GTAC/CBPEP/EU project on employment-intensive rural land reform in South Africa: policies, programmes and capacities

Thematic study
Agricultural value chains in South Africa and the implications for employment-intensive land reform

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Abbreviations and acronyms

CBPEP	Capacity building programme for employment promotion
EDD	Economic Development Department
EU	European Union
GMO	Genetically modified organism
RNFE	Rural non-farm economy

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1 Introduction and context

This paper is part of a larger research initiative intended to formulate policy options for land reform in South Africa and facilitate employment and livelihoods through small-scale agriculture. The report examines small-scale farmers and their participation in agricultural value chains, in order to consider how to strengthen and upscale their participation in such value chains.

The highly dualistic nature of the agricultural sector in South African is generally well understood (NPC, 2011). South African agriculture has long been dominated by large scale, capital intensive forms of industrial production, whereas small-scale farmers have been marginal for well over half a century. This dualism correlates with racial demography: white commercial farmers dominate large-scale production, while small-scale agricultural production is overwhelmingly the preserve of small-scale black ('African') farmers. This agrarian structure reflects South Africa's colonial and Apartheid legacy of generous state support for white farmers, alongside the historical dispossession of black producers. The predominance of 'large-scale' in the agricultural sector moreover extends beyond primary production 'farming'. Most of the sector, including agro-processing, packaging, distribution, manufacturing and retail, is highly concentrated, capital-intensive and corporate dominated.

Small scale farmers in South Africa, as elsewhere, are characterized by small landholdings, varied (but often low) levels of productivity and grapple with the difficulties associated with both production and market access. Yet there has been a global resurgence of interest in small-scale farmer-led agriculture development (World Bank, 2007), which is viewed as a means of promoting rural employment and livelihoods (Vermeulen et al., 2008; Aliber and Hart, 2009; Neves and Du Toit, 2013). In South Africa, small-scale farming offers not only the promise of bolstering rural employment and livelihoods, but also satisfying pressingly social and equity objectives (Aliber and Hall, 2012).

Small scale farming has been invoked as part of a vision for an egalitarian and deracialised countryside in South Africa. This sentiment has found expression in post-apartheid public policy, with small-scale farming cast as integral to land reform. Moreover, land reform in South Africa is irreducible to its potential contribution to rural employment and livelihoods. Since its inception land reform has offered promise of addressing the historical grievance of land dispossession, in service of social justice racial redress. In this way, public policy support for small-scale farming is tied to South Africa's larger, unresolved and fractious 'land question'.

Against this backdrop, the notion of linking or small-scale farmers to markets, and facilitating their participation or 'inclusion' into agricultural value chains, or 'pro-inclusionism' (Aliber, 2013, p.10) is widely shared by scholars, policy makers and private sector actors. Ambitions for creating employment through labour intensive small-scale farming, and such farmers 'inclusion' into agricultural value chains, have found expression in official policy pronouncements, ranging from the Economic Development Department 'New Growth Plan' (EDD, 2010), the National Development Plan (NPC, 2011), and AgriBEE (Jacobs, 2012). Enthusiasm amongst policy makers, for the inclusion of small-scale farmers into value chains is not limited to South Africa. It is part of the wider international development orthodoxy (Seville et al., 2011), and predicated on a faith in markets as a route to pro-poor development and economic growth.

Notions of small-scale farmer 'inclusion' privilege formal (i.e. 'formal sector') markets and value chains. This despite the fact that small-scale farmers typically participate in to 'informal' (sector) agricultural value chains and markets. Framed by the larger policy imperative to support small-scale farmers, 'informal' agricultural value chains are a key focus of the report, and analysis that follows.

Finally, a brief caveat is offered. The preceding introduction freely invoked a trio of terms: 'small-scale farmers', 'value chains' and economic informality (e.g. 'informal' value chains). Yet each term is complex, potentially contested and in need of explication. This will be done later, but in the interests of lucidly the objectives and focus of the current report are first introduced, below.

1.1 Objectives

The objective of this report is to examine agricultural value chains, including 'informal' value chains within South Africa, in order to understand and support employment intensive employment, particularly in relation to rural land reform. The report draws on analysis of the scholarly and policy literature, to examine the participation of small-scale farmers in agricultural value chains. It assesses this participation in relation to post-apartheid public policy (primarily land reform and agricultural policy), and prospectively considers the implications for future policy.

These objectives can be disaggregated as follows:

- Firstly, this report examines the manner in which small-scale farmers engage with agricultural ('informal' and 'formal') value chains, including both the relative strengths and weaknesses of their engagement.
- Secondly, the (post-apartheid) agricultural sector is examined, along with the place of small-scale (black) farmers, and efforts to effect land reform within it. Small scale, 'informal' agriculture and value chains are therefore examined in relation to the larger structural context, long dominated by 'formal' agriculture, enterprises and value chains.
- Thirdly, drawing on the preceding discussion, both the antecedents of, and recommendations for future policy to support small-scale farmers and employment intensive land reform are discussed.

2 Structure of the report

The structure of the report is as follows. It commences with a discussion of the scope of the study, and three 'orientating propositions' are briefly delineated to frame the parameters of the analysis. Following which, the key concepts of 'small-scale' farmers, economic 'informality', and 'value chains' are explicated. The research approach and methodology are then briefly presented, prior to a broad contextualisation of agricultural value chains within South Africa. Following which contemporary value chain dynamics are discussed, before the text turns to discuss small-scale farmers and their engagement with agricultural value chains - including their linkages both 'upstream' and 'downstream' of primary production 'farming'.

Small-scale farmer engagement with value chains is discussed in terms of three broad, variants of agro-food value chains. The first are 'formal' retail and wholesale sector, the second is ('formal' sector) agro-processing, and the third is 'informal' sector retail and vending (a key focus of the current report). Thereafter post-apartheid policy support for small-scale farming is recounted, before the report concludes by drawing on the entirety of the preceding discussion and offering policy recommendations for the future.

Two further points of clarification are helpful. Firstly, the brief for this report mooted estimating the economic impact (and size) of informal agricultural value chains, and employment therein, but these impacts are notoriously difficult to meaningfully estimate. Firstly, both small-scale agricultural and the informal sector are beset by measurement and data issues. Even elementary questions such as the size (i.e. number of people employed) in the sector has been subject to debate. The uncertainty surrounding even basic questions of employment in the informal sector, is only magnified in relation to employment earnings or economic impacts[1].

Secondly, this report forms part of the larger CBPEP initiative, with several specific issues (viz. land tenure, finance, socio-cultural dynamics, institutional support) receiving coverage in other dedicated papers. In the interests of brevity these issues are identified where appropriate, but not subject to the duplication of analysis in the current report.

2.1 Scope of study: Three orientating propositions

In clarifying the scope and approach of present report, three 'orientating propositions' are presented here. They serve to delineate the assumptions and parameters of the analysis which follows.

2.1.1 'Informal' and 'formal' value chains warrant attention

The focus on small farmer participation in, specifically, informal agricultural value chains has been indicated. However, 'formal' agricultural value chains are within the purview of this report, and warrant attention, for two reasons.

Firstly, in South Africa, formal agricultural value chains dominate - indeed even 'constitute' - the larger context, within which small-scale 'informal' agricultural exists. Much of the informal sector (including agriculture) is located at the interstices or margins of existing formal markets. It is hence analytically perilous to seek to understand informal value chains without attention to the 'formal' sector and value chains.

Secondly, and related to the above point, in South Africa 'informal' value chains are frequently linked to formal sector value chains. Informal sector enterprises are seldom isolated or disconnected from formal sector enterprises, inputs and markets[2]. Indeed, many informal enterprises and value chains are highly reliant on product and input linkages to the formal sector. These linkages recede in any analysis that neglects to devote analytic attention to the formal sector.

2.1.2 Small scale farmers and farming are a deliberate focus

The brief for the current report explicitly foregrounds small-scale farming, and frames the 'problematic' in terms of public policy support for such farmers. It is predicated on the view that

[1] Attempting to answer these questions by drawing on the five individual CBPEP commodity studies is equally unworkable. The CBPEP commodity studies are subject to the same paucity of data, but even if they were not, they are not cumulatively exhaustive in their coverage of South Africa's agricultural sector.

[2] Traditional African medicines are perhaps a rare example of an largely 'informal' value chain.

small-scale farming is a viable route to employment intensive growth, and appropriate focus of policy. This rubric connects the concepts of small-scale farming and employment generation, to the third, namely land reform. These three concepts (viz. small-scale farming, employment, land reform) are the bedrock on which the analysis is approached and the current report written.

However, it is useful to reflect that the relationship between small-scale agriculture and rural employment, is neither self-evident nor theoretically uncontested. If employment (or employment intensiveness) is the key objective, searching questions can he appropriateness of an emphasis on small-scale agriculture, and, secondly, on primary production (i.e. farming) within agriculture more broadly. Both issues are considered below.

Evidence for the efficiency of small-scale agriculture *vis a vis* large-scale agriculture (viz. the 'inverse relationship' between farm size and efficiency) remains somewhat disputed. Furthermore, even if small farmers are 'efficient' in terms of their factor productivity, they may well face other disadvantages, for example in accessing inputs, credit, transport and output markets that prevent them from reinvesting in and profiting from their production (Aliber and Hall, 2012). Debates over the relative efficiency of small-scale agriculture, in turn animate foundational questions regarding whether small-scale agriculture is the optimal point at which to encourage labour intensive employment. Criticising policy support for small-scale farming, some commentators assert large-scale commercial agriculture offers superior employment potential in South Africa (c.f. Palmer and Sender, 2006; Sender and Johnson, 2004). Adjudicating this question, regarding the employment generation potential of large-scale versus small-scale agriculture, is beyond the scope of this report. Suffice to indicate that the present analysis is rooted in the proposition that small-scale farming can make a meaningful contribution to supporting rural employment, even if a countervailing view exists[3].

The second issue regarding small-scale farming and employment intensiveness, is the question of *where* in relation to the agricultural sector and rural economy the most significant employment impacts are to be found. Historically, agricultural development has been associated with rising labour productivity and commensurate declines in the agricultural sector employment. This has been the inexorable pattern of economic development, from Industrial Revolution Britain three centuries ago, to the post-war Asian 'tigers' (e.g. South Korea, Taiwan). While agriculture is often regarded as a 'leading sector' in the earliest phases of rural and national development, trajectories of development are thereafter typically marked by declining employment in primary production agriculture (farming). Employment growth is to be found elsewhere in the agricultural sector e.g. the production of inputs, agro-processing, food manufacturing, logistics and distribution. In general terms this trajectory of development typically results in a declining proportion of low-skill jobs, and rise in higher skilled (and remunerated) employment, including in ancillary sectors (e.g. research, manufacturing, supply chain management, marketing, finance etc.). Some of the most promising domains for future employment growth may therefore be 'off farm' (i.e. elsewhere in the agricultural sector), or 'off farm' *and outside of the agricultural sector* i.e. elsewhere in the broader Rural Non-Farm Economy (RNFE) (Haggblade and Hazell, 2010). This is significant insight for policy, because too narrow a focus on on-farm production incurs the risk of overlooking potentially greater employment impacts elsewhere.

[3] Large scale commercial agriculture may not even be inherently irreconcilable with the objectives of land reform - even if it would imply very different mechanisms and models.

To be clear, this is not to suggest that primary production (particularly small-scale) agriculture is inconsequential to employment creation. Simply, that the employment impact of agriculture should not be narrowly conflated with the jobs directly created (or sustained) within primary production farming. Instead, patterns of rural employment are influenced by the complex constellations of economic linkages and multipliers that agriculture engenders and articulates with. Agriculture remains significant for potentially driving a virtuous cycle of growth in the rural economy, expanding rural infrastructure and deepening economic linkages to the wider economy (IFAD, 2016).

The prospects for the above virtuous cycle, and pro-poor rural growth and development more expansively, is dependent on the structural characteristics of the focal economic context, and the larger trajectories of development (Hart, 1998; IFAD, 2016). For example - and in more tangible terms – a multitude of smaller scale farmers tend to generate both 'dense' patterns of local expenditure, and rich 'downstream' linkages through their supply into markets, especially compared to contexts with smaller cohorts of larger-scale farmers[4]. This is not simply a matter of conjecture. Area-based research in South Africa has revealed the limited local economic and employment multipliers that flow from prevailing patterns of large-scale, commercial agriculture (Neves and Hakizimana, 2015b). Elsewhere on the continent, large commercial plantations or agribusiness-owned estates tend to similarly, be enclave-like, and associated with comparatively paltry local economic impacts (Hall et al., 2017)

By contrast, evidence from post 'fast track land reform' Zimbabwe, shows how the transition from large to smaller-scale agriculture has served to reshape and broadened economic participation in the rural economy[5] (Scoones et al., 2010, Scoones et al., 2012). Hence, a powerful argument for supporting small-scale farming hinges on its potential impact on employment *elsewhere* and even *indirectly* in the rural economy. This also underscores the need for an expansive focus on value chains and local economies, in order to maximise the employment impacts of agriculture. The focus on small-scale agriculture is a hence useful starting point, but not guaranteed to generate rural employment. The *catalysing* effects of small-scale agriculture (including elsewhere in the rural economy) may well be as, or even more, significant.

The focus of the current report is purposefully on small-scale farmers, but tempered by acknowledgement of the reality that prospective employment impacts and employment 'intensiveness' are fundamentally shaped by larger agrarian context and structure of the rural economy. The latter therefore need to be adequately understood.

2.1.3 Agro-food value chains are key

A third framing proposition for the current report concerns the utility of a dedicated focus on agro-food commodities, within larger 'agricultural' value chains. Agriculture encompasses the production of not just food, but also fuel, fibre, flowers and various other raw materials. Yet food is the mostly widely produced and consumed category of agricultural outputs (including as an intermediate input for agro-processing). The focus of the analysis is primarily on *agro food* value chains for a number of reasons.

[4] Even if Hart cautions these are not guaranteed and mediated by the nature of the context.

[5] The merits or otherwise of Zimbabwean's fast track land reform is not the issue here, but rather the consequences of the effective change in the scale of agricultural production.

Firstly, although small-scale farmers in South Africa engage in some specific 'non-food' agricultural production (such as wool, timber etc), it is food production that predominates. Secondly, not only is food the most widely produced and consumed of agricultural commodities, the basic requirements of human sustenance create constant demand for food in impoverished areas, which drives much of informal sector retail in South Africa (Skinner and Haysom, 2016). Food is therefore a particularly apposite, if the objective is to understand 'informal' agricultural value chains.

Not only do informal food value chains offer opportunities for small farmers they are frequently the value chains within which small farmers *already* participate. The manifest existence of small farmers' supply into informal food retail sector would make neglect of it a stark and unjustifiable omission. In contrast, non-food agricultural value chains (or even agro food commodities dependent on high levels of intermediate agro-processing, such as sugar), invariably have specific, and often quite singular, value chains. In this report, these non-food and 'bulk' commodities, are analytically 'located' in the typology presented later (See Figure 1). As they are the subject of dedicated commodity based studies in the larger project, the primary focus in the present report is on consumer-orientated agro-food value chains.

3 Key concepts and definitions

To this point detailed explanation of several key concepts and terms has been deferred, in order to introduce the objective and specify the focus of the present research report. In what follows three key concepts that frame the report are defined, namely: 'small-scale farmers'; the 'informal' (sector), and 'value chains'.

3.1 Defining small-scale farmers and farming

Small scale farming is a concept marked by discrepant definitions and descriptive nomenclature e.g. 'small-scale', 'smallholder', 'subsistence', 'emergent' and 'communal (area)' (Aliber et al., 2009; Aliber and Hall, 2012; Cousins, 2010; Lahiff and Cousins, 2005; Louw et al., 2006; Louw et al., 2007; Pauw, 2007)[6]. If small-scale agricultural production is defined most expansively, the data suggests it to be widespread in South Africa (Baipethi and Jacobs, 2009). The 2018 General Household Survey (GHS) estimated 2.4 million households, or about 15% of all households, engage in *any* agricultural production. However, only 9% (67 000 households) produce food as main or an 'additional' source of income (152 000). An estimated 6 million people rely on agriculture for a part - often a small proportion - of their subsistence. The criterion of household engagement in 'any' agricultural production is therefore overly broad, and not particularly useful in defining small-scale farming.

Small scale farming is conventionally defined in terms of various criteria, ranging from the characteristics of production system, farmer demographics, or even metrics related to the commodity produced. Frequently used criteria include scale, farm size, the labour and employment arrangements, and the degree of market integration or 'market orientation' of the farmer, all of which are discussed below.

[6] Small scale farming, and smallholder are viewed as commensurate and used interchangeably in the present report.

Small scale farming is generally characterized by small farm sizes[7]. Definitions of 'small' range from below two ha, (World Bank, 2007), to as much as 20 ha (Vink and van Rooyen, 2009). These size thresholds are highly dependent on local agro-ecology, and the agricultural production system involved. Income based metrics for scale of farming, variously include, income, turnover, assets, the degree of capitalisation, along with the extent to which debt financing is used for production. Kirsten (2010) advanced R 500 000 annual turnover, as the upper threshold of 'small-scale' farming in South Africa.

In terms of the criterion of labour and employment arrangements, definitions of small-scale farming extend along a continuum, ranging from the use of own, household or kin labour, archetypally favoured by smaller farmers at one pole; to various arrangements for (often seasonal) hired labour, at another. The criterion of employment arrangements can also encompass the various forms of remuneration (viz. payment in cash or in kind) involved. Labour also has gendered dimensions. Across much of the developing world, including in Southern Africa, small-scale agriculture is marked by the gendered division between male household heads who control farming activities, and the labour of female kin (Njuki, 2011).

Apart from the above criteria, another set of common used criteria for defining small-scale farming is indexed to the objective of production – or the 'market orientation' of the farmer concerned. This ranges, from own-use subsistence production, to semi-subsistence, to successively higher levels of market orientation and integration. An adjunct to market orientation, is the extent of livelihood diversification - in other words the degree to which farming is the primary or sole source of income. The assumption being that larger scale farmers are more inclined to fully dedicate themselves to agricultural activities. Finally, in addition to the above criteria, small-scale farming overlaps considerably with race and the racial demography in the South Africa context.

Shaped by the racially-contoured agricultural dualism described earlier, much small-scale agricultural production is undertaken by black South Africans, especially in the communal areas of former homelands. This small-scale agriculture is typically reliant on land allocation by traditional authorities, undertaken by farmers who generally have comparatively low education levels, limited English language ability, and are characterised by high levels of poverty (Pau, 2007). Kirsten and Van Zyl (1998) discern a longstanding a bias against the small-scale or subsistence sector in South Africa, which has been long viewed as non-commercial (i.e. non-market orientated), 'backward' and 'unproductive'. It is frequently (even implicitly) counterpoised against the modern efficient, large scale (and still largely white-dominated) commercial agricultural production[8]. A counter narrative to this binary suggests, rather optimistically, that small and 'informal' production, offers 'an alternative that is less resource intensive, more beneficial to producers and which has a higher likelihood of making food more accessible to the poor (e.g. the food sovereignty and agro-ecological movements)' (Greenberg, 2013, p.2). Debates over small-scale farming and the informal agro-food system are seldom very far removed from these valuational and ideological controversies

[7] Especially if it entails the cultivation of arable land.

[8] Even if the polarity of large-scale and small-scale maps incompletely to race. A tiny minority of large commercial farmers are 'black', and two decades ago Kirsten and Van Zyl, (1998) pointed out approximately a quarter of 'white' farmers were small.

Beyond the above descriptive criteria (viz. size, scale, capital, employment arrangements, market orientation or integration), other definitions recognise that small-scale farmers are differentiated by class (Aliber and Hall, 2010, Cousins, 2010; Olofsson, 2019). Cousins (2010) arguing that reference to 'smallholders' elides the differences between different scales of small-scale farmer, and advances a class-analytic typology which posits six categories of small-scale farmers. These range from Supplementary food producer, Allotment holding wage workers, Worker–peasants, Primary Commodity Producers, Small-scale capitalist farmers, and Capitalists whose main income is not from farming. The typology is helpful in drawing attention to both class gradations between small-scale farmers, and the migrant wage labour which long enabled it in South Africa (Potts, 2000).

For the present purposes, and in order to examine agricultural value chains, Cousins and Chikazunga's (2013) reworking of the above typology is noteworthy, with its four part distinction between: subsistence producers, market orientated smallholders in loose value chains, market orientated smallholder in tight value chains, and small-scale commercial farmers. The analytic division between integration in 'loose' and 'tight' value chains, corresponds to a large degree with characteristics found in the 'informal' and 'formal' sectors, respectively. It also foregrounds the notion of agricultural value chains, central to the current report.

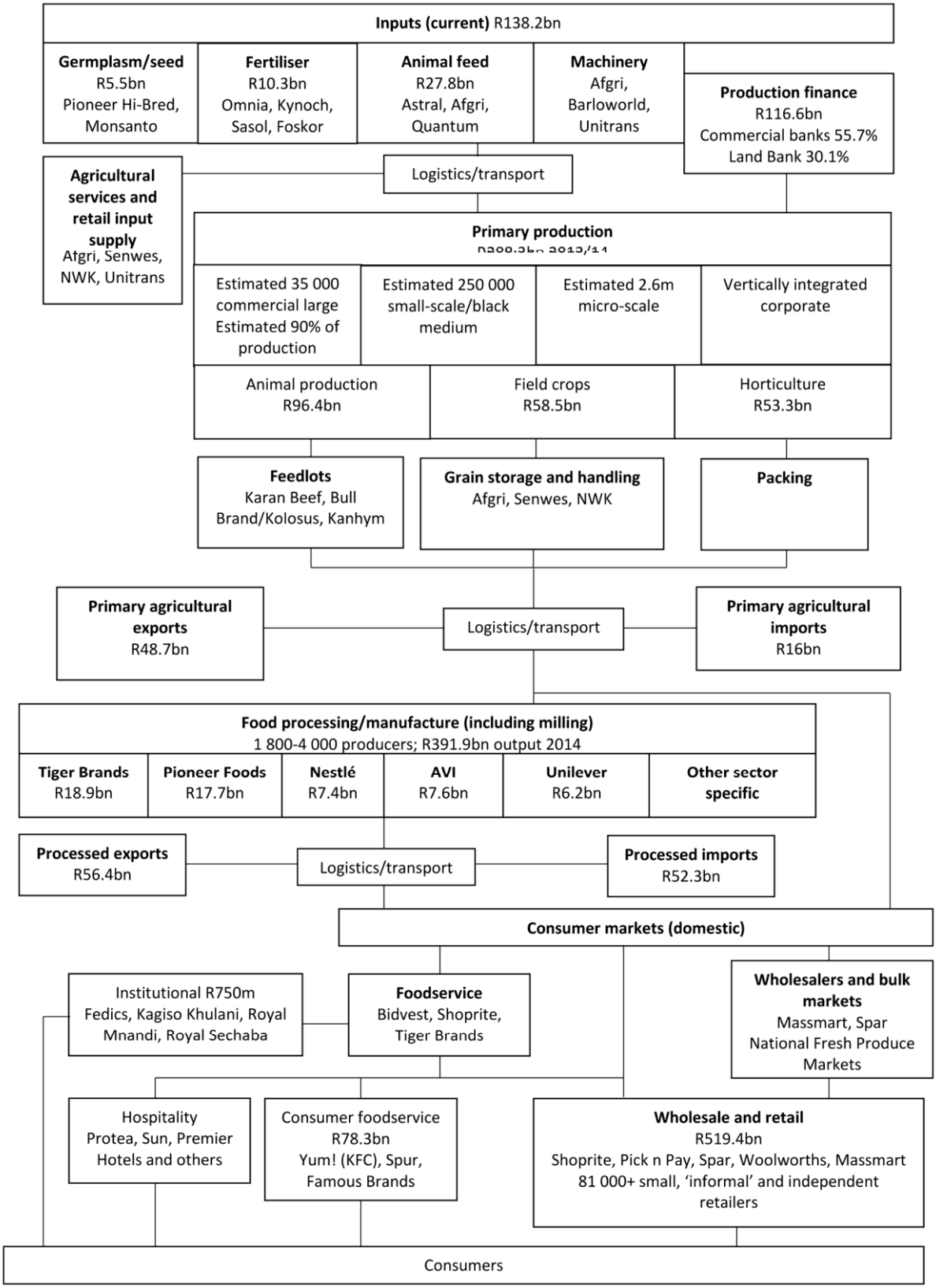
3.2 Defining Value Chains

The second foundational concept in the present report is that of value chains. Value chain analysis is part of the larger 'family' of chain based approaches (cf. Gereffi et al., 2001; Gereffi, and Lee, 2012), essentially examining the sequence of activities involved in the production of a product or commodity, from the transformation of inputs and raw materials to the final distribution and marketing of the product or commodity. Value chain analysis stresses both the interconnections between sequential activities (nodes or tiers) in the 'value chain', and draws attention to the creation of value or gains (and its accrual to various actors) within a value chain. A value chains approach has its early origins in business management as a tool to improve the enterprise efficiency, but it has long since diffused into the social sciences.

Agricultural value chains can be understood in terms of both the 'upstream' supply of inputs into primary production (farming), along with 'downstream' sequence of agro-processing, manufacturing, wholesaling and retailing, by which agricultural commodities reach the end consumer. Each 'tier' or 'level' in a vertical value chain, requires inputs of labour, energy and capital. In addition, each tier typically requires various ancillary or support services, such as finance, transport and logistics. The precise structure of any given agricultural value chain is crucially shaped by the commodity involved, as different commodities require specific post-harvest (or post-slaughter) grading, sorting, processing etc.

Agricultural commodities that are highly processed and incorporated into the manufacture of packaged and processed foods, enter into value chains with downstream packaging, advertising and marketing. However, even relatively undifferentiated and unprocessed fresh produce (e.g. fruit and vegetables) are typically subject to complex systems of value chain logistics and distribution, within the modern food retail. Even these simple, unprocessed commodities can be characterised by complex, spatially extensive value chains.

Figure 1: Agro-food value chain in South Africa, with nodes and approximate values.



Source: Greenberg, 2016.

Value chain analysis facilitates the examination of several important issues, including profits and power. Profits, relate to how value (or gains) are captured and apportioned within the value chain.

In other words which 'actor' (viz. individual, entity, enterprise) within the value chain accrues what proportion of the value. The second dimension, that of power, pertains to how the value chain is governed and controlled – i.e. how power and authority are exercised, and to whose benefit or interests.

Value chain analysis is useful in understanding the challenges faced by small-scale farmers, because it enables the different types of incentives and disincentives that shape the value chain to be understood. Value chain perspectives have been applied to public policy and development, from promoting ethical trade, to improving labour and environmental standards (Gereffi et al., 2001). Value chains analysis has also been used to support participation, or 'inclusion' of small-scale or marginalised small farmers in value chains (Bolwig et al., 2010). The notion of facilitating small-scale farmer 'inclusion' is arguably the dominant manner in which value chains have been viewed, and operationalised, in the public policy and developmental sphere.

However, as foreground earlier, small-scale farmer 'inclusion' in agricultural value chains is not entirely unproblematic. The 'inclusion' agenda raises questions about the relationship between small-scale farmers the larger structural context, and requires careful consideration. For several have questioned the notion of 'inclusion' (Hickley and Du Toit, 2007), arguing the impoverished and vulnerable (including small-scale farmers) are 'included' in prevailing economic relations but on highly disadvantageous terms (Du Toit and Neves, 2007). Impoverished Black South Africans have, for instance, long been mass market consumers at the consumer-facing base of agro-food system and value chains. This raises the question of what precisely value chain 'inclusion' entails in the South African context, how it ought to work, and whether it is an appropriate objective.

Notions of small-scale farmer 'inclusion' are useful in low income and transitional country contexts, at the early stages of agricultural development and commercialisation. However, questions can be posed as to whether 'inclusion' is an appropriate objective in a highly unequal society and developed agrarian terrain, such as found in contemporary South Africa. For South Africa offers an example of how agricultural modernisation can bypass entire territories and swathes of the population, leaving them mired in poverty and privation. A century of agricultural development has occurred in South Africa alongside, and even in spite of, rural underdevelopment and the marginalization of African farmers. Racialized underdevelopment has not been inimical to wider patterns of agricultural and economic development in South Africa, but co-terminus with it (Wolpe, 1972). Uncritically efforts to affect the 'inclusion' of small-scale farmers into prevailing value chains, runs the risk of overlooking the structural reasons why they need ameliorative 'inclusion' in the first place, the sheer scale of the challenges involved, and costs of leaving prevailing markets, value chains and interests untouched. These issues concerning the *how*, *why* and *what* of small-scale producers integration into value chains, are re-examined in the final policy recommendations section.

3.3 Defining the 'informal'

A key part of the brief for the current report are 'informal' agricultural value chains, which require definition. To begin with the precise phrase 'informal value chains' is seldom used in practice[9]. Value chain orientated enquiry is typically applied to formal sector enterprises and 'chains'. With regards to agriculture, Cousins (2018) suggests informal-sector agriculture to encompass small-scale agriculture, ranging from subsistence to market orientated forms of production. The defining feature of which is the tax registration status of the enterprise. However, the concept of economic

[9] The phase 'informal value chains' garners 169 results in Google Scholar, versus over 120 000 for 'value chains'

'informality', including in relation, to the 'informal sector', has firmer precedents and offers a useful set of precepts for the current inquiry.

Since first being defined by Hart (1973), the concept of the informal sector has become widely used. A key definitional issue has been whether 'informal' refers to the characteristics of the firm (i.e. an informal sector enterprise) or employment (i.e. informal conditions of employment). In much analysis employment-based definitions are favoured. Particularly as informal, casual or other 'non-standard' forms of employment widespread, and increasingly found even in 'formal sector' enterprises, and sectors of the economy (e.g. agriculture, construction etc.).

However, for the purposes of the current analysis, with the focus on small-scale (i.e. 'informal) agricultural producers and value chains, an enterprise-based definition is favoured. Three additional clarificatory points need to be made regarding economic informality. Firstly, the 'informal' economy or 'informal' enterprises are not exclusively defined by a lack of bureaucratic, administrative or tax registration (contra Cousins, 2018). For example, many informal enterprises are legitimately below the threshold for tax registration[10]. Secondly, the 'informal' sector cannot be conflated with illegality (i.e. the criminal economy), as many informal enterprises legitimately trade in legal commodities and services[11]. Thirdly, the informal sector – including small-scale 'informal' agriculture - is unusually small in the South Africa.

By developing country standards South Africa has a low proportion of informal sector employment, whereas in many low income and transitional economies the informal sector rivals or exceed the 'formal' sector in size. The reasons for South Africa's diminutive informal sector are complex, but include various skills, capital and infrastructural deficits, rooted in South Africa's history of racialised dispossession. Colonial and apartheid-era policy systematically eliminated opportunities for independent African enterprise and entrepreneurship. Futhermore, the powerful, concentrated, corporate dominated core economy, effectively 'crowds out' the space for small-scale, emergent (and African) producers. These twin dynamics – the legacy of patterns of racialised dispossession, and enduring economic concentration, lead to the economic marginalisation of the African poor. Small scale farmers and their farming enterprises are subject to precisely the same constraints. Patterns of racially skewed ownership, control and participation within the agricultural sector, therefore simply mirror those within the wider South Africa economy.

Not only is South Africa's informal sector small and beleaguered, it is characterised by little primary production (including primary production agriculture). South Africa's informal sector is disproportionately dominated by the 'service' (personal services, such as haircare, childcare etc.) and 'wholesale and retail trade' (retail, vending etc.) related activities (Neves et al., 2011). The latter includes the retail of products typically produced by formal sector enterprises. South Africa's informal sector is certainly not stocked with wares of peasant farmers and artisanal craftspeople. Instead corporate behemoths produce (and import) the bulk of the food, beverages, alcohol, tobacco, cellular telephone (airtime), consumer and personal care products sold in the informal sector.

Against this backdrop, patterns of heterogeneity and differentiation are evident between informal sector enterprises. Statistically the informal sector is dominated by very small-scale, typically self-

[10] For example, many unregistered informal enterprises are legitimately below the threshold for tax registration.

[11] Hence an enterprise can be informal but not illegal. Conversely, many criminal enterprises are informal.

employed, 'survivalist' orientated African women. However, there is emerging evidence of a small number of larger-scale (often male and foreign national dominated) informal sector enterprises. The latter are particularly poorly understood, and challenging to research (Petersen et al., 2019). Furthermore, much of the existing literature concerning the informal sector, including informal sector food retail, is of limited utility to the current enquiry. Amidst a range of topics – informal sector regulation, urban planning, livelihoods, employment, nutrition, food safety – there is little inquiry systematically tracing 'upstream' agro-food value chains. Conversely, in research on small-scale agriculture, 'downstream' value chains have seldom been subjected to dedicated enquiry. (These limitations are reflected on in the methodology section later).

A final point is to note is the ambivalence which often marks official and policy responses to the informal sector in South, and Southern, Africa (Potts, 2008). For while the informal sector is potentially a source of economic dynamism, employment and livelihoods, it is also (by definition) unregulated, disorderly and opaque. It is an implicit challenge to the authority of the state and frequently elicits the antipathy of those within the state.

For the purposes of the current report, 'informal' within 'informal agricultural value chains' is conceptualised in terms of three broad enterprise characteristics namely: comparatively small-scale, a relative dearth of administrative or tax registration, and a penchant for conducting transactions in cash. Note that these characteristics are combinatorial and none is singularly definitive. In other words, some informal enterprises maybe large, or registered, or may conduct their financial affairs exclusively via the formal banking system. The above three criteria point to common, rather than conclusive features.

Having defined economic informality in order examine 'informal agricultural value chains', a caveat is required. In the analysis that follows it cannot be assumed that agricultural commodities (including agro-food commodities) sold within the informal sector are exclusively sourced from informal, small-scale, 'upstream' producers. As already suggested, most products sold in the South Africa's informal retail sector are sourced from formal sector producers, but it is difficult assess the precise scale of this in relation to agricultural value chains from existing data. However, some scattered evidence of manner in which even informal traders sourcing products from largest of corporate agri-businesses exists (Vermeulen et al., 2008).

Conversely, the outputs of small-scale farmers are typically distributed and sold within the informal sector, but not necessarily exclusively so. Although small-scale farmers frequently (even predominantly) supply informal markets (Jari and Fraser, 2009), the linkage from 'informal' production into 'informal retail' are neither absolute, nor a foregone conclusion. For instance, area-based research in KwaZulu-Natal documented small-scale African vegetable farmers supplying a (formal) regional supermarket retailer (Neves and Hakizimana, 2015a). Conversely, larger-scale white commercial farmers were selling the same commodity to informal African farm gate ('bakkie buyer') trade. This single disconfirmatory case complicates the casual assumption that agricultural value chains are homogenously 'formal' or 'informal'. In other words, there is no assured alignment between the conditions (formal/informal) of production, and the (formal/informal) downstream value chains. However, in general terms, the outputs of larger scale 'formal' agribusiness find their way into formal and informal value chains, whereas small-scale 'informal' farmers supply 'informal' markets.

4 Research approach and methodology

This report examines small-scale farmers participation in agricultural value chain in South Africa, by drawing on a desktop textual review of the scholarly and 'grey' (i.e. non-academic) literature. The discussion considers the main actors and flows of commodities within the value chain, including where value is captured, and how value chains are governed (Vermeulen et al., 2008). Surveying a leading local agricultural journal Agrekon between 2000 and 2009, Ortmann and King (2011), tally over 30 articles on the participation of small-scale farmers in South African agro food system. However, much analysis is marked by 'pro-inclusionism' - in other words concerned with normatively to integrating small-scale farmers into (formal) value chains. It also reflects the general dearth of replicable models and methodologies for connecting small-scale farmers to markets (Berdegué, et al., 2008). Research is generally far less focused on small-scale farmers participation in informal value chains.

Compounding the paucity of analysis on small-scale farmers and informal value chains, is the fact that value chains are highly 'commodity specific' and shaped by the nature of the commodity involved. Hence there are limits to viewing agricultural value chains (including those in which small-scale farmers participate) in general terms. This is a large part of the rational for CBPEP focus on a range of specific commodities (viz. Wool, Sugar, Tropical fruit, Fresh produce, livestock).

Two interlinked factors shape the characteristics of an agricultural value chain, the first is the processing required by the commodity, and second the relative ease with which it can be 'diverted' into alternate markets and value chains. High levels of processing (even industrial processing) required by some commodities shape the value chain, which is well illustrated with reference sugar. Deteriorating rapidly after harvest, sugar requires milling with minimal delays. This has not only patterned the spatial distribution of sugar mills surrounded by company estates and contract growers, but also the monopsonistic[12] and centralized structure of the industry in South Africa. Production is vertically integrated, with downstream corporate processors and manufacturers who exercise a high degree of control over the value chain, including specifications and prices. They effectively control the sugar value chain, within which contract farmer or 'outgrower' small-scale farmers participate.

The production of sugar can be contrasted with commodities such as fresh produce (vegetables or fruit). Unlike sugar, fresh produce can be readily directed into various different downstream value chains (Vermeulen et al., 2008). Small scale producers of these horticultural products routinely combine 'semi-active' marketing, such as farm gate sales (to bakkie buyers, informal vendors and other resellers), along with 'active' marketing into retail or wholesale markets (Magingxa and Kamara, 2003), or even 'formal' sector enterprises such as supermarkets via the National Fresh Produce Markets. Although relatively uncommon, small growers of fresh produce can, and do in small numbers, supply into agro-processing (e.g. juicing, canning and drying). The ability to supply fresh produce into various markets, makes for a plurality and heterogeneity of value chains.

In much the same way, small-scale farmer produced livestock is sold into formal retail and wholesale markets. Even if much livestock remains in the 'informal sector' (either as live animal sales or slaughtered, butchered and retailed meat). Small scale (typically communal area) farmers are known to concurrently supply animals into livestock auctions, with, for instance, cattle and calves, entering

[12] Monopoly power exercised by a single or few buyers.

into the 'formal' sector beef value chains system. These beasts are incorporated into the 60% of national beef production where cattle that are 'finished off' (reared) in feedlots, typically by the large vertically integrated enterprises that slaughter, package and distribute beef (Vermeulen et al., 2008). Evidence suggests the downstream goat value chain largely resides in the informal sector (Alcock and Geraci, 2019).

The CBPEP focal commodities of wool and sugar are 'bulk commodities' that require extensive processing and are not directly marketable to final, value chain facing end consumers. They are akin to the industrial crops of cotton, maize, wheat, sunflower seed, mohair, sorghum and tobacco. Bulk commodities differ from 'consumer commodities' (such as tropical fruit, fresh produce and livestock, within the CBPEP study), that are marketable to end use consumers with no, or comparatively little, processing. The distinction between 'consumer' and bulk commodities is elaborated on in the table below.

Table 1: A typology of 'downstream' markets for five selected smallholder produced commodities (viz. wool, sugar, fruit, fresh produce and meat).

'Downstream' markets	'Consumer' commodities (*require little processing*).	Bulk commodities. (*require industrial processing*)
'Formal' sector markets	Formal retail Formal retailers/supermarkets Formal wholesalers (*for Fruit, Fresh produce, Meat*)	Formal processing Formal agro-processor (for Wool, Sugar, but little *Fruit, Fresh produce, Meat)*
'Informal' sector markets	Informal retail Informal vendors / retailers (*for Fruit, Fresh produce, Meat*)	Informal processing (*None in SA. Not applicable*).

Table 1 above and its four numbered quadrants reveal general distinctions between various smallholder produced commodities. The column for consumer commodities (central column) reflects those that require little or no processing. These downstream value chains putatively include (1.) formal sector retail and wholesale markets, and (3.) informal sector retail and vendors. In contrast, the bulk commodities (right hand column) produced by small-scale farmers (e.g. wool, sugar, timber) enter into a very limited number of tight value chains where they are processed by formal sector firms (2.) formal sector agro-processing.

Finally, in terms of the hypothetical fourth quadrant (4.) there is little evidence of any 'informal' sector' agro-processing in South Africa. This undoubtedly reflects the dearth of small-scale producers and production. It can be contrasted with other agrarian contexts, such for example the informal, artisanal processing of coco in Ghana (Mohammed et al., 2012).

Drawing the above typology, three points regarding the small farmers' value chains can be made.

Firstly, the distinction between 'bulk and 'consumer' commodities is schematic, yet useful. While the place of bulk commodities (wool and sugar) are indicated in the typology, the particularity of each means that neither are the focus of detailed examination in the current report, especially as each is the subject of a dedicated commodity-based study. The focus of this report is primarily on the value chains of 'consumer commodities', specifically fresh produce and livestock.

Secondly, notwithstanding the difficulties in describing value chains as homogenously 'formal' or 'informal', the three types of value chains in which small-scale farmers participate are characterised as: firstly, formal sector retail and wholesale, secondly, formal sector agro-processing and thirdly informal sector retail[13]. In relation to the consumer commodities produced by smallholders, retail (both formal and informal) is far more commonplace, and relevant, than agro-processing.

Thirdly, the three variants of value chains in which small-scale farmers participate (viz. formal retail, informal retail, and processing) have different characteristics, and furnish distinct opportunities and challenges. Disaggregating them also offers multiple points for thinking about policy, as elaborated in policy recommendations section.

5 Context: agricultural value chains in South Africa.

The section that follows broadly contextualises agro-food value chains in South Africa. Some tiers of these value chains, such as inputs, are highly corporate dominated. Others have a corporate core, and 'wide periphery', including, food manufacturing, wholesale and retail and (prepared) food service industries (Greenberg, 2013).

5.1 Upstream inputs

Primary production agriculture has linkages to 'upstream' agricultural inputs. In the South African context, the production and supply of these inputs is dominated by large, mature agri-business, most with global links. These range from three imported fertilizer firms (Sasol, Foskor and Omnia), half a dozen agents of global agro-chemical firms, and the domestic duopoly of seed producers (Monsanto and Pioneer Hi Breed Pannar[14]). A handful of South African agents and distributors, distribute agricultural machinery (dominant are Massey Ferguson, Bell, John Deere, New Holland and CASE IH agricultural machinery) (Greenberg, 2016). As many agricultural inputs (such as machinery, agrochemicals, patented seed) are reliant on high levels of technology and capital intensive production their supply is globalised and marked by corporate domination. Many of these value chains are producer, rather than buyer-driven, with producer innovation rather than consumer demand driving innovation and change (Greenberg, 2016).

Even the domestic (South African) importers, distributors or agents, involved in the distribution of agricultural inputs are relatively concentrated. Patterns of concentration amongst these intermediaries and suppliers have deepened, with the post-apartheid economic corporatisation and privatisation of the producer (farmer) co-operatives, following 1993 amendments to the

[13] While there may be some 'value add' in informal agro-food chains (cooking meats, slaughtering, butchering or cooking meat etc), this is not regarded as agro-processing.

[14] Domestic firm Pannar, was acquired by multinational Du Pont Pioneer.

Cooperatives Act (Greenberg, 2016). The erstwhile farmer cooperatives, such AFGRI, Senwes and NWK dominate much agricultural input delivery and agri-services. Concentration is similarly evident within the transport, logistic and supply chain management firms upon which modern industrial agriculture relies. Domestic giants such as Bidvest, Imperial and Barloworld along with Unitrans dominate these services to farmers (and often also downstream along the agricultural value chain). The role of the (state-owned) rail network has steadily receded in favour of (private sector) road based transportation, with the superior flexibility and efficiencies of the latter (Greenberg, 2016).

Cumulatively all of the above have led to pattern of intense concentration in the upstream agricultural input supply value chain. It will be suggested later that these input supply chains are well synchronised with large-scale, extensive commercial agriculture.

5.2 Primary production ('farming')

South Africa's dualistic large-scale dominated agriculture, has for decades been characterised by high levels of capitalization, mechanization and rising productivity. Processes of agricultural 'modernization' are hence deeply entrenched in South Africa, and long rendered much small-scale production uncompetitive and marginal. Large corporate producers dominate primary production in specific commodity sectors (e.g. cattle feedlots and chicken production). However, elsewhere open market and contract farming arrangements are widespread. Greenberg (2013) notes that while Individual farmers or agribusinesses may be regionally powerful, fewer have dominated at a national scale, with the exceptions of ZZ2 in vegetables, or some wine producers, or the likes of Du Toit fruit.

Trends towards producer consolidation and concentration predate, but intensified, with post-apartheid economic liberalization and agricultural market deregulation. The latter saw agricultural tariffs and subsidies cut, single channel marketing boards abolished, and public agricultural research funding slashed (Visser and Ferrer, 2015; Greenberg, 2016). As the Marketing of Agricultural Products Act (MAPA) of 1996 swept away statutory systems governing agricultural products, large firms ascended in influence (Greenberg, 2010). Pressures towards consolidation have been compounded by a cost price squeeze, with basic inputs such as fertilizer, fuel and electricity costs rising faster than agricultural commodity selling prices. So pronounced are these patterns of consolidation and concentration, that by 2002 half of all farm income was earned by just 5% of agribusiness (Vink and Rooyen, 2009).

The post-apartheid social and political impetus for small-scale farming therefore emerged as South Africa's commercial agricultural sector had long been moving in precisely the opposite direction - towards larger scale production. While extensive, capital intensive (and labour un-intensive) cereal and field crops, present an 'poor fit' for small-scale farmers, so too do many other agricultural commodity sectors. Some of the highest value sectors, such as the lucrative export of wine and high quality fruit (deciduous and citrus) into northern hemisphere markets, are highly competitive with a constant price squeeze on producers (Barrientos and Visser (2012). They are also far removed from traditional low-income domestic consumer markets, or the 'informal' agricultural value chains in which small-scale farmers have historically, or could readily, participate.

5.3 Downstream agro-processing and food manufacturing

'Downstream' of primary production in the agricultural value chain are agro-processing and food manufacturing. Both have significant economic and employment impacts, for example, primary production agriculture contributes an estimated 2.7% to GDP, but this rises to 12% with the inclusion of agro-processing (BFAP, 2013). Agro-processing is the largest activity in South Africa's manufacturing sector, at 29% of total manufacturing value from 2006–2010 (Greenberg, 2016).

However, agro-processing is not only subject to the uncertainties of weather, output supply and volatile prices, but also the vicissitudes of global commodity prices, exchange rates and international trade dynamics. Globally, there has been growth in the relative 'mid-stream' of agro-processing, storage and distribution, which can account for up to 40% of the value in value chains (Reardon, 2015). This rising share of value accrues to processors, alongside the growth of retailer's power in value chains (discussed in detail later), has seen a commensurate decline in the share of value accruing to farmers.

In South Africa agro-food production is dominated by a small number of large firms. With several value chains, such as for animal feed (along with meat, poultry and eggs), characterised by vertically integrated firms and forms of production. For example, poultry is South Africa's most widely consumed animal protein (Delport, et al., 2017), and the two largest producers, RCL and Astral, account for half of domestic production. Each firm vertically integrates breeding, feed production, poultry production and processing.

Corporate concentration is equally evident in the (increasingly consumed) categories of processed and packaged foods. Dominated by a small number of enterprises (viz. Tiger Brands, Unilever Group, Parmalat, Nestle South Africa, Clover, Pioneer Foods, Coke Cola), even domestic producers have close linkages (e.g. joint ventures, licensing agreements) to transnational firms. The food and beverage industry are not only integrated into transnational supply chains, but also the circuits of global trade and investment (Igumbor, 2012). The issues involved are illustrated by Walmart's entry into the South Africa market, through its 2011 purchase of Massmart. Opposition from the Competition Commission saw Massmart's concession of a R100 million 'supplier development fund' (Ncube et al., 2016). Promises to procure from small-scale farmers however came with the attendant risks of benefiting only a small elite of smallholders, their dependency on a single large buyer and tendency for deteriorating terms of trade over time (Greenberg and Paradza, 2013), and have been far from successful.

The 'transnationalisation' of agro-food value chain has not only has not only seen new firms enter the South Africa market, but also the regional expansion of South African's food producers and supermarket chains (Hall and Cousins, 2018). South Africa's Shoprite is the largest retailer on the continent, and its expansion has been contested in several territories - including in Zambia by small-scale farmers, aggrieved at their exclusion Shoprite's procurement systems. Small scale farmers elsewhere on the African continent are encountering the marginalisation, long experienced by those in South Africa.

5.4 Downstream wholesale and retail

Food and beverage manufacturers have tight commercial linkages to downstream supermarket retailers. The growth of modern grocery retail in South Africa has long precedents (with supermarkets for the white middle class from the 1960s). South Africa was amongst the first wave of developing countries to undergo the 'supermarketisation' of mass grocery retail from the 1990s (Minten and Reardon, 2008, Weatherspoon and Reardon, 2003*).* Corporate supermarket chains have expanded aggressively into low income African townships and the former homelands in the last two decades (Battersby and Peyton, 2014). However, unlike many developing economies with an 'hour glass' shaped supply chain (i.e. large numbers of producers, small numbers of supermarkets, large numbers of consumers), South Africa has a 'pyramid' supply chain (i.e. comparatively few producers and supermarket retailers, supplying a large consumer market).

In South Africa the majority of food sales (up to 70%) are dominated by the big four corporate supermarket retailers (Shoprite, Spar, Pick n Pay, and Woolworths[15]). Retailers have multiple store formats (and most have multiple brands), segmented to consumers, from the impoverished 'mass market' to the affluent minority. Among low income (African) consumers affordability is a key concern, whereas the purchasing and consumption patterns of middle classes upwards are complex and reflect global food consumption trends (Biénabe et al., 2011). As poor 'mass market' consumers are highly price sensitive, the retail sector is competitive and highly price orientated. Although South Africa is (in most years) a net food exporter, and food secure at a national level, reported hunger is widespread at household level. Unusually for a middle-income country, a fifth of children in South Africa are stunted.

5.5 Consumers and the consumer food environment

At the consumer-facing terminus of value chains, consumer markets and consumers are seldom considered within conventional analysis, but are discussed here. Consumer buying behaviour and 'the consumer food environment' have been inexorably shaped by formal and supermarket retail in South Africa. Even the rural poor source most of their food from supermarkets (D'Haese and Van Huylenbroeck, 2005). The steady formalisation and 'supermarketisation' of food retail mean that informal markets, are small and comparatively 'thin' in South Africa. There is little tradition of informal food markets comparable to as Asian style wet markets, or European style farmers markets, within living memory in South Africa. This has highly deleterious implications for the participation of small-scale farmers in the larger agro-food system.

Not only does the structure of agro-food value chain in South Africa mitigate against the participation of small-scale farmers, so to do the very commodities produced and sold within it. Unlike much of the rest of the African continent, South Africa has few traditional foods. The consumption of distinctive indigenous stable grains, tubers, or pluses is vanishingly rare. Instead wheat, rice (and maize) consumption is widespread (Traub and Jayne, 2005), as is the consumption of processed and non-perishable foods (Pereira, et al., 2014).

South Africa is far along the 'nutritional transition' (Popkin, 1993) to energy dense and processed foods, evident in other middle income countries. But in South Africa, even many 'traditional dishes' are simply assemblages of agro-industrially produced commodities (e.g. maize, wheat and battery-produced chicken). The diets of the impoverished majority are globalized, and include 'bone-in' portions of chicken from Brazil or the USA, inexpensive confectionary from Central Europe or India, whey protein (for baked goods) from the European Union, maize, soy and sugar from the South America. Small scale farmers in South Africa lack market niches for the production of traditional food crops - with little comparable to cassava, okra, millet, dried fish or indigenous leafy greens found in informal markets elsewhere in Africa. The prospects for the participation of small-scale farmers in agricultural value chains is therefore conditioned not only by the dominance of industrial food production and retail, but by the dietary patterns and food cultures these have spawned.

Finally, alongside corporate supermarket retail in South Africa is informal sector retail. As discussed earlier the informal food sector is diverse, poorly documented, and not necessarily linearly aligned with 'informal' smallholder production. It is under sustained pressure from corporate supermarket retail (Battersby and Peyton, 2014; Penyton et al., 2015), but often exists in parallel to it. Small scale informal sector food retail, include township vendors, at the roadside or busy transport interchanges

and taxi ranks, but also the small home-based 'spaza' shops, selling perishable daily comestibles (bread, milk), along with sweets, carbonated soft drinks, cigarettes etc.

This parallel (albeit subordinate) relationship of informal, to formal agro-food value chains, is evident in consumers behaviour. Temporal patterns of monthly wages or social grant receipt, contour consumer shopping behaviour. Mass market (African) consumers, typically spend their wages, remittances or social welfare grants in a large monthly supermarket buying trip. Thereafter they access the 'informal' retail sector, especially smaller quantities and pack sizes, even cheaper foods and brands towards the 'lean' end of the month (Egan, 2019). Corporate marketers have long understood patterns of consumption, including oscillation between the formal and informal sector retailers, shifts in monthly patterns. So, despite the domination of corporate supermarkets, there remains scope for small-scale and informal farmers and retail as an adjunct rather than direct competitor to the formal sector.

6 Value chain dynamics and South Africa's agro-food system

The preceding section described South Africa's value chains, and dominant 'actors' in South Africa's 'agro-food system'. The present section discusses value chain dynamics including key trends and drivers of change, including downstream of primary production. 'Agro-food system' refers to the totality the agriculture to food as a commercial system, subject to both to patterns of patterns of profit and 'accumulation', along with practices and forms of regulation (Greenberg, 2015b). In this discussion of the agro-food system, 'consumer commodities' of fresh produce (fruit and vegetables) and the livestock are key foci. The discussion is arranged in terms of four of thematic headings.

6.1 Buyer (i.e. retailer) domination

The first dynamic is increasing buyer (i.e. retailer) domination of agro-food value chains. This is a truism of much agro-food value chain analysis, even if Greenberg (2016) cautions there is no simple story of buyer (especially retailer) domination throughout the food system. While the rise of retailer power reflects global trends, in South Africa it was deepened by the post-apartheid dismantling of privilege producers (i.e. white farmers) historically enjoyed. This tipped power and influence towards agro-processors, food manufactures, and supermarket retailers. The ago-food sector has long been a source of concern to competition regulators, with findings of cartel behaviour in relation to bread production, and investigations of grocery (supermarket) retail trade (Ncube, et al. 2016). The latter is noteworthy for cataloguing the multiple and expansive manifestations of retailer's power, including exclusionary exclusive lease agreements with shopping mall developers.

Concentration in the grocery retail sector protects the profitability of existing market incumbents[16], and makes the participation of new entrants and suppliers difficult. However, this is not to suggest an absence of price-based competition in the sector. Competition flows from market dynamics, but also the sheer scale of corporate retailers, for whom even small value chain savings or optimisations translate into potentially large profit increases. Price competition and the demands of efficiency also provide much of the impetus for patterns of vertical coordination and procurement, discussed later.

A complex relationship exists between supermarket retailers and their suppliers, the precise contours of which defies easy characterization. On one hand, retailers 'transmit' price pressure back

[16] Especially the trio of mass market retailers, viz. Shoprite, Pick n Pay and Spar

along the value chain to food manufacturers (and ultimately producers). Trends such as the growth of retailers 'private label' brands ('no name brand'), reflect their steady effort to limit supplier's market power. On the other hand, and consistent with the modern retail practice, major food and beverage industry firms are 'embedded' in supermarket-based systems of store-level merchandising, and 'category management', particularly of branded processed and packaged foods. Far easier to characterise is the basic synergy of scale between supermarket procurement, and industrial food manufacture. These two tiers in the agro-food value chain are well calibrated to each other, and present a context highly unfavourable to smaller scale or emergent producers.

Finally, from a public policy perspective the tacit emphasis has long been on 'market efficiency' of the agro-food system, rather than creating scope for small-scale or new entrants. This is arguably exacerbated by the fact that unlike many other sectors of the economy (e.g. construction, information technology, pharmaceuticals, the automotive sector etc.), the state exercises little direct buying power in the supermarket retail sector – limiting its potential leverage over it.

6.2 Centralized procurement and vertical co-ordination

A second dynamic, allied to the ascendancy of 'buyer' (i.e. retailer) power is growth of centralized procurement and vertical integration of supermarket supply chains. South Africa's corporate supermarket groups have for two decades consolidated and centralized their procurement systems in regional and national hubs. Reflecting efforts to maximise economies of scale and efficiencies, this has occurred alongside substantial investments in the of distribution centres, ICT-intensive enterprise systems, supply chain management, and 'big data' demand forecasting and customer analytics (evident in proliferation of customer loyalty schemes). The competitive advantage of these investments is significant. For example, Pick 'n Pay is widely regarded as having lost its market share leadership a decade ago to Shoprite, after the latter's superior investments in distribution centres and procurement systems (Fin24, 2010; Thomas, 2011). The 'backend' systems are major drivers of efficiency, and ultimately profitability, in supermarket retail.

The growth of centralized procurement in retail has seen the rise of 'preferred suppliers'. Again, this is consistent with global trends to smaller number of large preferential suppliers, able to meet demanding requirements of product homogeneity, volumes and consistency of supply. Preferred suppliers source directly from producers and enable tight value chain co-ordination, especially in relation to fresh produce. For several commodities produced in vertically integrated value chains (e.g. poultry, eggs), producers and retailers enter into long term supply contracts (Vermeulen et al., 2008). Not only have supermarket fresh produce buyers abandoned spot markets (with the minor exception of independent and some franchise stores), they have also abandoned traditional traders and wholesalers.

Changing supermarket procurement results in a reduced role for wholesale markets, with the National Fresh Produce Markets accounting for a declining share of supermarket procurement (Vermeulen et al., 2008). Wholesale markets have been circumvented in favour of preferred suppliers, who range from independent to wholly owned subsidiary enterprises of their supermarket clients (e.g. Shoprite's Freshmark, Spar's Freshline, Pick 'n Pay's Freshco). Specialist suppliers provide dedicated logistics, packaging and even global sourcing, as an integral part of interlocking systems of procurement and distribution. Small scale farmers are therefore not simply precluded from opportunities for supermarket supply, they excluded from the wholesale markets and intermediaries that would historically have been key market conduits to retailers.

Finally, amidst larger process of retail modernisation and concentration, fresh produce is a sector where small-scale and informal sector vendors can retain vestigial competitive advantage. With

small-scale or informal fresh produce vendors typically amongst the last to be displaced by supermarket growth, they continue to be evident within township and rural areas in South Africa; sometimes even in close spatial proximity to supermarkets. This sector is, as will be argued later, a key component of 'informal value chains' in which small-scale farmers compete.

6.3 Value chain 'governance' and private standards

A third dynamic relevant to understanding agro-food value chains is the growth of regimes of private standards and systems of value chain governance. The transition of supermarket retailers away from sourcing on spot and wholesale markets to tightly co-ordinated vertically supply chains has seen the deepening of private contractual regulation in the agro-food system. This has unfolded in a context of comparatively limited government regulation of the food system, with 'State policy is often absent or piecemeal, and much value chain governance is effectively in private hands.' (Greenberg, 2016 p.2). With the exception of food safety, the South African state exercises comparatively little governance over the agro-food system,

Food safety and public health are traditionally the key rational for public regulation of the food system. However, within supermarket retail the private standards invoked are almost invariably more stringent than the statutory minima (Henson and Reardon, 2005). These standards exist in response to consumer expectations of safe food, and the reputational (and therefore financial) risk posed to corporate supermarkets by failures. Just as importantly, private standards also enable processes of vertical co-ordination.

In open market transactions price is typically the primary co-ordinating mechanism, but, '…in vertically integrated supermarket supply chains, various contacts, which specify volumes, grades and standards, are used as a means of co-ordination' (Louw et al., 2008). As a market co-ordination mechanism, private standards serve to manage transaction costs (such as search, negotiating, contracting, and contract enforcement 'costs'). Private standards that extend beyond food safety or narrow quality criteria are key value chain co-ordination mechanisms when they specify product homogeneity, volumes, consistency of supply, etc. Standards also often encompass include systemic factors such as traceability and accountability in the supply chain. In many cases private standards are formulated on the basis of pre-existing standards, such as EurepGAP (fresh produce). Drawing on an existing accreditation architecture also more readily enables retailers to displace compliance costs back onto suppliers.

Within these systems of agro-food value chain governance the challenge to small-scale producers in accessing the value chain are twofold. Firstly, they may be unable to meet the required standards (e.g. product homogeneity and volumes etc.). But even if they can meet the requisite standards, they struggle to prove their compliance, as they lack the volume to make the costs of accreditation viable. The difficulties of small-scale producers in accessing procurement systems is unsurprising, considering that even mid-sized commercial producers struggle to do so.

6.4 The 'quality turn' and market segmentation

A fourth dynamic within value chains relates to product 'quality'. Private standards not only enable for value chain co-ordination and management, they have an important relationship to quality, because gradations of quality are carefully calibrated to consumer market segments. Grocery retailers not only segment stores formats but also products to consumer demographics. Quality standards are used to tailored products to consumer preferences including 'as means of competitive positioning in markets for high-value agricultural and food products (Biénabe et al., 2011, p.242). This, the 'quality turn' in food retail and encapsulates elements intrinsic to the product (such as

health, taste and organic status), but also exogenous factors such as product origin or ethical dimensions (environmental issues, labour standards etc.) (Biénabe et al., 2011). In this way private standards, including quality standards, are not only used for system co-ordination but serve as strategic marking tools for 'brand complementing and product niche development' (Giovannucci and Reardon in Biénabe et al., 2011, p.37).

In common with the private standards, complex quality standards (beyond, for example, simple grading) imposes costs on producers, including those of auditing and accreditation. This is to the detriment of smaller scale or emergent producers. In this context, the case of organic produce is instructive. Organic production is ostensibly suited to small-scale farmers, with their comparative advantages in low input and labour intensive production. Although the market for ethical or organic products is small in South Africa, it offers a premium from affluent consumers. However, in reality, small-scale farmers do not supply the market for organic produce (Thamaga-Chitja and Hendricks, 2008). They are precluded by the small size and complexity of the market (historically led by premium retailer Woolworths), by the demands of certification and their estrangement from retailer procurement system. Hence, South Africa's market for organic produce is dominated by established producers.

To reiterate, in conclusion, marginal small-scale producers are excluded by the structure and workings of downstream value chain. The architecture of agro-food supply chains, not only poses considerable barriers to small-scale farmer producers, these barriers are increasing. Small scale producers are not only preluded by their small volumes and the demands of scale intensiveness, but difficulties in attaining accreditation and proof of compliance with standards. While agro-food system dynamics and the challenges they pose to farmers are evident worldwide, they are particularly stark in the South African context. The disjuncture is heightened by the sheer asymmetry between modern supermarket retail and marginalised small-scale farmers. There are inevitable public policy trade-offs between modern supermarkets and small-scale farmers and retailers. Some country contexts, such as India, have sought to regulate the modern retail sector growth, and impacts on small-scale farmers and food system. It is little evidence that a comparable 'weighting up' has taken place within the circuits of South African policy making.

7 Agricultural value chains and small-scale farmers in South Africa

It is helpful to recount the report brief 'To characterize the key features of the value chains that small-scale agricultural producers in South Africa participate in, with a particular focus on value chains that are informal in character;' and 'Assess the degree to which such value chains meet the needs of smallholders and small-scale black commercial farmers, in relation to both inputs supply (i.e. the 'upstream' links of farmers) and marketing (i.e. the 'downstream' links)'. The sections that follow focus tightly on small-scale farmers. However, three prefacing points are made.

The first issue relates to understanding the extent '…to which value chains meet the needs of smallholders and small-scale black commercial farmers…'. Conceptually, if small-scale farmers participate in a value chain, then such a value chain must at least minimally, meet their needs. The very fact of their participation is, in economic parlance, a 'revealed preference'. However, this is not to say that the terms on which they participate are optimal, or could not be improved. The discussion that follows seeks to understand the extent to which small-scale farmers engage with various value chains. The concluding policy section considers this participation might be optimised, via policy.

Secondly, the focus on small-scale farmers participation in value chains invokes a tacit path-dependency, assuming what is 'revealed' defines what can be. It is here argued that although understanding how small-scale farmers participate in value chains is important, it should not narrowly define prospective possibilities. The text below seeks to assess current realities, holding the prospective in abeyance, until the policy recommendations section.

Thirdly, small-scale farmers participation in agricultural value chains varies significantly, including in relation to the commodities involved. Accordingly, efforts to characterize their participation in agro-food value chains in highly abstract terms incurs the risk of lapsing into sweeping generalities. For this reason, the present focus is narrowed to consumer commodities of livestock and fresh produce.

7.1 'Upstream' linkages: inputs

Small-scale farmers 'upstream' linkages include to various agricultural inputs and finance are discussed below. While finance and land tenure arrangements are the foci of complementary in-depth papers CBPEP papers, labour and employment dynamics are also briefly considered here.

7.1.1 Agricultural inputs

The commodity-contingent nature of value chain linkages, including input linkages has been indicated. The previously cited example of the sugar value chain, described how its development and organisation made sugar conducive to contract farming, and included attendant systems of input supply to farmers. Upstream linkages in the sugar value chain were contrast with the more pluralistic and diverse value chains for produced consumer commodities, such as fresh produce or livestock.

In terms of upstream input supply chains for livestock or horticultural products, they are similar for small-scale farmers and large-scale commercial farmers. In other words, small-scale farmers access (or potentially access) similar animal health products (for livestock), or seed, fertilizer and agro-chemicals (for cultivation) as larger scale farmers. The upstream reaches of agrochemical, fertilizer or agro-chemical production are concentrated and common - there are no distinct or parallel chains for fertilizer, agro-chemicals or machinery, exclusively for small-scale farmers. These commonalities are unsurprising, in light of the capital intensiveness, regimes of intellectual property, and concentration amongst the multinational producers of agricultural inputs.

However, a salient difference between large and small-scale farmers, is that small-scale farmers are far more likely to access inputs through a local or proximate intermediary (such as small rural shop). In contrast, large commercial farmers typically source inputs from distal entities, agents, former co-ops, or the input supply companies directly. This distinction is not ironclad, agricultural supply stores (often former co-ops) are patronised by both small and large farmers, however larger producers enjoy the scale to warrant bypassing local intermediaries, and effectively source inputs 'higher up' in the input supply chain. Their scale, and bypassing of local intermediaries, see them less likely to pay the price premium that smaller scale farmers do.

The challenges facing input supply for small-scale farmers are even more fundamental. In South Africa prevailing input supply chains are predicated on large-scale commercial production. This bias, in inputs supply attuned to large-scale production, has been exacerbated by the post-apartheid decline of public funded agricultural research and agricultural extension. Much domestic agricultural innovation is effectively privatised and agricultural extension undertaken by the market-incentivized agents (including of seed and agro-chemical companies). While small-scale farmers access this expertise piecemeal, market forces see these services are biased towards larger scale farmers. The systemic bias within agricultural input supply is further illustrated by the example of small rural

supply stores, prosecuted for decanting fertilizer into small containers, and quantities, better suitable to small-scale farmers[17] (Neves and Hakizimana, 2015a). This is one example of the multiple ways in which input supply networks do not optimally meet the needs of small-scale farmers.

Finally, foregrounded here but discussed in detail later, is the question of how to understand these constraints and lack of 'fit' between systems of upstream inputs supply, and the needs of small-scale farmers. Various supply side constraints and barriers to input supply are readily identified by commentators (e.g. Jayne et al., 2010), however these barriers are also related to the very characteristics of small farmers production systems, and scale and transaction costs involved. It will be argued later that these fundamental factors pose substantial challenges to efforts to support small-scale farmers.

7.1.2 Labour (and employment)

Labour is not conventionally regarded as an input, but rather a factor of production. However, labour is discussed here because of the focus on employment within the present report. Although debate exists concerning the productivity of small-scale *vis a vis* large-scale agriculture, more consensus exists regarding the greater employment intensiveness of small-scale agriculture. Bearing this reality in mind, two points warrant elaboration, namely: the use of kin or casual labour, and the relationship between informal employment (including self-employment) and formal sector employment.

It is frequently assumed that small-scale farmers, including those in South Africa, have ready access to kin and household labour. However, rural households do not always have sufficient labour capacity (or 'surplus' labour capacity) to meaningfully engage in agriculture. Rural households, especially in the former homeland communal areas, are often characterised by a 'skipped' generation demographic patterns of grandparents (typically grandmothers) and minor grandchildren. Data suggest that many rural households are effectively formed around a social welfare grant recipient (Klassen and Woolard, 2005). Working age, non-disabled adults are the least likely to be locally resident in these households, and more likely to have migrated to urban areas (Duflo, 2003). Many rural households are therefore marked by high dependency ratios and effectively function as sites of retreat for the ill, injured and retired from urban labour markets (Neves and Du Toit, 2014). Millions of rural households comprised primarily of school-going children and the elderly are relatively constrained in their ability to engage in agricultural production.

Furthermore, even if there is sufficient labour capacity to engage in agriculture, it cannot be assumed that it can be readily mobilized in rural households. There are sometimes intense gender and generational conflicts attendant to small farmers efforts to mobilize unpaid kin labour (Hull, 2014). These real constrains, and challenges to the idea of the harmonious, co-ordinated farming-engaged rural households, are frequently overlooked by policy.

The final point regarding informal 'employment' in agriculture relates to its complex recursive relationship with formal sector employment. Urban and industrial wage labour has long been combined with agricultural production in Southern Africa (Potts, 2010). Farming in the ex-homelands long relied on urban remittance and back investment (Bank and Minkley, 2005). A common, almost prototypical, variant of communal area farmer are elderly men who, having invested in agricultural assets during urban employment, engage in farming upon retirement to their

[17] (It is illegal, as all pack sizes need to be formally registered)

rural homes. These dynamics are consistent with widespread patterns of employment transitions or 'churn' between informal sector and formal sector employment (Devey et al., 2005) in South Africa. With many in the informal sector drawing on skills, social connections and capital (savings) accumulated during episodes of formal sector employment.

7.2 'Downstream' linkages: output markets

Downstream of primary production agriculture, small-scale farmers participate in what can be thought of as three types of value chains. The first are value chains linked to 'formal' sector retail and wholesale, the second (inevitably 'formal' sector) agro-processing value chains, the third are 'informal' sector retail value chains. Invoking a different terminology these are sometimes casts are 'modern', 'processing' and 'traditional' markets respectively (Chikazunga, 2013). Although the latter informal (or 'traditional') value chains are the key focus of the current report, they are contrastively viewed in relation to the other two. The section below considers these three variants of value chain and the extent to which they 'meet the needs' of small-scale farmers. Following which the relative 'strengths' and 'weaknesses' of small-scale farmers participation in these value chains is discussed.

7.2.1 Small scale farmer participation in 'formal' wholesale and retail markets

There is some evidence of small-scale farmers supply into downstream formal sector wholesale and retail based value chains, but this are comparatively limited. Drawing on 2015 Stats SA survey data, Cousins shows 184 000 black households (approximately 7.3% of the 2.5 million black households engaged in any agricultural production), sold agricultural products to consumers. Of small-scale producers, around 80% sold to local buyers from within the same district, 6% to those from neighbour towns and cities, and only 3% to formal markets (Cousins, 2018). Small scale farmers predominantly supply proximate, informal retail-based value chains.

Small scale farmers supply in formal retail markets is inhibited by the considerable constraints discussed in detail earlier. These range from being out competed by large-scale farmers, to the difficulties accessing the concentrated retail sector, with its trends towards centralized procurement and vertical co-ordination (Reardon and Barrett, 2000). Turning to the literature, an extensive study by Okunlula et al. (2016), paints a picture of the considerable difficulties small-scale farmers participation in formal agro-food chains. Small scale farmers successes across a range of commodity sectors are rare, hard-won and often precarious.

However, formal wholesale and retail sector are not homogenous, there are small opportunities for supply by small-scale producers, especially to independent or franchise stores, and in a few cases wholesale markets. A sanguine assessment emerges from research conducted in Limpopo, of small-scale farmers supply to franchise Spar supermarkets in Thoyandou and Giyani (Vermeulen and Biénabe, 2006). In Thohoyandou procurement from 14 local small-scale farmers, accounted for 10-20% of the store's fresh produce (although only spinach and cabbage were supplied on a consistent basis). Whereas the Giyani Spar sourced fresh produce from a dozen small-scale farmers.

The two case studies identify the factors that enabled these arrangements, including the surrounding context of high agricultural potential and large distance (over 400km) to national produce markets or the Spar distribution centre. These local supply arrangements were also greatly facilitated by store management, who variously drew on their farming backgrounds and knowledge, made deft use of existing farmer networks, provided forms of technical assistance (extension) and even flexible interest free production loans (Vermeulen and Biénabe, 2006).

Although laudable examples, these case studies ought to be treated circumspectly. For they are exceptions rather than exemplars of small-scale farmers participation in agricultural value chains. Questions can also posed of the scope to 'scale up' such arrangements, especially in the many parts of rural South Africa closer to competing sources of supply, or with less favourable agro-ecology. Rather than readily replicable examples for policy, these uncommon success stories point to the sheer scale of the barriers routinely faced by smallholders, and the substantial support required to overcome them. They underscore the extent to which small-scale farmers needs are generally not served by formal agro-food value chains.

Apart from supply into the formal sector retail value chains, formal wholesale markets also represent potential markets for small-scale farmers. For the focal commodities of livestock, and fresh produce formal wholesale markets vary. Some small-scale livestock farmers (especially cattle producers) access formal livestock auctions. In terms of horticultural commodities, a potentially significant downstream value chain is into the National Fresh Produce Markets (NFPM). These are 18 markets nationwide, mostly run by local municipalities (a minority are effectively privatised) (Chikazunga and Paradza, 2013).

Unfortunately, the NFPMs have stagnated with little volume growth since the 1990s, despite the steady rise in agricultural production (Vermeulen et al., 2008). Two linked dynamics have seen the waning of the NFPM's share. The first is the retreat of supermarket buyers, who have increasingly entered into direct supply arrangements with preferential suppliers and producers, described earlier. The second dynamic underpinning the decline of NFPMs is reflected in farmer complaints over the prices they obtain (and sometimes, the transaction costs involved). Producers' perennial complaints are not baseless – not only have input costs risen faster than agricultural commodity prices, analysis show various actors along the agro-food value chains have added ever-increasing costs ((Vermeulen et al., 2008, Greenberg, 2015a). Although the largest of agricultural producers do intermittently supply the NFPMs, they tend to prioritise direct transactions with supermarket or 'preferential suppliers' for a number of reasons. These include the security of long term supply contracts and payment, lower marketing costs and reduced handling of perishable fresh produce. The above cycle of supermarket buyer retreat, and large farmer withdrawal, reinforces a vicious circle of NFPM decline. It not only erodes a key site of market price 'discovery', it deprives small-scale farmers of a potentially dynamic market place.

Having characterised the stagnation and weaknesses of the NFPMs, little data exists on what proportion of small-scale farmers supply to them, but Louw et al., (2007) reported over a decade ago that 90% of produce in the NFPMs is sourced from commercial farmers. Suggesting a tenth from decidedly small-scale farmers. Despite this, the NFPM remain important to informal value chains for two reasons. Firstly, they remain a market outlet for small-scale farmers. Secondly, it is clear that the informal retail sector sources *from* the NFPMs.

Informal traders purchased an estimated 50% to 29% of all produce from the Johannesburg and Pretoria National Fresh Produce Markets respectively (Vermeulen et al., 2008). The NFPM system therefore arguably serves to sustain the market 'ecosystem' of informal sector retail. Despite the NFPM's weakness and stagnation they remain an important alternative to centralised and largely inaccessible systems of corporate supermarket procurement. Without the NFPM, corporate supermarket domination - even hegemony - over the fresh produce would be more complete. The important role of the NFPM is underscored in recent history of a new retail entrant – Fruit and Veg City. The firm initially procured extensively from the NFPMs (Das Nair and Dube, 2015), and has expanded rapidly for over a decade. Fruit and Veg City now sources a greater proportion of its stock directly from producers, but the NFPM were integral to its early growth. The retention and

revitalisation of the NFPM, as one component of support for pro small-scale farmer value chains, is an important point returned to in the final policy recommendations.

7.2.2 Small scale farmer participation in agro-processing (intermediate inputs)

There are precedents for the participation of South Africa's small-scale farmers in the value chains for commodities that are intermediate inputs in agro-processing. These include sugar cane, cotton, poultry and forest products (timber). However, there is less evidence of small-scale farmer suppling of 'consumer commodities' (i.e. that can be marketed to end-use consumers) into agro-processing in South Africa. The supply of both types of commodities within agro-processing orientated value chains is discussed below.

Firstly, with regards to 'bulk' small-scale farmers produced commodities, both wool and sugar are covered in other commodity studies, but sugar warrants brief discussion. Despite a long history of small-scale, contract farmer 'out growers' into the sugar value chain (Kirsten and Sartorious, 2002), the entire sector is currently in crisis, in part due to low cost imports. The wider crisis of viability in the sector means it hardly represents a success story of small-scale farmer value chain inclusion. Other sectors, such as contact 'out-growing' of poultry for the large corporate producers, also fails to furnish solid evidence of small-scale farmers success Not only is domestic poultry production under pressure from low-price 'dark meat' imports (and the cost of imported soya, for feed), it is debatable whether the sector truly has small-scale farmers. Definitions of 'small-scale' in the capital intensive battery-based poultry industry amount to a relatively large-scale commercial farmer. Small scale in the poultry sector poorly accords with the definition advanced earlier, or even common conceptions of a smallholder.

The dearth of small-scale farmer participation in agro-processing flows from the fact that the sector dominated by the formal sector enterprises in South Africa. There is no evidence of informal small-scale agro-processing, or supply into small-scale, informal agro-processing. In other words, while there are isolated examples of small-scale farmer participation in formal agro-processing (i.e. supply *into* formal downstream processing) discussed later, there are no meaningful examples of supply into informal sector agro-processing – because the latter is a category that does not exist[18].

Agro-processing is the realm of formal sector value chains and enterprises in South Africa, and marked by the concentration evident elsewhere in the agro-food system. Redolent of trends within retail, agro-processors have increasingly moved from wholesale markets to direct contractual arrangements with producers - especially in sectors without large vertical integrated firms, as are found in the poultry and sugar sectors. For example, over a decade ago (Louw et al., 2008), computed that 78.5% of total volume of fruit and vegetables procured by agribusiness for processing was sourced via contracting. The remainder of agro-processors requisites are sourced from spot markets, via agents, their own estates, imports etc. However, Vermeulen et al., (2008) noted that for specific commodities, such as onions, beans, potatoes and peanuts there is a strong reliance on spot markets. This finding ought to be subject to confirmatory research, and suggest the need for a strong commodity-based focus when thinking about policy interventions.

[18] For instance Chikazunga (2013) exhaustively documents Limpopo small-scale horticultural producers' downstream markets as: supermarkets, agro-processors, the Johannesburg Fresh Produce Market, 'wet markets', local hawkers and traders. However it is the latter two than predominate.

In terms of the scholarly literature, a prominent example of small-scale farmers participation in agro-processing is the case study of Giant Foods in Mahkando. Owned by a major South Africa's food producer, Tiger Brands, Giant Foods contracted with 121 smallholder producers, to supply 25 000 of tomatoes annually. Farmers were provided with inputs and production, in a project partially funded by USAID (The United States Agency for International Development). Unfortunately, the project was not a long term success, even with donor funding. Small scale farmers complained of low prices and diverted their output into informal markets, imperilling the manufacture's supply. Small scale farmers eschewal of the arrangements suggests the value chain did not meet their needs. They were also undercut by substantially cheaper imported tomatoes from China.

This case study reveals the difficulties of small-scale farmers supply into formal value chains, including for agro-processing. These are reflected both in the pressures smallholders faced not only from white-owned agribusiness, but increasingly globalised supply chains. Echoing the Thoyandou and Giyani Spar case studies, this case study vignette reveals the considerable constraints on small-scale farmer supply into agro-processing based value chains. To be clear, this is not to pronounce smallholder participation in formal value chains (including for agro-processing) inherently unfeasible. Simply that under current conditions the barriers involved are often substantial.

7.2.3 Small scale farmer participation in 'informal' value chains and retail markets

To this point small-scale farmers participation in 'formal' retail and wholesale, and 'formal' agro-processing value chains has been discussed. These examples can be counterpoised with the participation of small-scale farmers in 'informal' value chains. Informal retail value chains are amongst the most accessible to smallholders, and the primary focus of the current report. The key commodities of livestock and fresh already foregrounded, have also been identified by others as priorities for support (Greenberg 2015b; Aliber and Hall, 2012).

To recap, the informal sector food retail is bifurcated into a small number of larger-scale enterprises, and the numerical majority of small-scale, often survivalist, and female-dominated sellers. In built up urban areas such as townships, these range from various temporary, roadside, stall based vendors, to spaza shops (in various permutations, but typically attached to a residential space). Ascending in size, are to be found larger convenience and ex-General Dealer stores, following various scale and formats of corporate supermarket group-owned stores and supermarkets.

Examining food purchasing at a rural Health and Demographic Surveillance site, Pereira et al., 2014, documented various (in ascending size) spaza and house shops, often better stocked 'Cafes', similar scale 'Indian stores' cafes (run by people of Asian heritage, according to Pereira et al., 2014), a stratum of larger General Dealers (often near main roads), and then the panoply of supermarket retail found in rural towns. The proportion of fresh produce sold outside of the formal supermarkets is unknown, but field research shows that in many cases township fresh produce vendors and small shops remain evident. The continued sale of fresh produce in the informal sector is indisputable, with small-scale informal vendors of fresh produce seemingly able to retain some competitive advantage, even in the face of modern supermarket retail.

Informal sector retail is, and is likely to continue to be, an important market conduit for small-scale farmers. Some research documents smallholders' higher returns from informal market, through higher prices or simply lower transaction costs - hence their eschewal of formal value chains is entirely rational. Chikazunga's (2013) income analysis of small-scale Limpopo horticultural producers showed '…farmers supplying to traditional market channels receive higher incomes than those supplying to modern market channels' (p.21). Even when profits from 'formal' value chains are higher, farmers do not necessarily judge their inclusion as beneficial, (Biénabe and Vermeulen,

2016). Such value chains come with higher degrees of complexity, cost and risk. For instance, Tapela (2008) noted 'upgrading' by smallholders in an ex-homeland irrigation entailed production debt and costly inputs, unmatched by subsequent returns. This left the producers indebted, and more vulnerable than in their erstwhile lower input, lower risk production system. In this case value chain inclusion and upgrading proved to be highly disadvantageous.

A final point regarding 'informal' value chains, not necessarily well reflected in the literature, is that small-scale farmers frequently do not participate in formal or informal value chains exclusively. Instead, they respond in opportunistically to market demand, and supply both. This is evident in relation to livestock (cattle), but also seasonal horticultural production characterised by highly price volatility. Horticultural producers shift responsively between various markets and value chains, and an individual farmer can concurrently supply the same commodity into different value chains. For instance, in KZN, Neves and Hakizimana (2015a) document how even medium scale (white) commercial farmers supplied both formal wholesale markets and African farm gate buyers ('bakkie buyers'). Shifting price dynamics can reconfigure the market terrain, and spawn plural and parallel chains. For example, low prices for a specific horticultural commodity (e.g. potatoes) routinely attracted a stratum of 'bakkie buyers' supplying low-income consumers in the informal sector; whereas rising or high prices tended to concentrate supply to formal value chains, directed at middle class consumers. It is unclear if the flexibility with which many small farmers engage with value chains is adequately understood within official conceptions and imaginaries. In terms of how farmers actually engage with value chains, a binary of either 'informal' or 'formal', may be overstated.

In conclusion, this section assessed the participation of small-scale farmers in relation to both up- and downstream value chain linkages, and the extent to which these value chains meet their needs. In terms of upstream linkages, supply chains for agricultural inputs overlap for small-scale and large commercial farmers, even if small-scale farmers are far more reliant on a tier of local level intermediaries. Input supply systems, service and products are typically biased towards large-scale production. In terms of small-scale farmers participation in downstream value chains, it is typically commodity and contextually dependent. However, substantial barriers exist particularly in relation to accessing 'formal' retail and agro-processing value chains. These barriers account for the relative paucity of smallholder participation in formal value chains.

Value chains into informal retail markets often appear more favoured by small-scale farmers, thereby self-evidently meeting (or perhaps, better meeting) their needs. However, informal sector value chains are not free of often considerable constraints, which need to be understood and addressed. Informal sector value chains are crucial sites of policy support for small producers, as discussed later.

8 'Strengths' & 'weaknesses' of small-scale farmer participation in agricultural value chains

The previous section considered small-scale farmer participation in value chains, including 'upstream' and 'downstream' linkages. The section below deepens the preceding discussion and considers the relative 'weaknesses' and 'strengths' of their participation in these value chains. Various 'weaknesses' and 'strengths' are recounted, before turning to reflect conceptually on the relationship between strengths and weaknesses.

8.1 Small scale farmer 'weaknesses'

The 'weaknesses' and constraints on small-scale farmers are extensively documented (Jayne et al., 2010). They can be thought of in terms of the trio of production constraints, institutional problems

and problems of market access. Jari and Fraser (2009) note 'Factors such as poor infrastructure, lack of market transport, dearth of market information, insufficient expertise on grades and standards, inability to have contractual agreements and poor organisational support have led to inefficient use of markets, hence, commercialisation bottlenecks' (p. 1130). These weaknesses are common to many small-scale farmers, and addressing them is the rational for contemporary agricultural development and 'commercialisation' interventions, across the world

However, care must be taken applying these injunctions to the South Africa context. While the universal challenges faced by small farmers are evident in South Africa, exclusive preoccupation with them can serve to obscure an even more fundamental issue. Namely, that from a production perspective, small farmers are largely irrelevant to the South African agro-food system and economy. In political economy terms the 'agrarian question' – regarding the modernisation of agriculture and its contribution to national development – have been 'resolved' in South Africa (Bernstein, 2013). In the transition from an agrarian to industrial economy over a century ago, the prospects for meaningful small-scale farmer (or 'peasant') accumulation were snuffed out by the segregationist state. For at least three generations, African farmers have been largely inconsequential to South Africa's agricultural sector or value chains.

This is not to argue that small-scale farmers do not contribute to rural employment and livelihoods, or could not do so to a greater extent. It is simply to observe that smallholders are superfluous to agricultural value chains - as they are currently configured. In South Africa the impetus for the inclusion and development of small-scale farmers is not economic, but rather related to human welfare, social equity and political imperatives. The latter are all sound reasons to promote small-scale farming, but it does not serve any analysis to sidestep acknowledging that small farmers are largely redundant South Africa's agricultural sector. This redundancy reflects - but also compounds - the scale of the barriers small-scale farmer's face in participating in agricultural value chains and markets.

Having framed this foundational 'weakness', several others are examined below.

8.1.1 Production constraints: Infrastructure

Poor or non-existent infrastructure such as roads, telecommunications, electricity or even irrigation system have been identified as significant constraints to smallholders (Chaminuka et. al, 2008, Magingxa and Kamara, 20003). Documenting the effects of poor and inaccessible roads in rural Limpopo, Makhura and Wasike (2003) note the bidirectional, mutually reinforcing relationship between infrastructure and agricultural development: the absence of infrastructure serves to inhibit economic opportunities, while limited economic activity offers little incentive to develop improved infrastructure. Much of the 'soft infrastructure of services (e.g. transport, finance, animal health, input distribution, marketing etc), relies on physical infrastructure. Finally, farmers tend to access services in clustered in rural service centres, Chaminuka et al. (2008) noting '...locating services in the centres is pertinent, and seems to stimulate agricultural and rural development' (p. 376).

8.1.2 Production constraints: Credit and finance

A second conventionally-cited production constraint is inadequate access to finance and working capital. Smallholders face the problem of an absence of finance, despite South Africa's comparatively sophisticated financial infrastructure. The primary problem is that commercial retail banks bankroll commercial agriculture in South Africa, but do not generally lend to small-scale farmers (Chisasa and Makina, 2012). In terms of the ratio of farm credit to total private sector credit (or even GDP), South Africa has seen a steady decline in private sector credit extension to all

agriculture, with even sharper declines for small-scale agriculture (Chisasa and Makina, 2012). Amidst the paucity of private sector credit, the public sector offers little succour for small farmers. Even with a 'dual' market and developmental mandate, the value of the state-owned Land Bank's 'transformational loans' to Black farmers amounted to only 17% (R7.9 billion) of its loan book in 2019 (Land Bank, 2019, p.56). Ambitious lending targets and efforts such as a partnership with the government to administrator some grants, have generally not reached smallholders. Consequently, an absence of finance (Wynne and Lyne, 2003), and liquidity constraints (Fenwick and Lyne, 1999), remain weaknesses retarding the growth of small-scale producer's enterprises.

Finally, while the absence of finance is a weakness faced by smallholders, it is important to recognise that financing (and debt financing) do not exist in a vacuum but interlock with both agricultural production systems and markets. Modern high input, high yield, agricultural production system are predicated on debt financing, and high levels of capitalisation tied to the use of imported and high tech inputs (e.g. machinery, agrochemicals, GM seed). In terms of markets, the South Africa state historically stabilised agricultural commodity prices, provided a fiscal 'buffer' (including through 'price floors') (Greenberg, 2015a). Post-apartheid deregulation transferred these financial and price risks to farmers. Debt financing is required to manage the inevitable peaks and troughs of agricultural production, and build the scale and diversification required for a viable agribusiness.

8.1.3 Market access constraints

Even if able to overcome the above production and finance-related constraints, small farmers frequently display weaknesses related to their ability to access markets, including appropriate forms of market intermediation. IFAD (2015) delineates the trio of impediments to market access, these include: problems of physical access to markets (e.g. distance, cost), the structure of markets (power asymmetries etc.) and farmers' skills, information and organization (i.e. knowledge of the market, prices). In light of these constraints, market intermediaries (viz. brokers, 'middle men'), can serve as useful conduits into value chains.

Intermediaries (or 'middle men') potentially serve a range of functions, with Jari and Fraser (2009) suggesting small-scale farmers make inadequate use of them. Market intermediaries perform an important role in the aggregation of products - an important consideration in relation to small-scale farmers. In addition, they can potentially furnish farmers with market information (e.g. on demand and prices), advise on the litany of issues related to grades and standards, and 'contractual agreements' (Jari and Fraser, 2009, p. 1136). In many cases market intermediaries are adept at helping negotiate the grading, standards, regulations, packaging and branding requirements of large buyers such as retailers (Mtombeni et al., 2019), thereby representing a meaningful contribution to the value chain.

8.1.4 Constraints in managing risk

A fourth weakness of small-scale farmers, does not relate to the familiar challenges of production or market access, but the difficulties they face in managing risk. All producers, including small-scale farmers, seek to balance anticipated returns with risk– such as production and market related risks. However small-scale famers are more risk averse the larger scale better resourced farmers, and often demonstrate an inclination to give up potential gains or 'upside', in return for lower 'downside' risk. While all enterprise operators seek to balance risk and return, the demands of doing so is magnified by contingency (markets, prices, weather, disease and other biological processes) inherent in agricultural production.

Small scale farmer weaknesses partially relate to their use of, and access, to instruments and institutions for risk management. Among small-scale farmers risk is often dealt within social and kin networks, however these modes of risk management are inadequate when the production system or downstream value chain are complex, spatially distant, and (written) contract based. Risk is also magnified in longer, 'more complex' value chains – particularly for highly perishable commodities (Louw, 2008, p.297). Higher and complex risks are therefore a feature of inclusion into formal markets, with 'larger risks associated with larger investments, increased specialization and the need to work alongside other agents who usually have more power' (Berdegué, et al., 2008, p. 33). As already suggested, (formal sector) 'inclusion' many offers higher rewards, but seldom without the cost of commensurately higher risk.

8.2 Small scale farmer 'strengths'

Small scale farmers strengths are revealed in what they *do* actually accomplish in the face of considerable constraints identified in the preceding section. Many of these strengths reflect small slivers of comparative advantage within a context dominated by large-scale production, processing and retail. It is worth carefully considering these strengths, as nascent domains of policy support.

8.2.1 Production 'efficiencies' and flexibility

While there are larger controversies regarding the relative efficiency of small-scale farmers *vis a vis* large farmer, small farmers are widely regarded as efficient in their labour utilization, including through the reduced direct cost (and supervision costs) of kin or household labour. It is argued that the competitive advantages of small-scale farmer's production derive from their ability to leverage household resources (such as labour, land, even residential spaces) into low cost production. Small farmers have scope to arbitrage between the household and farming 'enterprise' economy, such as when they chose between either the market sale or internal household consumption, of their agricultural products. The manner in which small-scale farmers production systems accommodate this flexibility, are well illustrated with reference to cattle. Cattle are 'multifunctional', and can be sold in market transactions, retained as a form of 'savings', gifted within the circuits of ceremonial exchange, slaughtered and consumed directly or sold into the 'ceremonial' (ritual slaughter) market. Herein lies a flexibility and range of efficiencies absent from the conventional market sales that found in large-scale commercial production. Smallholder's flexibility and the differential market niches are '… a promising means of market entry for small-scale farmers as this is when they benefit from comparative advantages such as local expertise or environment friendly ways of producing' (Louw et al., 2008, p.297). Although these niches cannot simply be presumed to exist, they potentially are a significant strength of smallholder production.

8.2.2 Efficiencies and the minimization of costs

Related to the previous point regarding the small-scale farmers 'efficiency', is their ability to contain costs. This minimisation of costs or expenses is effected in various ways, ranging from the downward pressure they can exert on labour costs, to their ability to 'externalise' costs. For example, in the informal sector, the costs of waste management can be 'externalised', through non-compliant disposal (Dobson et al., 2009). Small scale farmers, like many in the informal sector, also minimise costs through the through the use of kin or household labour (albeit with the difficulties discussed earlier), along with low or sub-minimum wage remuneration levels, and even forms of 'self-exploitation'. Costs may be contained in other ways, Neves and Hakizimana (2015a) documented a small dairy farmer paying children to reclaim used bottles from a landfill, washing, and filling them with milk for sale in the informal sector. Notwithstanding this dairy-producing smallholder's laudable

enterprise, the public policy conundrum thrown up by the case study, include balancing public health concerns with the communities' access to affordable nutrition.

8.2.3 Access to informal markets

Problems of market access are a frequently-cited constraint for small-scale farmers, however this is not uniformly applicable issue. In many cases successful small farmers or informal sector vendors, are able to harness their locational advantage and proximity to customers, particularly in the township and former homeland rural areas. In this case, market access is enabled by spatial closeness to prospective customers.

Small-scale farmers and informal vendors are also adept at supplying products or commodities, well suited to low income consumers. For example, within informal value chains for fresh produce, vendors and informal retailers exercise an important 'break bulk' function, supplying the small quantities well matched to customer needs. Especially for low income customers with limited incomes, poor access to refrigeration and reliant on public transport. Small scale farmers and informal vendors also benefit from their ability to satisfy customer demand for ripe ready-to-consume produce. This stands in contrast with much supermarket fare, the procurement of which is informed by considerations of shelf-life and fitness for distribution in the supply chain.

Small-scale farmers and other actors in informal value chains, often display a strength in their ability to carve out niches, including in relation to short, local value chains for widely consumed commodities (e.g. cabbages, green mielies, goats etc.) (Philip, 2010). Smallholder's participation in informal value chains, in serving low income consumers does not simply require spatial proximity and appropriate product offerings. Like many in the informal sector, smallholders are able to harness the interpersonal and relational dimensions of contact with known customers, to order to extend informal credit to them. This is a potentially significant competitive advantage in a context with comprised of low-income consumers, many of whom have irregular or 'lumpy' incomes.

8.2.4 Price premiums and arbitrage between scales of 'value' or quality

Small-scale farmers enjoy competitive strength through the supply of affordable products or commodities to low income consumers. However, in some cases they do the converse, and supply superior or more desired commodities. Specific example of these include small-scale farmers in an ex-homeland irrigation scheme in Msinga, marketing some the earliest green mielies at a premium to urban centres hundreds of kilometres away (Cousins, personal communication). Similarly, small-scale farmers routinely benefit from the price premium for cattle with desirable attributes (markings etc) for the ceremonial market, premia in excess of the value of the animal's value to an abattoir. Although impoverished mass-market consumers are cost sensitive, like all consumers they display a willingness to pay for desirable commodities or attributes.

Building on these strengths, small-scale farmers demonstrate an ability to arbitrage between various markets (such as informal and formal), or 'scales of value'. For example, a Limpopo case study documented a small-scale farmer and entrepreneur, who marketed his higher value cattle in formal livestock auctions. Whereas he slaughtered his own (and bought in) lower value (lower grade) cattle for his informal butchery. He explained that to his low-income customers, 'meat is meat' (i.e. lower grade meat suffices) (Neves et al., 2011). His differential engagement with these two value chains, saw him gained maximum value for his high grade animals, and supply low income consumers with affordable meat.

9 Discussion: reflecting on small-scale farmer 'strengths' and 'weaknesses'

Following the preceding discussion of the 'strengths' and 'weaknesses' of small-scale farmers participation in agricultural value chains, the section that follows seeks to explicate the relationship between them.

9.1 Weaknesses are complex and 'nested'

The first point is that the various 'weaknesses' that mark smallholder's participation in agricultural value chains are complex and 'nested'. In other words, not all weakness are of equal weight, and some are subsumed within others.

Much analysis tends to focus on particular constraints and challenges facing smallholders. However, what might manifest as a commonplace weakness of smallholders (e.g. difficulties in procuring agricultural inputs, or accessing viable markets etc.), may reflect more fundamental problems, typically related to small farmer's diminutive scale. Many 'weaknesses' conventionally ascribed to smallholders reflect the hidden reality of the high transaction costs and the disadvantages of their small-scale. The litany of smallholder weaknesses enumerated above, have this 'nested' or tiered quality.

This relationship between various kinds of smallholder weaknesses is not always recognised in the literature. Yet it is analytically salient and has implications for thinking about policy. Scholars sometimes fixate on the presenting problem or ostensive weaknesses of small-scale farmers, but do not consistently relate these relative to larger issues of viability and scale. A single typical example is instructive. Mtombeni et al. (2019) adeptly describe 'informational' barriers faced by smallholder farmers in South Africa. Their analysis is plausible and likely entirely valid, but accords these informational barriers analytic primacy, and arguably neglects to locate them relative to more fundamental, structural issues of scale. Scale and viability are interlinked, and can often transcend the basic constraints faced by smallholders. The defining role of scale is well illustrated by commercial farmers, who constantly strive to increase their scale of production.

The constitutive issue of 'scale' has implications for thinking about policy. It points to the fact that the efforts or interventions intended to address small-scale farmer 'weaknesses' may uncover other weaknesses. Efforts to support smallholders are therefore likely to benefit from interventions that are tiered and multiscalar. In addition, policy cannot neglect to consider interventions to respond to transaction costs and the constraints of insufficient scale, including through forms of intermediation and co-ordination. These issues, and the challenges of intermediation and co-ordination, are returned to later in the policy recommendations.

9.2 Weaknesses and strengths are intertwined.

The second point is that the 'strengths' and 'weaknesses' of small-scale farmers participation in value chains are intertwined, and often 'flip sides of the same coin'. 'Strengths' and 'weaknesses' are dynamically interlinked: weaknesses can be strengths, and vice versa. For example, a constraint, such as poor road infrastructure is a weakness: hampering access to markets. Yet impassable roads are simultaneously a strength for smallholders: potentially shielding local markets from external competition. Similarly, inaccessible (i.e. cost, complexity) agricultural inputs are a weakness and inhibit the yields smallholder's obtain. But at the same time, they confer the hidden benefit of a low input production system with contained costs and limited exposure to the risks associated with total

crop failure. Or, thirdly, the ability to draw on interpersonal relations is an advantage in extending of credit to customers, but involves the corresponding disadvantage of customer default.

Not only are small-scale farmer's strengths often concurrently weaknesses, adjudicating the strengths or weaknesses of small-scale farmers participation in value chains is difficult. To do so invariably relies on normative assumptions, often unrooted in practice, regarding the objectives and trade-offs small-scale farmers ought to make.

9.3 Weaknesses and strengths pertain not only to returns, but also risk

Thirdly, 'strengths', 'weaknesses' and the generally viability of small-scale farmers ought not only be viewed in relation to returns, but also risk. Smallholders are often risk averse and poorly positioned to manage risk. As already suggested, they are often not well placed to negotiate distal, value chain related risks especially in their engagement with formal markets. This reality needs to feature in thinking about policy interventions.

9.4 'Inclusion' and 'upgrading' are potentially ambivalent

Finally, consideration of the 'strengths and weaknesses of small-scale farmer participation in value chains flows from the point that their inclusion in in formal value chains can have potentially mixed results. Inclusion is not a simple technical fix, but can entail forms of adverse incorporation (Hickey and du Toit, 2007). Moreover, adverse incorporation may unfold over time, with small-scale farmers 'inclusion' in a value chain initially favourable but deteriorating with the passage of time (Aliber, 2103). Sustaining inclusion may be a far more elusive objective than the process of gaining initial access to a value chain.

Examining key variants of rural areas Aliber (2013) counterintuitively finds higher land use values in the ex-homelands, which is unlikely due to higher land use intensity. Instead,

> *More likely, the reason for the relatively high value for ex-Bantustan areas is that subsistence- oriented producers and those who sell to local, informal markets internalise the margins that would otherwise accrue to the formal marketing and distribution system. …. another way of saying this is that they have weak linkages into value chains, whether by agro-processing or by distribution and retailing, to the extent that for subsistence and locally marketed production, transport costs feature very little. …. the more developed the distribution system, the more the farmer is sharing the final value of the product with other actors along the chain, making the terms of farming more precarious. (Aliber, 2013 p.13*)

Several (Gibson and Ponte, 2005; Ponte and Ewert, 2009) have similarly noted the how diverse trajectories of 'upgrading', which can entail lower gains for producers within agricultural value chains.

10 Small scale farmers, land reform and agricultural support policies

This section considers the extent to which the informal agricultural sector, including smallholder farmers, have been taken into account within land reform and agricultural support policies since 1994. In this section the overlapping policy domains of land reform and agricultural are discussed. South Africa's land reform programme has three components viz. land restitution, land redistribution and security of tenure upgrading. Although small-scale farmers could potentially be the beneficiaries of any of these three, land redistribution is the most salient – and primary focus of the discussion that follows.

This section advances the argument that the small-scale, informal-sector farmers have failed to benefit to any significant extent, from land reform or agricultural support policies in South Africa. Small scale farmers been increasingly deprioritized and overlooked with land reform and agricultural support policies, policies have been bedevilled by substantial problems of implementation and anaemic impacts. This neglect, and the continued marginalization of small-scale farmers, is therefore rooted the design and implementation of policy. It has occurred to the detriment of small farmers , and despite repeated rhetorical support for the small-scale farmers and farming by actors within the state.

The objective of supporting small-scale farmers and farming, was reflected in the earliest iterations of post-apartheid land and agricultural policy. The RDP (Reconstruction and Development Programme) of 1994, posited land reform as a means of creating a dynamic cohort of small-scale farmers, who were mooted as way of, transforming existing large-scale white-dominated agriculture, effecting agrarian reform, and even reversing the apartheid spatial legacy.

At the outset, the primary mechanism for land redistribution was a modest, means-tested 'Settlement Land Acquisition Grant' (SLAG) for land reform beneficiaries. Land restitution projects consisted of grouping (often large) numbers of beneficiaries together, to whom land title was transferred as a group. The policy recognised the place of land for multiple livelihood uses (i.e. not just commercial agriculture), such as subsistence agriculture.

In the quarter century since initiated, South Africa's larger land reform project has arguably failed. It has consistently failed to attain officially stated targets or meet popular expectations. Land reform policy has not transferred land (or secured the tenure) of meaningful numbers of beneficiaries, with and the expansive policy ambitions initially associated with land reform receding and shrinking over time. Land reform policy has also been characterised by abrupt changes of focus: land redistribution programmes have been marked by shifts in tenure arrangements, focal beneficiaries, land uses and even its underlying 'class agenda'.

By 2001 disbursement of the SLAG grant was superseded by 'Land redistribution for Agricultural Development' (LRAD) as the state's primary mechanism for land redistribution. LRAD grants were not means tested, and retreated from the previous pro-poor focus of redistribution. Instead, LRAD sought to establish a class of black commercial farmers. In this respect land reform policy echoed South Africa's wider political and macroeconomic swing away from the pro-poor RDP, to neoliberal growth strategy through supporting entrepreneurship and creating a black middle class. LRAD's shift in focus away from support for small-scale farmers, occurred alongside equally faltering efforts at land restitution (particularly of rural land).

In 2006 the 'Proactive Land Acquisition Strategy' (PLAS) was introduced, which entirely eclipsed LRAD programme by 2011. PLAS broke with preceding redistribution programmes, because rather than transferring title to land reform beneficiaries, land was to be purchased by the state and leased back to beneficiaries. Therefore, tenure was 'conditional' within PLAS, and its focus narrowed to market-orientated agricultural production. This official insistence on commercial agriculture is incompatible with the reality use of land for settlement and a multitude of other livelihood purposes. LRAD endures to the present day, and paradigmatically frames efforts at land restitution in South Africa, amidst ongoing developments and debate.

Following rise of the Jacob Zuma administration, and the ruling ANC's 2007 Polokwane Resolution on 'rural development, land reform and agrarian change' the Department of Land Affairs and Agriculture was split into the Department of Agriculture, Forestry and Fisheries (DAFF) and the Department of Rural Development and Land Reform (DRDLR). While the Land Affairs and Agriculture

had long been disconnected (arguably to the detriment of support for small famers), the ensuring policy and institutional flux (enacted again in 2019, with re-merging of the departments), adversely affected land reform.

Many of the problems in land reform have been well documented (Hall, 2009; Hendricks et al., 2013, Greenberg, 2013, RSA, 2016). Some of these problems include the perennial problem of inadequate 'post-settlement support' for land reform beneficiaries. This is in addition to the constraints imposed by the diminutive budget allocated (seldom more than 0.5% of state expenditure, with only 0.1% for land restitution more recently). Failures and budgets are moreover intertwined. With the documented weaknesses in land reform, it is difficult to make the case more people would acquire secure rights were there a larger budget (RSA, 2016, p. 55). More recently, is mounting evidence of corruption and elite capture, including in the allocation of farms to land reform beneficiaries (Hall and Kepe, 2017).

These failures, and the slow pace of land reform, have undoubtedly contributed to the social and political contestation surrounding land. They have arguably animated recent fractious debate over the 'expropriation without compensation' constitutional amendment. Even though several commentators such as a High Level Panel on Land Reform have noted '….the need to pay compensation has not been the most serious constraint on land reform in South Africa to date – other constraints, including increasing evidence of corruption by officials, the diversion of land reform budget to elites, lack of political will, and lack of training and capacity, have proved more serious stumbling blocks to land reform' (RSA, 2016 p.51). Not only has land reform drifted away from its original pro-poor stance, it lacks a coherent vision for an inclusive agrarian order. After over two decades of land reform in South Africa, fundamental questions include not only how land reform ought to be accomplished but - what the objectives of land reform are, and who its key beneficiaries ought to be?

Agricultural policies, and support for small-scale farmers have typically been disconnected land reform in South Africa. Agricultural support targeting small sale farmers ought to ideally reach land reform beneficiaries, but also extends to beyond the land reform beneficiaries to other small-scale farmers (or aspirant small farmers). Unfortunately, agricultural support interventions have often been subject to the same kinds of systemic weaknesses as those identified in relation to land reform.

Assessing the generally ineffectual agricultural support for small-scale farmers terms Aliber and Hall (2012), note substantial sums of money have been spent 'yet the incidence of benefits is so slight…') (p. 552). Meaningful impacts have been inhibited by the department of agriculture's poor uses of resources, an inadequate understanding of its (farmer) clients (with most black farmers remaining 'invisible'), along with the state's frequent inclination to prioritize avoiding underspending, rather than generating maximal impacts (Aliber and Hall, 2012). Alongside marked weaknesses in the provision of agricultural support for small-scale farmers, there has also been a gradual shift in focus from small farmers to larger scale, black commercial farmers. This has found concrete manifestation in Comprehensive Agricultural Support Programme (CASP), launched in 2004, which saw the state seek to concentrate resources on small numbers of larger scale black commercial farmer beneficiaries (Aliber and Hall, 2010). This is a shift that echoes comparable dynamics within Land Reform policy.

Various other programmes, policies and project to support small farmers have been characterised by a general bias towards commercialisation and market expansion, and to inclusion in formal markets and value chains. These have consisted of various kinds of partnerships, equity share schemes or joint ventures, between larger scale commercial farmers and small black farmers. Unfortunately,

these initiatives have often met with mixed successes, and often limited positive outcomes for small-scale farmers. They have also been criticised by several scholars.

Commercial farming in the communal areas of former homeland has also received patchy support through various agricultural development projects. These have typically been based on the consolidation of plots, private sector involvement, and contractor-based farming systems. A prominent example was the Siyakhula / Massive Food Production Programme (MFPP) from 2003. Consisting of a sliding scale of funding for participating communal area farmers, it was broadly informed by value chains approach, including attempting to facilitate upstream inputs and access to downstream markets (Nilsson and Karlsson, 2008). Despite initial increases in yields, the project failed to attain sustainability, in part due to delays in disbursements, rising farmer indebtedness and a shrinking core of participating producers (Tregurtha, 2008).

In conclusion, land reform and agriculture support policies have over time moved away from a focus on small-scale farmers. In addition to which, actual, on-the ground support for small-scale farmers – always paltry - has been hindered by weaknesses in the implementation of both land reform and agricultural interventions. These weaknesses are reflected in the failure of land reform to transfer land to significant numbers of beneficiaries, or for agricultural support to reach sizeable numbers of small-scale farmers.

In reflecting on how small-scale farmers might benefit from land reform and agricultural policy, it is helpful to think of a three part sequence. Firstly, small-scale farmers beneficiaries (or would-be small farmers) would hypothetically need to secure access to land (including through land reform). Secondly, they would need post-settlement support to facilitate agricultural production. Thirdly, they would need to access markets (assuming they had a marketable surplus to sell). Unfortunately, small-scale farmers, have generally been stymied in the first step (above): namely accessing land or securing their tenure through land reform. Then, for the few that have successfully accessed land through land reform, they have almost invariably failed to receive meaningful support for agricultural production (i.e. the second step above). These cumulative failures make it difficult to discern clear policy success in small farmers land reform beneficiaries accessing markets and value chains – the envisaged third step in the above hypothetical sequence.

11 Policy recommendations

In this final section, policy recommendations to facilitate and strengthen smallholder participation in agricultural value chains are presented. Supporting small-scale farmers and facilitating their participation in markets is not an easy endeavour in the South African context. Successfully doing so requires policy interventions across several ‘scales’ and domains. These multiscalar ‘domains’ are briefly delineated below, and elaborated on the specific policy recommendations that follow.

Firstly, there is a need to conceptualise pro-smallholder public policy interventions at the local level: the many ‘micro’ contexts in which small-scale farmers are to be found (See Figure 3). Policy interventions at this level include the task of defining and appropriately targeting both smallholders and land reform beneficiaries. In addition, there is a need to vastly improving the South Africa state’s engagement with rural contexts, including its efforts to effect land reform, and provide agricultural support to smallholders.

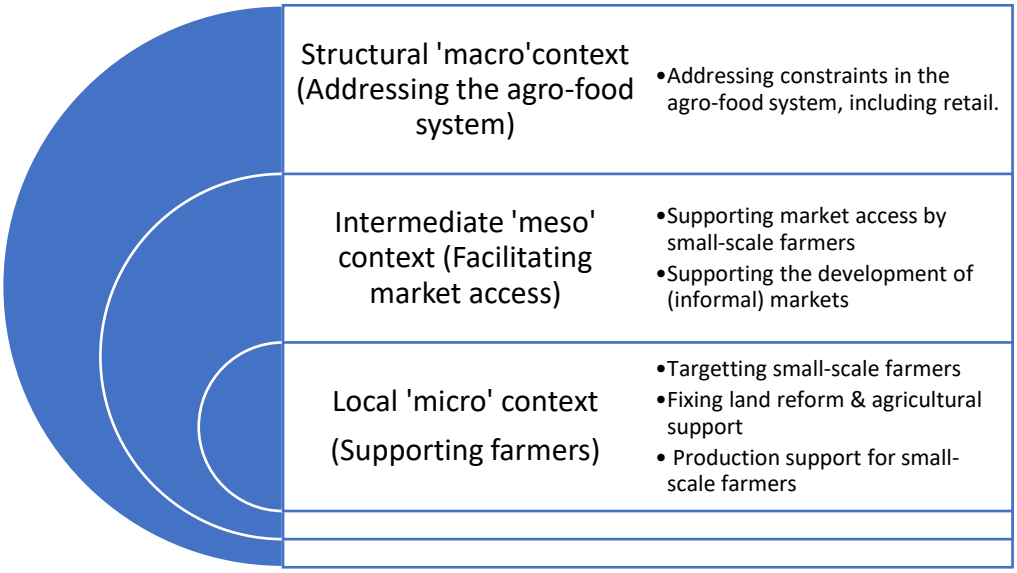
The second policy domain radiates outward from the ‘local’, and encompasses the intermediate or ‘meso’ scale including interventions to support smallholders access to markets (and facilitate smallholder-accessible markets). Smallholder-accessible value chains maybe proximate or ‘local’, but

some might also be spatially distant. The policy recommendations presented below reflect on the potential points of policy leverage to facilitate the participation of smallholders in the agro-food value chains, including supporting their supply into both formal (retail and wholesale) and informal (retail) markets. Informal markets are frequently overlooked in policy, yet remain provide crucial sites for smallholders' value chain participation.

The third and final policy domain is the overarching 'macro' structural and economic context, within which all agriculture, including small-scale farming, is undertaken. In South Africa this larger context is dominated by large-scale agribusiness and a modern agro-food sector. The policy recommendations accordingly reflect on the necessity of addressing the structural constraints imposed by the larger agro-food system, as it is currently constituted.

Finally, throughout the policy discussion section the applicable spheres of government, departments and state agencies that ought to be involved, are briefly indicated.

Figure 2: Policy 'domains' or contexts for supporting small-scale farmers



11.1 Support for small-scale farmers

The first policy domain, identified above, is the local or 'micro' context. Within this 'domain' supporting smallholders and optimising policy interventions to support them – such as agricultural support and land reform – is particularly germane.

11.2 Fix land reform

If land reform is to support small-scale farmers, substantial weaknesses within prevailing land reform policy and practice (i.e. implementation) needs to urgently be remediated. Foremost amongst these, is the paucity of a coherent vision for land and agrarian reform in South Africa, hence, 'clarifying the vision and setting priorities remains the big open challenges in the government's effort to support small-scale agriculture' (Aliber and Hall, 2012). Furthermore, dynamics such as policy and institutional flux, a bias towards large-scale commercial farmers and farming, and dysfunctional systems of implementation, detract from the ability of land reform policy

to meaningfully help small-scale farmers. In other words, the larger problems bedevilling land reform in South Africa stifle its ability to support small-scale farmers.

The question of how to address these weaknesses within South Africa's larger land reform project are beyond the scope of these recommendations to discuss in detail, and have been the topic of detailed discussion elsewhere (e.g. RSA, 2016). Broadly speaking, responding to the challenges within land reform demands clarifying the vision for the South Africa's countryside and agrarian order, reversing a bias towards large-scale agriculture, and addressing the many problems of implementation. As they currently exist, land reform policy and programmes are likely to continue to have little impact on small-scale farmers - because they have relatively little impact at all. Improving the effectiveness of land reform, and appropriately orientating its focus to small-scale farmers, is hence a prerequisite for land reform successfully supporting small-scale farmers.

11.3 Address weaknesses in rural governance and administration

There is a need to improve rural governance and address administrative weaknesses, particularly in the former homeland communal areas. The ambiguous place of hereditary traditional authorities within a democratic constitutional order, and attempts to reanimate the institution (Ntsebeza, 2011) are contribute to ongoing uncertainty, especially in relation to land allocation and land administration. Although politically contentious, and unnameable to a simple administrative 'fix', unresolved rural governance issues detract from efforts to facilitate development, including of small-scale agriculture, within the communal areas.

Support for small-scale agriculture would also greatly benefit from improving public services in rural areas, especially in the former homelands. This demands attention because weaknesses within rural governance and public administration detract from the effectiveness of the state, undermining rural development and ultimately provision of support to small-scale farmers. Addressing problems surrounding rural governance and administration does not only entail a political dimension. Improving intergovernmental co-ordination in support of small-scale agriculture requires developing clear institutional mandates between departments and directorates (e.g. Agriculture and Land Reform), resolving administrative bottlenecks, and harnessing the relevant spheres of government (for instance, small-scale agriculture is often omitted from local government spatial development plans).

11.4 Define small-scale farmer beneficiaries

There is a need to clearly define and target small-scale farmers (and aspirant small farmers). Firstly, this requires reversing the bias to large-scale commercial agricultural systems and formal markets. Much agricultural and land reform policy defaults to these as the implicit normative objective for all agricultural producers. There is a need to understand the potential contribution of small-scale farmers, but also understand heterogeneity between such farmers. For example, a current challenge to policy is the existence of several incommensurate typologies of small-scale farmers used by various departments and state agencies. These typologies ought to be consolidated, or at least rendered mutually intelligibility, in order to appropriately conceptualise small-scale farmers. Thereby enabling the state to pursue a plural strategy of support to various scales of small-scale farmers. These strategies are further elaborated on below:

11.4.1 Target small-scale farmers engaged in market-orientated agricultural production

Firstly, there is clear advantage in targeting state support to small-scale farmers who are (or can readily become) engaged in agricultural production. The objective ought to be to support such

producers, and build on the commodity sectors in which they are already active - from cropping to livestock production. This also requires acknowledging the fact that some producers occupy a middle ground between 'subsistence' household production and forms of commercial production. Aliber and Hall (2012), and others, refer to these as the 'missing middle' of market orientated small-scale farmers. Such producers have long been overlooked by policy, in its stark bifurcation between 'subsistence' producers and larger scale, black 'commercial' farmers.

11.4.2 Also support smallholders 'subsistence' (i.e. non-market orientated) small-scale farmers

It is also important not to overlook the provision of support for smaller scale, subsistence-orientated farmers. Subsistence (or non-market orientated) farmers and scales of production ought to supported for reasons even *apart* from their livelihood enhancing impacts, or hope that they may 'graduate' or upscale to become market orientated producers. With an objective to increase the participation of small-scale farmers in agricultural value chains the argument that follows is seemingly counterintuitive – yet it warrants stating.

The argument is that although subsistence farmers do not market an agricultural surplus, they contribute to the wider 'enabling' environment for agriculture, to the ultimate benefit of *other* (market-orientated) small-scale farmers. Widespread subsistence agriculture is likely to generate 'agglomeration effects' in rural settings and markets. A sizeable strata of subsistence producers potentially would have effects such as fostering greater demand in upstream agricultural input supply chains. A 'base' of subsistence producers also potentially serves to increase the dynamism of local markets and value chains, downstream of farming. Moreover, a 'critical mass' of producers may serve to counter many of the pernicious dynamics of agricultural decline and deagrarianisation, such the lack of communal incentive to maintain fences, or deter livestock from cultivated fields.

The key point is that within South Africa's deagrarianised countryside, long monetized, commodified, and incorporated into the modern agro-food system, the act of promoting large numbers of even comparatively small-scale and supplementary local agricultural producers is likely to have 'mean shifting' positive effects. Many rural residents could potentially benefit from the labour market effects, infrastructure, and development schemes, catalysed by such smallholders.

11.4.3 Target female small-scale farmers

Beyond targeting small-scale farmers (and extending complimentary support to subsistence producers), there is a need to be attentive to gender and the needs of female smallholders. Across sub-Saharan Africa women are traditionally regarded as responsible for household food security, while higher value and fungible agricultural commodities are controlled by men (Njuki, et al., 2011). However, amidst the rapid changes in gender relations, South Africa's declining rates of marriage, and increasing patterns female-headed household composition, female small-scale farmers are evident in just about every commodity sector[19]. Support for female smallholders is crucial in light of the disproportionately higher impact on household well-being of incomes accruing to women, as opposed to men. Female smallholders should not only be earmarking for an appropriate proportion of farmer support, such support needs to be attentive to, and structured around, the gendered burden of women's housework and 'care-work' within rural households and communities.

[19] Only cattle production, still seems to remain the sole domain of men.

11.4.4 Target selected spatial zones.

Finally, in addition to targeting small-scale farmers in the above demographic groups, there is utility in complementing this approach with an area-based focus. Aliber and Hall (2010) note that over a quarter of small-scale black farmers are clustered in a small number of districts (viz. Vembe district, Limpopo; OR Tambo, Eastern Cape, Ugu in KwaZulu-Natal and Ehlanzeni In Mpumalanga). This distribution suggests that the 'crowding in' of infrastructure and agricultural support in these spatial zones is likely to have an outsized impact on small-scale farmers. Focusing on spatial contexts rather than selected individual smallholders (or small groups of smallholders) will potentially attenuate the cost, complexity and even contestation, associated with targeted public programmes. A flexible and additive approach is therefore required to targeting.

11.5 Improve production support and agricultural extension to smallholder farmers

After targeting small-scale farmers (in groups and districts), there is a need for policy to extend production support to such farmers. Production support potentially ranges from the provision of public services and infrastructure, to direct forms of technical support, agricultural extension, and even finance and credit. At present provision nominally exists for several of these services (e.g. such agricultural extension and finance) yet without exception there is a need to vastly improve their scope and effectiveness. It is difficult to think of a single domain or type of support for small-scale farmers, which is not in need of substantial enhancement in present-day South Africa.

Small-scale farmers need to be supported with physical infrastructure, for example fencing and irrigation. In addition to which agricultural extension needs to be appropriately matched to small-scale farmer needs, ranging from technical assistance for production, such as inputs and ploughing services, and animal health interventions. Production support, like all support to small-scale farmers, is likely to be most effective when commodity specific. Furthermore, there is utility in judicious support within the post-production or post-harvest phase, including facilities and systems to enable the processing, storage and marketing of commodities.

Many of the above functions are within the remit of the provincial departments of agriculture. However there remains a pressing need to improve interdepartmental co-ordination to link departments of agriculture to land reform beneficiaries, and solve the perennial problems of post-settlement support. It is also important to recognise the dangers of policy support being narrowly 'production-centric', because agro-processing and marketing require complimentary support from municipal local economic development officers, provincial departments of economic development, and nationally, an enabling environment faciltated by the Department of Trade and Industry.

Finally, public interventions to support production need to be scalable. For this reason, it is necessary to organising producers, including through institutions such as producer associations and co-ops. Although these entities are highly management-intensive to set up and sustain, they are powerful modalities for overcoming some of the obstacles and high transaction costs smallholders typically face. Their formation, however, needs to be informed by an understanding of the past failures of co-ops in the South Africa context. Finally, similar forms of collective action and producer organisation are equally important in efforts to support smallholders' access to markets – discussed below.

11.6 Support small-scale farmers access to markets

Small-scale farmers need support in order to access agricultural value chains and markets. Policy to support smallholders market access needs to acknowledge the diversified markets – both formal and

informal – in which they participate. The informal sector generally offers fewer barriers to entry, representing the sector context and value chains in which most smallholders participate. For this reason, it is important that policymakers not unduly valorise or privilege *formal* value chains and markets. However, policy should also not preclude smallholder who demonstrate an ability or reasonable inclination to supply into formal markets either. Maintaining a dual focus on informal and formal value chains is also consistent with the reality of small-scale farmers' strategic oscillation between these two downstream markets. Policy support for smallholders therefore requires a highly nuanced and flexible approach, with a willingness to support for participation in either, or both, formal, and informal value chains. These value chains are further disaggregated below.

11.7 Support small-scale farmer supply to formal retail and wholesale markets

A useful distinction in thinking about supporting smallholders participation in value chains, is between supply into two potentially different kinds of formal value chains.

The first are value chains for perishable, widely-consumed horticultural commodities and meat, for which there is local demand. Typically horticultural products would include cabbage, spinach, but also tomatoes, potatoes and onions, and even seasonal fruit. Participation in the formal sector value chains for meat (typically beef, with mutton, lamb and goat to a lesser extent) is possible, but potentially less accessible to small-scale farmers, because they demand livestock be processed in accredited abattoirs. All of these commodities are united by the face of strong local demand, along with value chains (especially in relation to fresh produce) characterised by high volumes of, often comparatively, low value commodities. Formal retailers' procurement from small-scale farmers can be exacted through regulatory fiat, but also incentivised concessions, systems of accreditation and even favourable publicity and promotion.

The second type of formal sector value chains, in which small-scale farmers can potentially participate, are very different to the above. These are markets for higher value or niche commodities for which there may be comparatively little local demand. The supply of such commodities invariably entails spatially extensive value chains, and can be economically feasible even with relatively low volumes. Examples of such commodities include (but are not limited to) mushrooms, herbs, berries, honey, nuts, olives, truffles etc.

Value chains for the latter, high value, low volume commodities, may include speciality products, defined by locality, or otherwise amenable to being linked to a producer identity (i.e. 'branded') to capture maximal gains. Examples might include herbs, regional specialities (such as marula fruit), honey, variants of piquant peppers (comparable to trademarked 'pepperdews'). This has arguably not been very well done, even by South Africa's large-scale commercial agriculture. For example, Karoo lamb continues to be widely mislabelled, with producers failing to consistently reap a price premium for it. Similarly, South Africa historically neglected to register a (geographical indication) trademark for rooibos tea in the lucrative US market[20]. These failures, even by relatively sophisticated and resourced commercial producers, speak to the necessity of a value chain informed approach. It also suggests the crucial role of market intermediaries to broker small-scale farmer participation within these often complex and exacting formal markets.

[20] The trademark for 'rooibos' was opportunistically registered (and licensed) by an private US firm for a decade, until it was legally defeated in the 2004.

11.8 Support wholesale markets

There is a need to support small-scale farmers supply into wholesale markets (including but not necessarily limited to) the National Fresh Produce Markets, where appropriate. These wholesale markets do not only function as potentially key sites for value chain participation by small-scale farmers, they are important supply chain for 'downstream' informal sector retailers and vendors. The existence of the latter is essential as a 'counterweight' to increasingly concentrated and powerful formal retail. Such institutionalised wholesale markets also present a rare market conduit by which smallholder produce can potentially supply the formal retail sector; a sector which is otherwise largely inaccessible to them. It is not clear if the scale of these linkages, especially the importance of such wholesale markets to the 'informal sector' is adequately recognised within policy and policy making circles. Policy needs to better understand the both the present and prospective role of these wholesale markets, along with the potential 'cost' of their continued decline.

As most of the National Fresh Produce Markets fall under the ambit of municipalities, policy responses cannot neglect to involve local municipalities.

11.9 Support informal markets

Informal agricultural value chains and markets warrant policy support. Informal sector value chains are currently, and are likely to continue to be, significant downstream markets for small-scale farmers. A significant finding of the current report is that policy support for smallholders needs to recognise that they variously participate in both formal and informal sector value chains. Supporting small-scale farmers participation in informal agro-food value chains entails addressing many of the challenges faced by the informal sector in South Africa more generally.

Key sites of policy leverage over the informal sector exist within the realm of local government. Perhaps the first challenge is for policymakers to recognise the importance of the informal sector, notably its contribution to employment. Following which, state based actors ought to be encouraged to temper the ambivalence or even antipathy, they sometimes display in relation to the informal sector. Ideally policy support for the informal sector needs to be guided by, and build on, informal economic activities that are already evident; although in a manner that does not preclude innovation or novel activities. At a local government level, supporting the informal sector entails addressing the manifold regulatory issues involved (such as environmental health, public safety and fire safety related concerns, zoning and land use planning, and traffic management) - particularly in high density urban settings. This requires multidisciplinary and inter-departmental co-ordination within local government, but also a balancing of public safety and health considerations, against employment and nutrition related benefits the sector offers. Such a 'balancing' of costs and benefits is typically difficult for technocrats and hierarchical bureaucracies to achieve without strong inter-departmental co-ordination and leadership from above.

In addition to implementing pro-poor and employment-enabling regimes of informal sector regulation, is the necessity of proactively support the informal sector. Such interventions encompass providing the basic requisites of: appropriate spaces for vending in well sited locations, secure overnight storage, access to basic services such as water, electricity, along with sanitation and solid waste management (refuse removal). Within policymaking circles attentiveness to the provision of basic facilities and services can sometimes be displaced by a focus on prestigious, complex, novel or management-intensive interventions: a tendency that needs to be guarded against.

11.10 Regulate the (formal) agro-food sector

An important point in conceptualising policy support for smallholders, is recognition of the expansiveness of the domains that that impact on them. Agro-processing, manufacturing but especially retail are key sites shaping the agro-food system - and they constrain and invariably 'crowd out' the space for the participation of small-scale farmers in the larger agro-food system. Hence, there is a need to simultaneously encourage the participation of small-scale farmers (suggested above), but also facilitate alternatives to formal sector retail. The latter speaks to the need to address concentration and the dominance, particularly of large-scale corporate grocery retailers. In this respect, a panoply of policy interventions ranging from trade and industrial policy, competition policy, forms of local retail regulation and licensing are all potentially key intercessions, that ought to be on the agenda.

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