obtained at the market before being paid out to the farmer (observation 6). In many cases farmers stressed the reliance on that agent to provide them with information on market demands to decide whether to send it off or sell it locally (interview 12, 15). Having less power to negotiate prices the national market still seemed to offer satisfying returns as it constituted the second biggest market supplied (see Figure 7). Avocado farmers, given these characteristics at each market and the assets they have at hand weigh their options of selling their fruits accordingly to get the highest price. Talking about the national market one respondent said: ‘When we ask “can we post our avocados?” they say “no, now prices are down, just sell it locally” (interview 7) referring to the way in which marketing opportunities are gauged. Higher demands in quality, more actors as well as less power to negotiate prices alter the terms on which marketing of produce is based on compared
to the local level. But as opportunities for a higher income are perceived to be attainable most avocado farmers seem to be willing to sell at the national market.

5.1.3 Constraints

Remuneration for avocados is tied to its quality and quantity of the produce (see Chapter 4). It is therefore tied to a variety of aspects to meet respective market standards. When asked about the biggest constraints in production and marketing, issues concerning irrigation, input costs and the condition of the roads to and locations of the farms were the main themes arising (interview 6, 8, 5, 9, 12, 14). Water being the life source of every agricultural production meant that the lack of adequate irrigation schemes resulted in the reliance on rainfall and prohibited most of the avocado growers in the area to yield high volumes and a qualitatively good crop (Interv.6, 5, 11, 15). That was confirmed by the survey which stated that 61% of 77 avocado farmers did not have irrigated land. Input costs in terms of fertiliser, herbicides, machinery, petrol or diesel and the payment of labour constitutes a huge burden on the small-scale grower (see Figure 8). One farmer put it like this: ‘All the input costs. Prices of avocados have stayed the same for the last ten years…prices of fertilizer, petrol, diesel, labour…everything has gone up…’ (interview 10). The reliance on wage labour, being the second biggest input cost constituted yet another major constraint. That can be explained by the fact that their children were often not interested in agriculture, were still going to school or had moved to Johannesburg or elsewhere for a job (interview 6, 12, 19) and the fact that paying labour is expensive (interview 13, 14, 18). Due to low levels of mechanisation on the farm linked to agricultural implements which had to be bought made it inevitable for most avocado farmers to circumvent these costs.
Quality is however also linked to the mode of transport and the right packaging. Here, the roads in the Vhembe area constituted a constraint to the small-scale farmer as they were mostly made of mud with huge pot holes therefore not being reachable by rain. As timing is a major asset in terms of marketing, transportation to the local market or the nearby packhouses to then be transported to national markets then became an issue as fruits could not be delivered in a timely manner or were damaged upon arrival which decreased the profit made (interview 5, 6, 11, 8).

5.2 Personal Accounts: Rationales behind Agricultural Production

To grasp the complexities of agricultural production it is also important to look at social relationships as well as beliefs and values about farming which casts a light on the importance of agriculture for individuals and therefore links to their human as well as social capital (see chapter two). That then also determines the outcome of a certain livelihood strategy. Here quantitative data forms the backdrop upon which qualitative data will elaborate.
5.2.1 The importance of relationships

Inter-communal relationships as part of the social capital may have an influence on how resources for agricultural production or knowledge are accessed and by whom. They can also play an important role in terms of expanding one’s avocado production, seeking out new market relationships and fostering old ones at the local level. As stated above, local level marketing occurred through a network of social relationships with primarily market vendors and neighbours (see Figure 7) indicating the reliance on inter-communal ties for marketing of avocados. In that regard, two individuals (interview 1, 3) acted as role models as they owned the most land (11.5 ha and 12 ha) with a high density of planted avocado trees and had been in the farming business since their childhood due to the inheritance of their fathers farms. They also had been in the export business for some time and through that managed to expand their farm even further. Advice in simple person to person contact was therefore sought after with them as they constituted a trusted source of information whilst at the same time serving as a role model for successful avocado production (interview 4, 14, 13, 19). Through that extension support was however not suspended. It rather constituted a more informal way of support. That was portrayed by one response saying that: ‘…when I look at him…we are born the same year. Even he said…do avocados…to help your children at home, even those who are at school. You won’t even suffer (any problems)...’ (interview 12). Here again, the aspect of arable land available, institutional support and money available has to be put in relation to the importance of relationships. As opportunities and profitability seem to open up for one individual it has to be looked upon with scrutiny if these opportunities also hold for another. Role models can therefore constitute a useful source of agricultural information but opportunities and risks still have to be evaluated according each individual’s context and capitals.

Being asked whether any member of the household was part of a farmer organisation 79.2% (n= 42) from the ones who were growing avocados answered with yes. Using qualitative data here confirms that almost all interviewees knew each other and stresses the fact that rather than waiting for support from the government they sought help amongst each other (interview 4, 14, 12) as one respondent explained: ‘I am liaising with other farmers who are already doing it and telling us where is the better price and how to do the pack house, the requirements [sic]…so, that way we get all the information’ (interview 4). Relationships with the government however were often portrayed as lacking sufficient trust in terms of delivering
services (interview 6, 10, 14). It can therefore be assumed that trust in inter communal relations is paramount. However, as many respondents stated that they did not put much faith in the government as a whole to deliver better roads or irrigation systems they did rely on the extension officers for agricultural support. This trend was supported with 55.8 % of the 86 having received extension advice, i.e. agricultural knowledge. That then can be explained by the fact that they resemble the link between the government and the farmers therefore being the primary point of contact. Being asked who provided the biggest knowledge input when land was newly acquired or during avocado cultivation throughout the year most respondents referred to the extension officer (interview 2, 5, 6, 8, 13, 14). That however cannot overcome the constraints in terms of financial and physical capital faced but rather forms a trusted source of knowledge for the farmer.

5.2.2 Motivation, Value and Vision of the Future

Motivation behind and the value of farming as human capital determines strategies and ultimately how well you do in producing good quality avocados and seek out new market channels by engaging with different actors. It touches upon the eagerness of the individual to take up new technologies or knowledge and can through that also indicate the importance of agriculture for an individual. Several attributes were ascribed to farming that showed the importance of agricultural production and hence their dedication to it. Interestingly, most farmers saw their main motivation in avocado farming in terms of money generation hence, a rather entrepreneurial mode of farming (interview 3, 4, 6, 13, 1, 12, 2). Here, avocado as a commodity crop was highly valued because it generated good money and was therefore one of their most important crops next to litchis.

However, they repeatedly acknowledged that farming itself also provided value to them apart from money. It also constituted a source of structure in their daily routine and discipline in case of pursued side jobs as one respondent said: ‘…the farm makes me who I am right now. In terms of discipline, time management…most of the things I was taught by my grandfather and father…that’s why I go back to the farm…’ (interview 4). That was confirmed by other respondents explaining that continuing the farm was a matter of tribute to their fathers or grandfathers who had started the farm thereby valuing their efforts made (interview 1, 3, 4, 5, 6, 11). In other instances it gave pride to the individual as it portrayed the hard work invested, especially being a female farmer in a male-dominated profession (interview 13, 14, 18). Taking pride of one’s agricultural production is then something attributed to the peasant mode
of farming. It seems however, that this has to be linked with monetary profitability of the avocado crop to form the main drivers behind tree crop production. Being asked about the future of their farm and there being a need to improve agricultural production 88.2 % of the 85 respondents answered with yes indicating a perceived room for enhancing profitability. Linking it back to the normative stance of the livelihood analysis adopted, considering individuals aspirations and motivation behind farming forms an important part of strategies pursued. Here, most avocado farmers interviewed also stressed the fact that they wanted to focus on the avocado crop, despite having other tree crops such as mangos, litchis or macadamias as the avocado crop was considered as easy to handle in production and transport being less susceptible to diseases compared to e.g. mangos (interview 3, 4, 5, 6, 13, 18, 21). It therefore seems that the motivation and value of avocado farming stems from the profitability of the crop and its easy handling, valuing the farm as a family inheritance and pride but leaving room for future improvements due to constraints faced.

5.3 Conclusion

From the above sections a general picture of avocado production in Vhembe district arises. Avocado production as a cash crop is perceived as a lucrative business opportunity to invest in constituting higher income prospects for the future. That then seems rather entrepreneurial in nature. Attempting to draw up strategies towards the two prominent markets, i.e. the local and the national resulting from individual aspirations and motivations has to be done in the context of assets, input support and constraints faced. Low levels of infrastructure on the farms, small sizes of land and a no access to external credit apart from a general government grant seems to form the institutional set up of the sector. It is therefore apparent that at the local level inter-personal relationships are paramount in marketing of produce and sharing of agricultural knowledge. This sort of support is also given by the extension officer but merely constitutes help in the form of social as well as human capital. The major constraints coming out of the analysis however seem to be physical in nature and relate to the poor state of the roads, no irrigation schemes and the high burden of input costs for fertilizers, herbicides and pesticides. Diversifying one’s tree crop production then resembles a strategy to mitigate these constraints trying to spread income over the year due to seasonal remuneration and security if one crop fails.
Strategies to supply the national market then result out of this context of capitals and support structure. As quality and quantity of the avocado produced determines the money a farmer receives it links back to the constraints faced. Low levels of mechanization, poor state of the roads and limited amount of financial assets available does not in many instances allow for increasing volumes and quality. Assets and inputs available are then closely connected to possible marketing channels. When demand is high at the local market, money received can equal that of the national one. As transport and packaging costs incurred through increased value chain actors and transport distance reduce the income from the harvest perceived benefits of higher remuneration might actually be limited after these costs are deducted. The level of autonomy over the production and marketing of one’s produce is therefore tied to the different markets supplied. Locally, fewer actors within the value chain and no previously set quality and quantity requirements suggest a higher degree of autonomy. The producer is not bound by any production methods to meet set regulations, can choose his buyer freely and is not woven into an extensive support structure. Support is here given through agricultural knowledge by community members as well as the extension officer. Nationally, these patterns of autonomy are slightly diminished as higher costs, produce standards and actors involved exert their influence on production and marketing processes of the farmer.
Chapter 6 Value Chain Inclusion: Practices and Impacts

This chapter considers the way in which value chain inclusion impacts on livelihood strategies in relation to production and marketing and the level of autonomy by the farmer thereof. It does that by looking at the accreditation processes of the Global GAP certificate as well as the SIZA label (see Chapter 4), constituting a new form of contractual agreement with smallholders through which avocado farmers gain access to the export market as well as high-end retailers on the national market. That is attached to higher remuneration opportunities as exchange rates overseas are favourable compared to the South African Rand. To illustrate the recent push for value chain inclusion of small-scale avocado farmers the research draws on observations and field notes (observation 2) of a workshop on avocado maturity testing as part of disseminating knowledge and a farm visit prior to the final accreditation of the SIZA label (observation 3). Here, the vulnerability context becomes centre stage. Due to higher entry barriers as set out in chapter four, quality and quantity of produce has to be above a certain standard to make export profitable for the producer. However, due to the existing discrepancy of risks around exporting and perceived opportunities for higher benefits value chain inclusion has to take different livelihood strategies as their starting point if these risks are to be mitigated. Considering the constraints faced by small-scale producers these new contractual agreements can also resemble a way out of these challenges. Both scenarios portray the way in which private sector actors resume the role of the support actor facilitating this value chain inclusion through knowledge but also technology transfer with the state playing a secondary role.

6.1 Inclusion: New Public-Private Encounters

Quality standards around the export market for avocados (see Chapter 4) resemble entry barriers for most avocado farmers in the Vhembe district. But not just quality, also certification labels required to export are obstacles which avocado growers cannot circumvent without external support. Certification labels do not constitute a niche market but reflect quality demands as well as health and safety concerns of the European consumer. A specific case in point here is the collaboration between Westfalia Fruits, and the Albert Heijn Foundation (AHF), in the form of a three-year project. Westfalia Fruits is the leading grower and supplier of South African avocados around the world and the AHF an initiative set up in
2007 by the Dutch supermarket chain Albert Heijn to ensure that products from around the world are sourced under strict quality and ethical standards (AHF Website). Set up as a PPP a year ago, taking on board 26 small-scale avocado farmers of the Vhembe district to be accredited with the GG certificate and the ethical audit SIZA, funding was taken over by the AHF. As the representative of Westfalia in charge of the project explained, ‘We said we can help these 26 guys, I mean last year we supplied them with a whole lot of chemicals which they can inject their trees with to combat root rot and supplied sprays… So the idea was to give these guys the tools to keep their fruits clean…’ (interview 20). Through physical inputs such as herbicides, fertilizers and young trees farmers were meant to be able to increase quality and quantity of their production. However, the nature of the relationship was ambiguous as many farmers stated that the contractual agreements were not adequately communicated referring to the fact that costs for input given was deducted afterwards. One respondent complained: ‘…yes Westfalia did came…they give them spray to produce and stuff and after that they sell it for 90,000 Rand…the avos. Then from there they deduct everything…from the spray from the transport…labour…everything [sic]. But that was the problem. They [the farmers] were left with 17,000 Rand. That is the problem with Westfalia’ (interview 8). A second interviewee put it like this:’ …yeah they [Westfalia Fruits] assist us…they are helping us. But we don’t know when they take these avos whether they also deduct this spraying machine or what [sic] …’ (interview 7). The first stage of the project which it is currently in is then aimed at getting the fruits clean and the volume up so that they ‘can cover costs’ on the farm (interview 20). Autonomy over production and marketing of avocados is then decreased because farm operations are made dependent on external input in the initial stages of farm upgrading. However, seeing that feasibility is not determinable in a generic way as remuneration depends on many factors (see Chapter 4 and 5) such a project will have to take careful consideration of risks and opportunities to determine whether small-scale producers are ready to supply the export market or not.

6.1.1 Farmers Workshop: Avocado Maturity Testing and Quality Standards

As part of the analysis of value chain inclusion and their impact on livelihood strategies this section provides an account of a study group on avocado maturity testing and quality standards on 4 February 2015 organized by Subtrop (head organization of all subtropical farmers associations in SA) in collaboration with the Department of Agriculture (observation
2). Present were 40 small-scale producers for the avocado crop as well as seven extension officers and government officials at the agricultural office in Khumbe.

As the harvest season is approaching the main topic of today is: Avocado maturity testing prior to picking and quality standards for the export market. It is held in English by a representative of Subtrop in charge of liaising with the emerging avocado farmers of the region. As the workshop unfolds she speaks about the importance of picking mature avocados as immature ones will get send back which results in the loss of money on the famer’s side. To clarify how to test the level of maturity on one’s tree she explains six steps everyone has to follow to determine whether the fruit is ready to be harvested or not. She also goes on giving advice on how to handle, store and transport avocados after having picked them. A few men pose some questions throughout her presentation but struggle to formulate them in English so that the extension officer has to step in. Repeatedly she stresses the fact that not following the described procedures the fruit will get damaged or starts ripening whilst transporting. Overseas preferences in terms of shape, size and cultivar of avocados should here act as the main guiding principles as her goal is to get them all exporting soon. To visualize that she shows a poster with several images of well-shaped and sized avocados next to damaged, sun burned and black spot invested ones (see Figure 9).
Through that she also refers to the importance of controlling for those pests through spraying herbicides and pesticides. After the presentation is done there is room for final questions. One man gets up and starts speaking in Venda in an outraged voice. As it turns out he did export his fruits last season but was left with a huge bill by the pack house and transport company as his volume was not big enough to cover all costs. Other men also start to get involved in the emerging discussion shifting the attention to the nearby pack house in Tshakhuma and the need for it to be certified as well to save transport costs to farther away ones. The Subtrop representative steps in and indicates that she already tried to gather funds for that matter but also stresses the fact that reliance on others to help should not be the underlying rationale of their work ethics. They should ‘work hard’ in order to achieve a high and qualitatively good yield which remains the underlying take home message for the day.
This workshop exemplifies how knowledge transfer in these study groups is conducted. It also shows that the type of knowledge is very much linked to technological upgrading touching upon the quality standards debate earlier. The private sector then steps in as a support actor supplying physical assets in the form of plant material and chemicals as quality standards are linked to physical capital such as fertilizers, herbicides and pesticides to avoid qualitative low produce. As most farmers did not own these physical assets or were constrained to buy them due to a lack of financial capital, as portrayed in chapter five, meeting these requirements constitutes an entry barrier to the export market. Here, this new engagement with the private sector impacts on the autonomy over their resource base. Through the increase in external linkages for input into the farm it creates a production aligned with market demands and creates a form of dependency (see Chapter 2) until quality and quantity of the harvest is able to make this support structure redundant. The discussion at the end of the workshop also serves as an example of how they resemble a platform to voice one’s dissatisfaction about entering the export market and the heightened vulnerability context connected to it. Trends in consumer demands for avocados overseas as portrayed by the shape, size and cultivar require an upgrading of production. Shocks can occur if the crop fails due to a drought as water is scarce in the area. Seasonality manifests itself in the form of price fluctuations at the world market depending on the avocado supply of other countries (interview 20). This alters the vulnerability context as it increases the risks of losing the entire income when poor quality avocados and low volumes coincide with heightened transport costs and unexpected drops in world market prices.

6.2 Accreditation processes as Entry Barriers

Not only volumes and quality due to consumer demands constitute entry barriers to the export market. Barriers are also formed through the increase in accreditation schemes required (see Chapter 4). As the GG label is concerned about food safety, traceability of products, environmental sustainability and workers’ rights and health it demands changes in on farm practices to pass the audit. The SIZA scheme as a second accreditation to pass is then more focussed on worker’s rights and their safety on the farm. This section therefore analyses the way in which these accreditation schemes lead to a loss of autonomy over the farmers’ resource base as sustaining the accreditation requires external input to get volumes and quality up as well as leading to the externalization of managerial tasks. It also examines how
complying with the rules of the scheme alters the vulnerability context as indicated in the previous section. What follows portrays a farm visit by an external auditor from Control Union (a private audit company conducting GG and SIZA audits) and the extension officer of the region (observation 3). Audits for both certification schemes follow the guidelines on pest management, origins of planting material, growing practices and workers’ rights, health and safety (Global GAP, 2013; SIZA website). This farm visit was conducted to check whether the farmer is ready to be accredited with the SIZA label and complies with this existing GG certificate. It portrays the way in which disseminated knowledge is integrated at the farm level and serves as a backdrop on which the mode of farming as well as risks will be evaluated.

Important to note is the fact that the farmer in case constituted one individual out of this project with a high degree of intensified avocado production compared to the rest. With 12 ha and 3,000 avocado trees planted he lay high above the average of 2.2 ha of cultivated land and 548 avocado trees planted (document 1).

6.2.1 Accreditation in Practice

The farm to be pre-audited is the biggest out of the 26 chosen farmers for GG accreditation; exactly 12 ha with 3,000 planted avocado trees (document 1). Being the link between both parties, the auditor from Control Union first picks up the extension officer from his office as the former one doesn’t conduct farm visits by himself. The first thing the auditor picks up on upon arrival at the farm is the meagre harvest on the trees this year. In his hands the farmer holds a folder with various compartments sectioned off to indicate different topics in both audits such as lists for the application of fertilizers or herbicides and worker contracts. As the auditor knows the farmer and has compiled the entire folder for him last time he visited, he also knows where to search for a certain document when the farmer gets lost in the paperwork. To be checked today are the correct filling in of the required lists on spraying and fertilizing the trees as well as documents proving soil sample tests made.

Most lists are filled out correctly however, one is empty; the one for fertilization. Being asked by the auditor for the reason the farmer admits that he hasn’t managed to buy fertilizer this year; too expensive. That shall be the reason for the meagre crop this year the auditor replies and reminds him that it is highly important to do so next time to get a good crop. The paperwork for the ethical SIZA audit is then more complex as all wage labourers on the farm have to have their ID documents photocopied, a proven work permit as well as a signed contract. The auditor then reminds the farmer that all workers must also be informed about their rights, wages and health and safety procedures on the farm as well as having one
spokesperson amongst them to facilitate communication processes with the farmer. That constitutes a very important aspect in the SIZA audit. The farmer nods and confirms that he had done so not leaving out the opportunity to complain about the rules in regard to minimum wages consuming the majority of his income. A quick check on the farm facilities is then the last step of the visit to see if chemicals are labelled and stored correctly, a toilet is in place and the farm is sectioned off with labels indicating different plots for traceability reasons when exporting one’s fruit.

The example shows that to be able to overcome the entry barrier of accreditation a shift in the mode of farming is crucial. Money generated needs to be fed back into the farm in the form of fertilizers or pesticides as the new mode of farming requires an upgrading in volume and quality. As the farmer did not invest in fertilizer the crop this year did not meet the expectations. Structural as well as operational changes on the farm such as toilets, storage facilities and the correct storing of fruits and chemicals constitute regulations the farmer must comply with to enter the export value chain. It also exemplifies how the integration process results in an increase in the reliance on support actors, in the form of auditors from Control Union as well as knowledge input from the learning groups. Reflecting on inter-communal relationships and support in terms of knowledge they provide (see Chapter 5) it alters the way these support structures manifest themselves. Support is then not only sought from role models within the farming community but also from external support actors. Considering the whole farming operation it is not only about crop production but extends to managerial tasks such as handling employee rights in wages, working hours and safety on the farm. Paper work connected to that takes up time of the farmer but must become an integral part of the whole farm operation. The ordering principle of this new mode of production is then more oriented along market demands in regard to quality and quantity but also alters the support structure between producer and value chain and increases tasks for the farmer. It therefore resembles a move towards a more entrepreneurial mode of farming.
6.3 Conclusion

Both observations set the scene in which export value chain inclusion of small-scale avocado farmers occurs and is an example of the recent drive for the inclusion of smallholders in the South African context. It constitutes a first step in a longer process in which they need to adapt and adopt new production methods and managerial tasks beyond the physical location of the fields. The learning groups are the main space in which all actors (state, support actors, farmers) come together so that knowledge about standardized avocado production can be disseminated to the latter. It is here where new sets of knowledge have to be absorbed. At the farm level these sets of knowledge have to be applied. Both scenarios also depict the importance of partnerships and collaboration in the processes of integration. The private sector is here the main facilitator of workshops and audits indicating that inclusion into the avocado chain is becoming increasingly privatized creating a dependency for the farmer in input delivery. Nevertheless, being attached to the vulnerability context integrating small-scale avocado producers into the export market showed an increase in risks involved. Linking it to the previous chapter and the wider policy debate it becomes an interesting case. The risk and opportunity debate becomes crucial especially in relation to what type of farmer is likely to be targeted by these value chain inclusion practices. Individuals who were facing the challenges of value chain inclusion seemed to resemble a mix between what has been defined as the peasant mode of farming and the entrepreneurial one. Due to the fact that the majority of them supplied the national market already hints at a certain degree of the entrepreneurial mode of farming. However, constraints faced hampered the way technology and knowledge input was implemented at the farm level so that the final step into the export market still seemed risky.
Chapter 7 Conclusions and Recommendations for Further Research

This research looked at value chain inclusion and the impact on livelihood strategies of small-scale avocado farmers in the Vhembe district South Africa. Having identified the unilinear narrative of state policy for integrating smallholders into larger value chains the main research question was therefore: ‘How does the inclusion of avocado small-scale farmers in value chains in Vhembe district, South Africa impact on their respective livelihood strategies towards the different market channels?’ Central to the research was then to evaluate the impacts of value chain inclusion on the basis of a livelihoods analysis to uncover capitals and support structures as well as constraints they face in regard to agricultural production. Existing market relations at the local and national level then influenced the way in which these capitals were used at the production stages but also to sell their produce. On the one hand the vulnerability context constituted the backdrop on which opportunities and risks of supplying a certain market were assessed. On the other hand higher quality standards and an insecure remuneration at the international level are likely factors to influence strategies reverting back towards producing for the local market. Value chain inclusion was then looked at in regard to the export market taking the special case of a study group for avocado maturity testing and quality standards to see how and what kind of knowledge is disseminated and by whom. A farm visit for the SIZA audit and general check-up for the GG certificate constituted the second scenario upon which impacts on agricultural production, capital and vulnerability context for the farmer was assessed. It was considered whether these inclusion practices change the underling mode of farming of these farmers. In order to answer this research question five sub-questions were formulated (see Chapter 3).

This concluding chapter answers these questions followed by a brief discussion. It will then try and give recommendations for further research into value chain inclusion of small producers.

7.1 Main findings

To uncover the livelihoods of avocado smallholders and their farming strategies assessing the capitals at hand constituted the step in stone of the analysis. Here financial, physical, human and social capitals were considered. Farm operations relied primarily on wage labour due to a lack of agricultural implements. As land was on average 6.18 ha it constituted a limited size of land for agricultural production. Staple food crops were also grown through intercropping
indicating that the majority of the avocado farmers did not fully focus on producing the cash crop avocado. In terms of social capital inter-communal relationships enabled marketing of the produce at the local level through neighbours and friends. In regard to agricultural production social capital was also identified as important as respondents relied on support from the two most successful avocado growers in their community. Here, support was limited to advice and knowledge in avocado cultivation linking it to the issue of constraints faced. Major constraints in regard to agricultural production were based on the fact that irrigation schemes were mostly non-existent, high levels of input costs due to the reliance on wage labour and chemicals to be bought for the avocado production. That then was linked to the finding that financial capital was scarce so that the majority also relied on government grants next to their agricultural income.

As there are three value chains in the avocado sector (see Chapter 4) the research identified that almost all avocado farmers part of this study were integrated at the local and national level. The export value chain was characterized by entry barriers too high to overcome by the individual farmer. Marketing at the local level seemed to be conducted via social relationships in the community through cash in hand transactions. Being a defining characteristic and a form of instant security remuneration at the national level however was conducted via the pack house after having deduced incurred costs. As the majority of the farmers also supplied the national market, the respective value chain was marked by an increase of actors involved and therefore constituted. Due to the fact that costs for sorting, packing, storing and transport meant an increase in costs for the farmer integration into this value chain seemed to constitute a burden to them. The opportunity for a higher income constituted the main reason for supplying that market which hinted at farmers’ perceptions about benefits being higher than the involved risks. Contact to the national market was established via a market agent who gave the individual farmer the opportunity to check prices before sending the harvest. Prices were then tied to the quality and quantity of the produce supplied. Interestingly, at times even the local market could offer the same remuneration as the national so that farmers weighted their options according to that finding the best marketing channel available to them. In regard to the export market the case study suggests that relationships here were only apparent at the inclusion stage. As entry barriers through quality, quantity and accreditation requirements constituted a need for external support integration into the export value chain was linked to private sector actors such as Subtrop or Westfalia Fruits to facilitate this. This hints at arising dependency structures for the small-scale farmers to function within this bigger value chain.
How these structures will develop or how long they will endure in general will be a matter of time but also dependent on the way support is absorbed and integrated at the local level.

Strategies avocado farmers pursued in regard to production and marketing were characterized by attempts to diversify their cash crops but also to expand production to enter larger value chains hinting at future aspirations for their farms. Here, mangos, litchis and macadamia nuts as the most prominent tree crops in the area constituted a security net for their income generation. Being harvested at different times of the year diversifying cash crop production meant that income was spread throughout the year but also to diminish the risk in the event of one crop failing. Staple foods such as maize were then grown to contribute for household consumption. Nevertheless, not many farmers diversified their income base with off-farm activities indicating that agriculture played an important part in their livelihoods. Strategies to supply the different markets was then based upon the capitals at hand and the way they were made use of. Especially at the local and national level existing capitals such as social relationships within the farming community or neighbours were used for seeking advice in production or marketing channels. Compared to the national market supplying avocados was mostly determined by the prospect of higher compensation. It appeared that regardless of constraints in physical assets such as land size, supply of chemicals or financial capital to upgrade, production supplying the export market was sought after within the avocado grower’s community. Perceived opportunities were regarded as higher than the risks in most cases with only two individuals openly stating to have stopped exporting due to costs being too high and therefore being too risky (interview 7, 16). The prospects of supplying the export market being disadvantageous did not seem to be apparent in conversations with the farmers although higher costs and quality standards were known. As farming was perceived in terms of benefits the underlying rationale can be labelled entrepreneurial in nature.

Risks and opportunities around the inclusion of small-scale farmers into the export value chain constituted a fine line in the case of the avocado growers in Vhembe. Due to remuneration from the export market being based upon the quality and quantity of the produce it was crucial that upgrading practices had the desired result. On the one hand, risks manifested themselves through not meeting these requirements as low volumes of send avocados meant that transport, packaging and handling costs incurred by the exporter and pack house could not be paid for. Equally, quality deficiencies (see Chapter 6) meant that exported produce either did not survive the long transport journey or led to a lower price the retailer would be willing to pay. Transport therefore constituted a substantial risk the producer
had to carry himself. In terms of certification schemes and attached requirements minimum wages for on farm labourers constituted one of the main obstacles to the small-scale farmer as the case study suggested. On the other hand, opportunities arose out of the increased support in production and knowledge input the farmers received through the private sector. As shown, knowledge dissemination and physical input to increase quality and quantity was a welcomed benefit for the avocado grower as he benefitted from a qualitatively better crop and more structured farm operation leading to a higher compensation at the national market.

7.2 Discussion

The outcomes of the research outlined above already indicate a delicate line in attempting to evaluate impacts on livelihood strategies by value chain inclusion practices. As it must be acknowledged that the different livelihoods of avocado farmers in that area had room for improvement in terms of their production and marketing capacities, inclusion into the export value chain constituted a step which not all of them seem to be prepared to absorb. Value chain inclusion for the small-scale avocado grower therefore impacted on the capitals and marketing strategies and through that the vulnerability context they operated in. Pointing at the fact that value chain inclusion is here determined with upgrading farmers’ production it also impinges on old strategies towards local and national markets, social relationships and support structures through new actors and the mode of farming as an underlying rationale for engaging in agricultural production (see Chapter 2). Physical capital in the form of agricultural input was increased by the supply of spraying machines and chemicals through Westfalia Fruits. Through that farmers were able to increase quality and quantity. Through knowledge input in study groups standards but also risks around the export of avocados were disseminated transforming the way agricultural production for the tree crop was approached by the majority of the farmers interviewed. As the opportunity to step into the export market seemed for many a lucrative opportunity, it nevertheless resembled a heightened vulnerability due to the fact that quality and quantity could not be met from the first harvest onwards. The impact on livelihoods was therefore embedded in a slow process of transition from a rather peasant mode of farming towards an entrepreneurial way of approaching avocado production. It is here where risks and opportunities of the value chain inclusion process were determined. As productive assets had a crucial impact on the existing relationship with the local or national market and vice versa the export value chain increased that impact. Productive assets
could then not be used freely but had to be fed back into the farm operations as the farm visit exemplified. Keeping the volume as well as the quality on the required standards meant that chemicals had to be bought and applied continuously. As quality standards in terms of size, shape and cultivar for the local were non-existent or rather low for the national market, entering the export value chain required a step up in production efforts.

In terms of social relationships the increased engagement of the private sector has to be placed as an example of emerging PPPs within the wider discourse around rural development. Here, the private sector stepped into the role of the support actor, seemingly to provide for what the state could not. For now it seems that both the farmer communities and the private sector are seen as viable support but it will be interesting to see how these new actors change the dynamics on the community in the future. Due to the fact that they supplied inputs in productive assets dependency relationships started to emerge to ‘keep the fruits clean’ (interview 20). As said above, to keep quality and quantity levels constant these inputs must be in place as long as the farmer cannot uphold them himself. To come back to the agency debate in Chapter two it seems that especially because the avocado cash crop offers three different market channels the agency of a farmer does not just lie at the ‘intensification’ versus ‘resistance’ divide but more in the way farmers use agency to negotiate the different capitals, new support structures and markets available to form a strategy. Seeing that the value chain inclusion project discussed above only started one year ago it is not foreseeable how long this dependency will last.

7.3 Recommendations for further research

The impact of value chain inclusion on small-scale farmers depends on various factors and so do perceived risks and opportunities attached to it. Using the livelihoods approach to unpack risks and opportunities was useful in that it was not primarily concerned with making value chain operations more efficient or less costly. Through the livelihoods approach the research was able to look at the social implications on the ground having a focus on the producers themselves. To come back to the development debate touched upon in Chapter 2 and the wider policy landscape discussed in Chapter 4 the research proposes the following. First, value chain inclusion has to be informed by a livelihoods analysis. That will determine risks and opportunities for the individual within the specific socio-economic context he or she produces in. It will then not result in top-down technical knowledge dissemination but in a
more tailored approach to what risks are manageable to absorb for the producer. Neglecting this will result in increasing the risks rather than the opportunities for the farmer.

Second and thematically related to the first, more research into the impact of land reform policies targeting already capital strong farmers rather than the rural poor could lead to directing public-private engagements towards benefitting the latter. Potentially, that could result in policy directives which have a more profound impact on rural inequality and poverty reduction efforts than has been up until now.

Third, the adaptation of accreditation schemes to the context of small-scale agricultural production is a valuable research to investigate in. For now they constitute an entry barrier, since quality and on farm regulations are demanding. As they are linked to European standards in agriculture they are not suitable to be applied in other contexts. Trying to draw up a label that enhances the productive capacity without being a burden on the small-scale producer is something worth examining. That then would also touch upon the wider development debate in Chapter 2. As value chain inclusion is in many instances an attempt for improving livelihoods on the ground, making it harder through creating entry barriers in the form of certification requirements which are only manageable through huge costs and private sector support is rather counterproductive. As e.g. the GG certificate is expensive in its upkeep and renewal, it would be worth exploring when production levels of these farmers are high enough to sustain it out of their own efforts.

Fourth, it is worth exploring to what extent there is scope to strengthen inter-community ties among the farmers to increase production. As physical capital is scarce looking into pooling agricultural implements to share them amongst each other can be a way of circumventing high costs. The same applies for sharing transport costs for further away markets. Also strengthening of the local market in Tshakhuma and surrounding villages can then be another way to secure outlets for the farmer to sell produce.
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**Websites**


## Appendix 1: Operationalization Table

<table>
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<tr>
<th>Concepts</th>
<th>Dimensions</th>
<th>Variables</th>
<th>Measures / Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livelihood strategies</td>
<td>Capitals</td>
<td>Human Capital</td>
<td>What are the experiences from farming?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(knowledge, skills, training, experience)</td>
<td>Did they learn from them? How?</td>
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<td>What kind of farming knowledge do they have?</td>
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<td>What other skills do they have?</td>
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<td>What role do skills play in pursuing different livelihood paths?</td>
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<td>How do they see their avocado production in the future?</td>
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<td>What value/ motivation do they put on farming?</td>
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<td>Physical capital</td>
<td>Do they own their own land?</td>
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<td>(land, property, transportation, irrigation)</td>
<td>Do they have access to land?</td>
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<td></td>
<td></td>
<td>Do they own property?</td>
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<td>Do they have own agricultural implements?</td>
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<td>Do they have access to them?</td>
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<td>Do they own other agricultural implements such as transportation, irrigation?</td>
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<td>Social capital</td>
<td>Financial capital</td>
<td>Vulnerability context</td>
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<tr>
<td>(networks, memberships, labour on farm, community)</td>
<td>- Access to finance (e.g. bank loans)</td>
<td>Market relations</td>
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<td>Is there a strong communal feeling?</td>
<td>- Ability to save</td>
<td>What are the different markets available?</td>
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<td>What are the inter-communal relationships?</td>
<td>- Sources of credit</td>
<td>Where do farmers market their avocados?</td>
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<tr>
<td>How are the small-scale farmers organized?</td>
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<td>How are different market channels combined?</td>
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<td>Is there a farmers association?</td>
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<td>Why?</td>
<td>What market is the most prominent?</td>
<td>Why is it the most prominent?</td>
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<td></td>
<td>What are the risks producing for a certain market?</td>
<td>Why?</td>
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<tr>
<th>Autonomy over productive assets and marketing</th>
<th>Agency over production</th>
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<tr>
<td>Who or what determines farming operations?</td>
<td>Who or what dictates the use of these capitals?</td>
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<tr>
<td>Who or what dictates the use of these capitals?</td>
<td>How do different markets influence that?</td>
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<tr>
<td>Do farmers make their own decisions in terms of production/marketing of their different products?</td>
<td>Where do they get their input for the farm from?</td>
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<td>Do they buy it themselves?</td>
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<tr>
<td>Power of price setting</td>
<td>Who determines prices of fruits? What determines prices of avocados? How do different markets influence that?</td>
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<tr>
<td><strong>Pluriactivity</strong></td>
<td><strong>Commodity vs. Non-commodity production</strong></td>
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<tr>
<td></td>
<td>What kind of farming do they do? (subsistence, commercial, hybrid)</td>
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<td>What do they earn from their farming activities?</td>
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<td>Is that enough to feed the family?</td>
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<td>Are there any off-farm jobs?</td>
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<td></td>
<td>What are the different non-commodity activities?</td>
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<td>How is agricultural and nonagricultural work combined?</td>
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<td>Does seasonality play a role in that?</td>
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<td>How many different jobs do they have?</td>
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<tr>
<td><strong>Strategies</strong></td>
<td><strong>Diversification</strong></td>
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<tr>
<td></td>
<td>Do farmers diversify?</td>
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<td></td>
<td>How do they diversify?</td>
</tr>
<tr>
<td>Resistance</td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>Do farmers distance themselves from the formal market?</td>
<td></td>
</tr>
<tr>
<td>How is external input perceived?</td>
<td></td>
</tr>
<tr>
<td>How is it dealt with?</td>
<td></td>
</tr>
<tr>
<td>Do farmers take up new knowledge and technology supplied?</td>
<td></td>
</tr>
<tr>
<td>How do farmers try and resist change in production methods?</td>
<td></td>
</tr>
<tr>
<td>Is diversification a form of resistance?</td>
<td></td>
</tr>
</tbody>
</table>

| How are assets used in that? |
| Why do they diversify their livelihoods? |
| How are decisions in regard to production and marketing made? |
| Is diversification a conscious decision? |
| Is it forced by asset constraints or other vulnerabilities? |
### What role do assets play?

**Intensification**

Do farmers intensify their avocado production?

How do they do it?

Why do they do it?

### Value chain inclusion

<table>
<thead>
<tr>
<th>Actors involved</th>
<th>Value chain inclusion</th>
<th>Public</th>
</tr>
</thead>
</table>
| **Support mechanisms** | Upgrading (technology and knowledge transfer) | **What role does the public sector play in value chain inclusion?**  
What is the role of agricultural policies? |

| Support mechanisms | Upgrading (technology and knowledge transfer) | **Who provides support in value chain inclusion process?**  
How do they engage with the small-scale farmers?  
Any new contractual agreements?  
Provision of knowledge input?  
Knowledge transfer: How is done and by whom?  
Provision of physical input? By whom and what? |
| Institutional arrangements | PPPs | What is the role of Public-Private Partnerships (PPPs)?
| | | What is the role of the private sector in them?
| | | What is the role of the public sector in it?
| | | How is value chain inclusion facilitated?
| Entry barriers | Quality standards, accreditation schemes, capitals | What forms entry barriers for value chain inclusion?
| | | What role do quality standards play in that?
| | | How do these quality standards relate to the capitals of an individual?
| | | What accreditation schemes are there?
| | | How are they acquired?
| | | What are the requirements to acquire them? |
### Appendix 2: List of Interviews

<table>
<thead>
<tr>
<th>Code</th>
<th>Date</th>
<th>Location</th>
<th>Sex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interview 1</td>
<td>1 February 2015</td>
<td>Tshakhuma pack house</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 2</td>
<td>5 February 2015</td>
<td>Lwamondo</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 3</td>
<td>6 February 2015</td>
<td>Khumbe agricultural office</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 4</td>
<td>17 February 2015</td>
<td>Tohoyando</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 5</td>
<td>18 February 2015</td>
<td>Lwamondo</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 6</td>
<td>21 February 2015</td>
<td>Lwamondo</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 7</td>
<td>23 February 2015</td>
<td>Lwamondo</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 8</td>
<td>23 February 2015</td>
<td>Lwamondo</td>
<td>Male</td>
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<tr>
<td>Interview 9</td>
<td>23 February 2015</td>
<td>Lwamondo</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 10</td>
<td>24 February 2015</td>
<td>Tshakhuma</td>
<td>Male</td>
</tr>
<tr>
<td>Interview 11</td>
<td>25 February 2015</td>
<td>Tsianda</td>
<td>Male</td>
</tr>
</tbody>
</table>
### Appendix 3: List of Observations

<table>
<thead>
<tr>
<th>Code</th>
<th>Date</th>
<th>Location</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observation 1</td>
<td>27 January 2015</td>
<td>ARC Research Centre</td>
<td></td>
</tr>
<tr>
<td>Observation 2</td>
<td>4 February 2015</td>
<td>Khumbe Agricultural Office</td>
<td>Avocado study group</td>
</tr>
<tr>
<td>Observation 3</td>
<td>5 February 2015</td>
<td>Phiphidi</td>
<td>GG and SIZA audit</td>
</tr>
<tr>
<td>Observation 4</td>
<td>27 January 2015</td>
<td>Tshakhuma Community Farms</td>
<td>Transect walk</td>
</tr>
<tr>
<td>Observation 5</td>
<td>24 February 2015</td>
<td>Graceland Hotel, Thohoyandou</td>
<td>Subtrop workshop day</td>
</tr>
<tr>
<td>Observation 6</td>
<td>19 February 2015</td>
<td>Levubu</td>
<td>Wolkberg packhouse visit</td>
</tr>
</tbody>
</table>

### Appendix 4: Interview Guide

1. How did you get into farming?
2. How many ha of land do you have?
3. Do you own the land?
4. When did you start farming?
5. Why did you start farming?
6. Which markets do you supply?
7. Why do you choose these markets?
8. Can you tell me how supplying your avocados works in that market?
9. For what reasons do you choose the market you supply?
10. How does supplying that market work?
11. What transport are you using?
12. How do you get paid there?
13. How does supplying the national market differ from supplying the local market?
14. What do you think is the biggest constraint small farmers face in this area?
15. What kind of support do you get?
16. From whom are you getting it?
17. Is there a strong support in the farmer’s community?
18. If yes, who do you usually ask for help?
19. Are you part of Subtrop?
20. Are you part of a study group?
21. Do you find them useful and why?
22. Do you see any risks around exporting?
23. Do you want to export?
24. Where do you see yourself and the farm in five years?