

AGRICULTURE AND LOCAL ECONOMIC DEVELOPMENT: A CASE STUDY OF UMSHWATHI

Claudia Ariatti*

University of KwaZulu-Natal

ariatti@vodamail.co.za

Mihalis Chasomeris*

University of KwaZulu-Natal

chasomerism1@ukzn.ac.za

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Abstract

Local economic development (LED) is a process encompassing mobilisation of resources for competitive advantage by locally-owned or managed courses of action, identified through participation and social dialogue, in a strategically defined territory. LED based on sound business principles can contribute to economic growth, job creation and poverty alleviation. The South African Constitution mandates LED to municipalities. Agriculture remains one of the most labour-intensive goods-production sectors with substantial employment linkages. The study centres on whether agriculture can provide an effective strategy for LED in uMshwathi Local Municipality, District Municipality of uMgungundlovu, KwaZulu-Natal, using the research method of the case study and secondary data. LED theories applied embody the principle of value-adding risk management. Locational development-inducing factors and high potential agricultural land for smallholder and organic farming provide comparative and competitive advantage. Agriculture's significant role to accelerate LED in uMshwathi is confirmed. A grand strategy and functional strategies are proposed.

Keywords

Local Economic Development, uMshwathi Local Municipality, Agricultural Employment

Mrs C Ariatti* is an MBA Graduate of the Graduate School of Business and Leadership (GSBL), University of KwaZulu-Natal, South Africa.

Dr M Chasomeris* is the Academic Leader for Teaching and Learning at the Graduate School of Business and Leadership, (GSBL) University of KwaZulu-Natal, South Africa.

1. INTRODUCTION

There is consensus that the focal point of South Africa's growth is the creation of employment that leads to comprehensive economic advancement and is the means to more rapid poverty reduction and income redistribution (National Planning Commission (NPC), 2012). Economic expansion at the levels projected remains inadequate for the country to meaningfully reduce unemployment and poverty (The Presidency, 2010), as it is driven by unsustainable increases in credit extension and consumption not sufficiently supported by production sector expansion (Department of Trade and Industry (dti), 2013). Jobs drive development; jobs should not be an afterthought of growth (World Bank, 2013).

South Africans have an opportunity to forge a broad-based 'social compact', a shared social and economic vision, aimed at facilitating effective partnerships between government, business, labour, communities and civil society in pursuit of common goals, and a 'peoples' contract' among citizens, as persuasively articulated in both the New Growth Path (NGP) and the National Development Plan (NDP). The Constitution, Act 108 of 1996, is premised on the developmental nature of the state (Olivier, Van Zyl & Williams, 2010), and delegates local economic development (LED) to 278 municipalities (Republic of South Africa (RSA), 1996: ss152, 153).

The critical research question in respect of the uMshwathi Local Municipality (ULM), situated within the uMgungundlovu District Municipality (UMDM), Province of KwaZulu-Natal (KZN), is whether agriculture can provide an effective strategy for LED. uMshwathi, characterised by poor infrastructure and service delivery backlogs, is susceptible to poor growth and underdevelopment, and attempts to stimulate LED will be limited by capacity constraints. Employment creation and poverty alleviation are significant concerns of uMshwathi residents and the Municipality (ULM, 2013).

Research objectives include: to develop strategies in uMshwathi, using local resources and skills, of diverse economic initiatives in an all-inclusive approach to development, prioritising job creation and poverty alleviation, and to implement strategies to respond timeously to changing circumstances, so as to generate local, national, and international partnerships between communities, businesses and government to solve problems, create joint business ventures and build local areas. LED is essentially opportunistic. The World Bank (2013) stresses that strategy selection is shaped by opportunities embracing risk, and that undertaking risks assists an economy to evolve and to become more competitive.

Agriculture remains the most labour-intensive sector of the South African economy and is of particular significance to KZN's provincial context of high unemployment (The Presidency, 2010). Agriculture-led growth is a main strategy to achieve the 2000 Millennium Development Goals of poverty reduction, and is espoused by the 2009 Comprehensive Rural Development Programme (The Presidency, 2010). The NGP and the NDP promote agriculture as a means to achieve all-inclusive growth, employment and food security. The unfettering of the agricultural sector will contribute to job creation (KZN Province, 2011). 'The importance of agriculture in uMshwathi cannot be overemphasized' (UMDM, 2012:13), as 92% of uMshwathi is endowed with high, good or moderately good land potential (UMDM, 2006). Notwithstanding this, UMDM contributed only 11% to the KZN agricultural sector's real 2012 GDP and is ranked merely seventh out of the ten KZN districts (KZN Province, 2013a).

The paper adopts the following structure. Section 2 provides an overview of LED in South Africa

and of the agricultural sector. The research methodology is discussed in Section 3. Section 4 is an analysis of the case study of the uMshwathi Local Municipality. Section 5 concludes.

2. LITERATURE REVIEW

Key findings of the literature review are summarised under selected headings.

2.1 Local Economic Development

LED is about territorial economic development where the defined territory should be set at a scale which is a functional economic area, one that facilitates the creation of trust, cooperation and innovation between all key actors (Rogerson, 2009). LED is based on using unique local assets (Nel and Rogerson, 2005). LED is a change process requiring some level of strategic alignment among the key stakeholders in the given location (Meyer-Stamer, 2008). Strategy entails making choices in respect of certain sectors, approaches and activities, where stakeholders share an image of where the foremost development potential of the territory lies, and at how to leverage it, in order to create a location-based competitive advantage (Porter 1998, cited by Meyer-Stamer, 2008). There is no best practice strategy to maximise economic development potential and to minimise risk (Roberts, 2011). However, missed development opportunities arise when necessary risks are not taken (World Bank, 2013).

Thus LED is a participatory process (Rodríguez-Pose & Tijmstra, 2005), a course of action, resulting in development leading to progression, or progression leading to development. Whilst LED has at its core an economic focus, the goal is ultimately to achieve a sustainable development pattern inclusive of economic, social and environmental issues (Rogerson, 2009). LED literature expounds the decline of grand theory and the employment of more limited, post-modern approaches. Economic development theory must evolve to parallel changing economic structures, so remaining pertinent to practice. Following intensification of regional and local strategies, LED appropriated selected economic development principles from three identified phases of economic development (Nel & Rogerson, 2005; Meyer-Stamer, 2008; Swinburn & Yatta, 2006). Blakely and Leigh (2010) argue that a fourth phase, sustainable local economic development, sums up the historical theories.

National, provincial and local spheres of government are distinctive, interdependent and interrelated (RSA, 1996:ss40, 41). The Intergovernmental Relations Framework Act 13 of 2005 provides for structures and institutions that promote and facilitate intergovernmental relations (RSA, 2005). The crux of the South African developmental state (Olivier et al., 2010) is that the state advances the development of country and citizens by using its extensive capacity to plan, oversee and implement developmental objectives, to reposition the comparative advantage of national economies towards sectors of strategic global value. According to Knorringa and Meyer-Stamer (2008), vibrant local economies usually result from interactions between market forces, entrepreneurship and chance, and may occasionally be the outcome of national governments' planning and development efforts.

The White Paper on Local Government introduces the concept of 'developmental local government' as working with citizens and groups in the community to arrive at sustainable means to meet social, economic and related needs, and so improve the tenor of daily lives (RSA, 1998:23). This image is underscored by the NDP. The Municipal Systems Act 32 of 2000 legislated for integrated development planning with principles, mechanisms and processes essential to

municipalities mandated to develop communities socially and economically (RSA, 2000). A vision for LED was introduced with the National LED Framework (2006–2011) of the Department of Provincial Government, with the theme of stimulating and developing sustainable local economies (Rogerson, 2009). Regional and Local Economic Development (RLED) has emerged as a result of the complexities experienced by individual municipalities in conceptualising and implementing LED plans.

LED is recognised as a critical approach to pursue in South Africa, within the context of empowered local authorities, pro-active actions by local citizens, and the need to ensure that development is pro-poor in its focus and outcomes (Rogerson and Rogerson, 2010). The valued move towards the professionalisation of both the LED profession and local government could resolve fundamental issues, leading to a more profitable implementation and operation of local economic development (RSA, 2011).

2.2 Agriculture

Economic growth in excess of 5% a year is necessary to promote sustainable job creation in South Africa (NPC, 2012). The NDP prioritises areas where comparative advantage is present. Agriculture, forestry and fishing, and mining have mainly recorded positive trade balances for the period 2000 to third quarter 2012 (dti, 2013), with the former exporting more of such products by value, than importing, an aggregated indicator of revealed comparative advantage. The country's manufacturing trade balance is negative, has deteriorated and the revealed comparative disadvantage appears to be increasing.

The South African agriculture and manufacturing sectors have the highest output multiplier effects (Pan-African Investment and Research Services, 2011). Thus a one rand investment spending in agriculture produces more than a rand value in output, while a boost in manufacturing results in an improved agricultural sector due to direct linkages, especially in the agro-processing industries. The percentage increase (elasticity) in jobs created in agriculture surpasses other sectors, with almost eleven decent and sustainable jobs created as a result of a million rand additional investment spending. Fiscal revenue is increased by an estimated R0.56 per rand invested in agriculture, and the sector has the best responsive reaction to improved investment in the export sector.

Statistics in respect of the 15.055 million South Africans in employment reveal that in the first quarter 2014, 709 000 were employed in agriculture, 422 000 in mining and 1 487 000 in manufacturing (Statistics South Africa (StatsSA), 2014). The historical contraction in formal employment in agriculture continues: in 1971, 1 800 000 people were employed, decreasing to 1 200 000 in 1995 and to 739 000 for the first quarter 2013 (900 000, including food and beverage processing and fishing) (NPC, 2012; StatsSA, 2013b).

However, agriculture continues to be one of the most labour-intensive goods-production sectors, has substantial employment linkages and is among the few remaining sectors with strong direct and indirect employment links to the rural poor. National and international factors have contributed to the neglect of agriculture (NPC, 2012) and to the decline in the South African agricultural sector (KZN Province, 2012; Stanton, 2009). The ten-year objective of the Integrated Sustainable Rural Development Strategy (ISRDS) was that rural areas achieve internal capacity for integrated, sustainable development (The ISRDS, 2000).

The 2003 Comprehensive Africa Agriculture Development Program under the patronage of NEPAD, the African Union's New Partnership for Africa's Development, views agriculture as the engine of

growth, with the quest for 6% average annual sector national growth, the allocation of 10% of national budgets to the agricultural sector and programme implementation by individual countries (Organisation for Economic Co-operation and Development (OECD), 2010). The insecurity surrounding the future of universal food supply has encouraged investors to acquire significant tracts of productive land in developing countries, particularly in Africa (Oxfam, 2012). African governments are urged to initiate a uniquely African green revolution, as the opportunity exists for young entrepreneurs to merge agriculture with 21st century global markets (Africa Progress Panel, 2014).

South Africa's trajectory through a series of successive development stages is differentiated by its particular divisive history, compounded by the fact that as a resource-based economy it is saddled with the resource curse (Meyer-Stamer, 2008). LED and agriculture have at this time assumed grand proportions, as a result of the government according priority status to agriculture. The importance to the economy of the combined primary sector of agriculture, forestry and fisheries is measured both in terms of food security and employment contribution (The Presidency, 2010). The significance of agricultural income as an asset for some 1 300 000 poor rural households, with access to land for farming purposes, is declining, with social grants and remittances becoming an essential source of livelihood (Development Bank of Southern Africa (DBSA), 2011).

The Department of Agriculture has developed an Integrated Food Security Strategy (DBSA, 2011). The NGP prioritises employment in the agricultural value chain, by targeting opportunities leading up to 2020 for households in agricultural smallholder schemes, jobs in agro-processing and upgrading the conditions of farm workers (The Presidency, 2010). In addition the NDP proposes a multifaceted approach to attain an inclusive and integrated rural economy by 2030 (NPC, 2012). The organic agricultural sector has been identified for promotion by consecutive Industrial Policy Action Plans (dti, 2013). All government frameworks and plans will at this time take the NDP as point of departure, including the Medium Term Strategic Framework (NPC, 2012).

Development economics deals with the efficient allocation of existing scarce or idle productive resources, their sustained growth, and the economic, social, political and institutional mechanisms, both public and private, necessary to bring about rapid and large scale improvements in levels of living for peoples (Todaro & Smith, 2006). Rogerson (2006) argues that agriculture as a vehicle for sustainable LED augers well, with the creative involvement of stakeholders in the formulation and execution of initiatives. 'Glocalisation', the global connected with the local, gives rise to new types of risks (Ehlers & Lazenby, 2007). Risk management to generate abundance is central to agriculture.

3. RESEARCH METHODOLOGY

The case study is an empirical research method employed to investigate a contemporary phenomenon, focusing on the dynamics of the case, within its real-life context (Yin, 2003). Using explicitly 'why' and 'how' questions, the present intrinsic case study and the report reveal the nature of the complexity of the case, in that it is exploratory, descriptive, explanatory, evaluative and interpretive (Yin, 2003). The aim of the study is to add impetus to economic development in uMshwathi and surroundings, as a consequence of the catalytic effect of the advent of the Dube TradePort Corporation (DTPC), KZN Province, and the South African Government's repeatedly prioritised goal of stimulating agricultural production. The research

purpose points to a research question. The question informs the choice of a qualitative research strategy, where the literature review acts as proxy for theory, and secondary data was collected and evaluated. The analysis of the case study of the uMshwathi Local Municipality adopted an inductive approach to the relationship between theory and research.

The research objectives were achieved by adhering to the three distinct phases of the case study method described as follows (Yin, 2003):

1. The case study protocol, the essence of case study, is prepared in the definition and design phase. The case was selected following a fieldwork visit; uMshwathi, the largest local municipality in the largest district in the KZN Province, can be considered a nomothetic study, in that it is concerned with generating common statements that apply regardless of time and place (Bryman & Bell, 2007). Unstructured interviews with selected significant parties confirmed the hypothesis, narrowing down the scope of the study to the role of agriculture in LED. An extensive literature review contributed to the identification of the research objectives, the selection of the qualitative research strategy and the revelation of theories for the analysis and interpretation of findings.
2. The preparation, collection and analysis phase wherein, following the complete design, the researcher conducts the case study. The investigation and analysis of the case were conducted in accordance with the theories encountered in the literature. The engagement in theoretical reasoning demonstrates connections between different conceptual ideas developed out of the data (Bryman & Bell, 2007). Secondary data collected comprised local and international research material on economic development, spanning numerous disciplines with the data collection process staffed by expertise and professionals, not normally available to a small research project. Data in respect of uMshwathi proved difficult to assemble, as information is not available timeously, there is no single body of knowledge on the locality, municipal reports are repetitive, following legal procedures and departmental directives, and Municipal Demarcation Board Maps are not consulted, resulting in incomplete information.
3. The analysis, review and conclusion phase, involves writing up the case study report and drawing conclusions. Data was organised according to the case study method. Contextual details of the case were analysed and as the phenomena are not distinct from the context, emphasis was placed on reorganising and verifying several hypothetical patterns occurring in a continuous mode, and the interpretation of the situational reality occurred in a circular and iterative way (Bryman & Bell, 2007).

The present study furthermore embraces issues relating to epistemology (the method of gathering knowledge and types of useful knowledge); social ontology (the nature of social entities); constructionism (social phenomena continuously accomplished by social actors and in constant revision); and culture (an emergent reality, a point of reference, in a continuous state of construction and reconstruction). 'Research should, and can, lead to general statements about economic development' (Bingham & Mier, 1993:ix). The multiplicity of case studies attests that LED is engaged worldwide and that cases are used both as a tool for dissemination of information and the sharing of best practice.

4. THE CASE STUDY OF THE UMSHWATHI LOCAL MUNICIPALITY (ULM)

4.1 Introduction

Municipalities, as a result of their constitutional mandate, are at the forefront in dealing with development backlogs, unemployment and poverty, and it is indispensable that the growth prospects of uMshwathi and its residents be maximised. The vision, 'uMshwathi Owethu - Let's Build Together', mission, 'Provider of Municipal services for better quality of life for all' and logo of the uMshwathi Local Municipality (ULM), in consultation with the community, are being revised (ULM, 2013:55). ULM aspires to position at the core of its values the Batho Pele (people first, Sotho) principles by: placing people at the centre of the development processes; being democratic, open and transparent; adhering to high standards of integrity and morality; championing an anti-corruption drive; and constantly improving business processes and local governance (ULM, 2013). The framework/context suggested by Hindson and Vicente (2005) is that LED should be based on an understanding of regionalisation as it occurs within South African localities, and that it design measures and actions that respond to the opportunities and threats this provides.

The analysis of the ULM examines whether the promotion of agriculture is an effective LED strategy for uMshwathi. The local economy is a complex system, as there is no 'one size fits all' solution (Rogerson, 2008). Theories drawn from the literature review were tested in the case study. Theory becomes relevant in the field with the use of metaphors (Bingham and Mier, 1993). Blakely and Leigh (2010) propose the presence of locational development-inducing factors which embrace the quality of the local physical and social environment, with the equation 'local and regional development = c (capacity) x r (resources)', thus signalling changing opportunities for rural economic development. The Systemic Competitiveness Model and the four analytical levels, micro, meso, macro and meta, assist in comprehending the complexity of factors that drive the performance of a given economy (Meyer-Stamer, 2008). Scans of the internal and external environments, the social, the cultural, the ecological, the political, the economic and the institutional are employed in order to contribute to the research objectives. The theoretical frameworks applied in the case study can be deemed value-creation risk management processes, as they contain elements of both a risk analysis framework (Roberts, 2011) and that of a holistic risk management approach by key social systems (World Bank, 2013).

4.2 Review of the uMshwathi Local Municipality

4.2.1 ULM: Overview and Situational Analysis

The uMshwathi Local Municipality, characterised by a beautiful landscape, is situated in the Midlands of the KwaZulu-Natal Province in the uMgungundlovu District Municipality, about 120 km northwest of Durban, strategically sandwiched between the N2 and the N3 highways, the largest municipality in the largest district in KZN. UMDM consists of seven local municipalities. uMshwathi is favourably positioned between the major ports of Durban and Richards Bay, and at a 90 km distance (along the R614) and 145 km (along the N3) from King Shaka International Airport and the DTPC (ULM, 2006). The headwaters of the Mdloti River, with Hazelmere Dam, the primary source of water for the North Coast, and the Mvoti River are located in uMshwathi. The Albert Falls and Nagle Dams are placed partially within and close to the municipal boundary (ULM, 2012).

ULM took form following the merger of previous Transitional Local Councils and tribal areas managed by the former Development Services Board, and towns built by German immigrants some 150 years ago. There are four main urban centres, with New Hanover as the administrative hub, and four main rural residential settlements (ULM, 2013). uMshwathi has thirteen wards comprising predominantly agricultural landscapes (timber and sugar cane) and rural-residential settlements, with an average of 3 500 registered voters per ward. The municipality has 26 councillors, and ward committees operate in each ward to enhance public participation in municipal affairs (ULM, 2012).

4.2.2 Demographics, Social Assistance and Basic Service Delivery

uMshwathi covers approximately 1 924 km² (1 km² equals 100 ha) and has the second-largest population in the district, after Msunduzi which hosts Pietermaritzburg, the KZN capital. The population of 106 374, living in 28 124 households, constitutes approximately 11% of the total 1 017 763 people living in the UMDM (TABLE 1). Significant measures and new opportunities are required to enhance the locality's comparative advantage, as there is a 5.9% reduction in the population count of 113 054 as per the 2007 Community Survey (StatsSA, 2012). Lewis's classical dual-economy model describes rural-urban migration as increased productivity in the agricultural sector, leading to decreased demand for agricultural workers, who subsequently migrate to non-agricultural sectors. Conversely, weak agricultural development acts as a push factor for rural-urban migration, by failing to provide sufficient employment for increasing number of workers, moreover, if the agricultural sector fails to provide satisfactory incomes (Todaro and Smith, 2011). Rural-urban migration in the next 20 years will result in the majority of poor households living in urban areas, mainly in informal settlements. The NDP underscores that agriculture must be retained as the core of rural development and provision made for the infrastructural support necessary for the revival of the countryside (NPC, 2012).

TABLE 1: Key statistics for uMshwathi, Census 2011

<i>Total population</i>	106 374
<i>Young (0-14)</i>	32.8%
<i>Working Age (15-64)</i>	62 %
<i>Elderly (65+)</i>	5.2%
<i>Dependency ratio</i>	61.2%
<i>Sex ratio</i>	90.3
<i>Growth rate</i>	-0.19% (2001-2011)
<i>Population density</i>	59 persons/km ²
<i>Unemployment rate</i>	24.9%
<i>Youth unemployment rate</i>	31.5%
<i>No schooling aged 20+</i>	15.7%
<i>Higher education aged 20+</i>	4.7%
<i>Matric aged 20+</i>	21.3%
<i>Number of households</i>	28 124

<i>Number of agricultural households</i>	9 328
<i>Average household size</i>	3.7
<i>Female headed households</i>	49 %
<i>Formal dwellings</i>	62.7%
<i>Housing owned/paying off</i>	53.3%
<i>Flush toilet connected to sewerage</i>	13.5%
<i>Weekly refuse removal</i>	15.1%
<i>Piped water inside dwelling</i>	22.6%
<i>Electricity for lighting</i>	72.7%

Source: Adapted from StatsSA, 2014

At the micro level almost two-thirds of the uMshwathi residents are under 14 years, with 10% under 4 years, while numbers in the 5-14 year age group have decreased (StatsSA, 2012). Approximately 29.2% of the South African population is younger than 15 years and in the region of 22% (3.42 million) live in KZN (StatsSA, 2013a). The youthfulness of the uMshwathi population sustains the high youth unemployment rate of 31.5%, accentuating opportunities being missed not only by unemployed persons but by society at large.

The number of residents in the 50-65 age groups has increased, and 49% of households are headed by females (TABLE 1). These may comprise: persons returning to traditional homes for family reasons, recipients of government grants with an ostensibly reduced cost of living in uMshwathi, and livelihoods may depend on or be supplemented by agricultural activities. Services to cater for the increased number of aged persons and female-headed households are present in the form of woman's organisations in ULM and UMDM.

The dependency ratio informs how many young people (under 14) and older people (over 65) depend on people of working age (15 to 64 years). Although relatively high, this ratio has decreased over the period 1996 to 2011, from 70 to 61.2 (StatsSA, 2012). The utility of 'social capital' is limited by the scarcity of resources that can be redistributed and shared.

101 172 residents of the total of uMshwathi's 106 374 residents are black, with 81% of households living in rural areas. 51% of people in uMgungundlovu live in poverty, while in uMshwathi it is estimated to be as high as 71% (Urban Econ, 2009). UMDM's Gini coefficient remained static at 0.67 over the four-year period from 2003 to 2008, while the poverty gap increased (Department of Economic Development and Tourism (DEDT), 2010). The unemployment rate was 24.9% (TABLE 1). Systems can be implemented to exploit existing resources for instruction and training in the UMDM for the purposes of up-skilling and opening of new opportunities.

ULM's people are its most strategic asset as stated in the Integrated Development Plan (IDP) of 2010 and 2012. Only 13% of households in uMshwathi have a flush toilet connected to sewerage, while a mere 22.6% have piped water inside the dwelling. The current electrification rate is 72.7% (TABLE 1). The backlog in the supply of most services to required levels impacts both on the uMshwathi residents' quality of life and on the natural environment. Planning is hampered by ineffective data management relating to services infrastructure, location and layout (Institute of Natural Resources (INR), 2010). Municipalities finance their expenditure with own revenues (property rates, user charges e.g. water, unconditional grants, conditional grants, municipal

borrowing), augmented by intergovernmental transfers from national government and private financing (Financial and Fiscal Commission, 2012). ULM used 100% of the 2012/2013 Municipal Infrastructure Grant of R18 404 000 allocated by national government (KZN Province, 2013a). SALGA, the South African Local Government Association, an autonomous association of municipalities with constitutional mandate as sole representative of local government, aims to transform local government to enable it to fulfil its developmental role in meeting social, economic and related needs.

A total of 29 015 uMshwathi residents (27.3%) are state grant beneficiaries, with KZN continuing to have the highest numbers in South Africa, further evidence of high poverty levels (StatsSA, 2012). Du Toit (2012) suggests that the identification of processes which cause and replicate poverty take place within the locality's particular context of political economy, local geography and specific history. The OECD (2010:28) states that 'social protection programmes can be affordable and offer good value for money', as short-term coping strategies are linked with longer term growth and poverty reduction and mutually reinforcing outcomes.

TABLE 2: Education Statistics by Gender, uMshwathi Local Municipality: 1996, 2001 and 2011.

<i>KZN221: uMshwathi</i>	<i>1996</i>			<i>2001</i>			<i>2011</i>		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No schooling	7 012	11 102	18 115	6 001	10 408	16 408	5 765	3 432	9 198
Some primary	5 376	7 723	13 099	6 161	7 951	14 112	7 197	4 961	12 158
Complete primary	1 852	2 300	4 151	1 918	1 909	3 887	1 820	1 503	3 323
Some secondary	6 927	7527	14 454	7 025	7 174	14 199	9 599	9 038	18 636
Std. 10/Grade 12	2 507	2776	5 283	2 794	3 026	5 820	6 502	6 099	12 601
Higher	655	636	1 291	871	992	1 863	1 528	1 140	2 668
Total	24 328	32 065	56 393	24 769	31 520	56 288	32 412	26 173	58 584

Source: Adapted from uMshwathi Local Municipality, 2013

Matric (grade 12) qualifications have more than doubled during the period 1996 to 2011, whilst numbers of residents with no schooling has declined, and 74% of uMshwathi residents did not possess a matric qualification (TABLE 2). These statistics reflect the well-known South African school dropout rate. Functional literacy appears to be low, posing a threat to the development and sustainability of the local economy (ULM, 2013), and contributing to the triple challenges of high unemployment, inequality and poverty (KZN Province, 2013a). The education sector in UMDM, an important part of the local economy, can play a significant role in advancing human capital (UMDM, 2012).

4.2.3 Locality as a Competitive Advantage

The preservation of the area's picturesque scenery, country lifestyle and established agricultural sector could provide both comparative and competitive advantage for the economic growth of uMshwathi and surrounding areas. The theme of sustainability, embodying value-added risk management, is integrated with Blakely and Leigh's (2010) relationship: 'local and regional development = $c \times r$ ' where, c = an area's capacity and r = an area's resources, comprise: economic, technological, social and political capacity, and natural resources, location, human

capital, transport, communication links, investment and entrepreneurial climate, and national and local government spending.

The Amble Route traverses districts from Pietermaritzburg to Weenen, and in contrast to other KZN tourist routes, includes varied interests. Opportunities exist for the addition of diverse everyday agricultural activities giving rise to ecotourism, a particular form of tourism based in natural areas, with the locality being branded leading to a 'destination effect' (Rivett-Carnac, 2009). Land choices must be considered carefully, including the proposed uMshwathi City, a mixed urban infrastructure node development in the Albert Falls area, moreover, as the Albert Falls Dam is a world-renowned bass fishing venue. Extensive areas of conservation significance are to be found in UMDM. A District Climate Change Strategy is required to identify new threats and opportunities created by changing climate (ULM, 2012; KZN Province, 2013b).

4.2.4 The Value of Agriculture in uMshwathi

Provincial policy requires detailed agricultural assessments at the micro level to identify the location of high potential land. A large portion of uMshwathi has been designated an agricultural priority area and 80–90% of the region is used for agriculture (Coetzee and Oldham, 2007). The agriculture sector appears static with stagnant growth, there is a shift toward mechanisation with consequent reduction of labour, and there are limited plans for output expansion (Coetzee and Oldham, 2007). The decrease in investment results from uncertainty surrounding the agriculture sector in South Africa, with much existing commercial agricultural land in KZN subject to land claims (UMDM, 2006). A 2012 land audit performed by Kwanalu, the KZN Agricultural Union, based on information relating to 53 000 agricultural properties submitted by 52 farmer associations, reports that 48.59% of KZN Province is black-owned (state land, land held by trusts), 15.61% is white-owned, and ownership of 35.8% is unknown (Farmers Weekly, 2012). A complete audit is essential.

Agriculture is the dominant economic sector in uMshwathi, employing over 50% of all formally employed people (INR, 2010). The major companies in uMshwathi are Sappi, Mondi, Triple AAA, Union Corp and Illovo. Approximately 800ha of land ideal for agricultural production has been identified in the Swayimane/Gcumisa tribal area (ULM, 2006). The potential for expansion is linked to the development of emergent farmers from rural and tribal communities (Jacobs, Aliber, Hart and O'Donovan, 2008), and provision must be made for training and support in accessing finance (ULM, 2006). A plan commissioned by the KZN DEDT showcased the principles of low external input sustainable agricultural practices as low-cost and ecologically positive, with the development of small-scale farmers producing organically grown traditional and niche crops (Gori and Associates, 2004).

Three types of agriculture have been identified in the UMDM: commercial farming, subsistence farming, including community garden strategies and cooperative structures, and the small landowner/plot holder, who combines farming with agri-tourism, agri-processing and creative industries (UMDM, 2007). One-third of uMshwathi households are agricultural households, 5 961 households produce crops (TABLE 3), and a sizable 89.5% of agricultural household heads earn an annual income of less than R38 400 (TABLE 4).

TABLE 3: Activities of Agricultural Households in uMshwathi

	<i>Number</i>	<i>%</i>
Type of activity (an agricultural household may not fall under more than one agricultural activity)		
Crops only	3 406	36.5
Animals only	3 691	39.6
Mixed farming	1 994	21.4
Other	237	2.5
Type of specific activity (an agricultural household may engage in more than one agricultural activity)		
Livestock production	2 964	31.8
Poultry production	3 786	40.6
Vegetable production	4 242	45.5
Production of other crops	1 719	18.4
Other	700	7.5

Source: Adapted from StatsSA, 2014

TABLE 4: Income Category of Agricultural Household Heads in uMshwathi

<i>Annual income category of agricultural household heads</i>	<i>Number</i>	<i>%</i>
No income	2 084	22.3
R1–R4 800	342	3.7
R4 801–R38 400	5 919	63.5
R38 401–R307 200	674	7.2
R307 201+	128	1.4
Unspecified	183	1.9

Source: Adapted from StatsSA, 2014

Sugar cane, beef and forestry account for almost 90% of the agricultural goods produced in uMshwathi (Coetzee and Oldham, 2007). Sugar farming has become less profitable due to depressed sugar prices and rising input costs for fertiliser, fuel, chemicals and wages. Limitations on forestry expansion include the non-availability of land and a government-imposed moratorium on the expansion of forestry land. There were no plans to establish projects for aquaculture and mariculture ventures. The 2007 UMDM Integrated LED Strategy stated that opportunities in agriculture, agri-processing, wood and wood products, tourism, logistics, ICT and manufacturing had to be assessed against market demand and local capabilities (UMDM, 2007). Markets and local and regional economic competitiveness are linked, and invigorating the sector does not always convert into higher income for those in the lowest income deciles,

although some sectors are better at creating jobs for unskilled labour, the most successful one of which is agriculture (Deloitte, 2012).

4.2.5. The Role of the Dube TradePort Corporation (DTPC)

It is difficult to justify the use of public funds to promote economic growth if this is not directly linked to the reduction of poverty (Hindson & Vicente, 2005). DTPC, a wholly owned government company, is a world-class passenger and airfreight hub mandated to drive the development of Dube TradeZone, Dube City, Dube Cargo Terminal, Dube AgriZone and Dube iConnect. Airports Company South Africa owns and operates the King Shaka International Airport. The company is a platform for economic development in KZN (Altman, 2002; McCarthy, 2004). The case study confirms that at the meso level, DTPC interventions are present to contribute to provincial and national microeconomic reform objectives. Thus ULM must seek opportunities linked to changing circumstances to implement appropriate LED strategies. The dti has endorsed DTPC as a new Special Economic Zone (SEZ) (KZN Province, 2013b).

4.2.6 Political Milieu, Traditional Authority and Related Land Issues

KZN has a population of 10.8 million, is the second most densely populated province and the third smallest province in South Africa, covers an area of 92 100 km² and comprises 19.8% of the national population, consisting of the country's biggest and most homogeneous population of 85% African, of which about 80% are Zulu (StatsSA, 2012). KZN has the majority of municipalities, composed of the eThekweni Metropolitan Municipality, ten district and fifty local municipalities (The Local Government Handbook, 2013). According to Todaro and Smith (2006), South African rural development is more influenced by past segregationist policies and political experiences than by the dynamic interaction of rural and urban market economies.

The Ingonyama Trust Act 3 of 1994 placed all communal land under the KwaZulu Legislature into a trust with the king as sole trustee of former tribal land in KZN (Ingonyama Trust Board (ITB), 2011). The land can be accessed, allocated or alienated only by amakhosi (chiefs, Zulu) and isinduna (headmen, Zulu), with the King's blessing (Beall & Ngonyama, 2009). The ITB, a schedule 3A Public Entity, reporting to the Minister for Rural Development and Land Reform, is a property management entity owning 2 542 161ha, 30% of KZN, and administers 1 600 titles. In the region of 4 558 698 people live on Trust land with 267 elected Traditional Councils (with stipends and attendance allowances) having jurisdiction (ITB, 2011). Numerous Traditional Authority areas within the UMDM boundaries amount to 11.5% of the total area, with 14% of ULM under Traditional Authority (ULM, 2012).

The Ingonyama Trust and Traditional Councils would work with the KZN Provincial Planning Commission to promote access to development opportunities in communal areas (ITB, 2011). The Ingonyama Rural Development Forum (IRD Forum) was instituted to support the implementation of comprehensive rural development programmes in the agricultural, commercial and industrial sectors in KZN (ITB, 2013). The development of diverse economic initiatives brings about change in the system's 'local economy', with a functioning LED process leading to a change in the economy's level of competitiveness, its place in the markets and eventually its sectoral structure (Meyer-Stamer, 2008).

4.3 Provincial Economic Outlook

The absence of an overarching policy framework in KZN was an impediment to sustainable economic development (Altman, 2002). The 2006 Provincial Growth and Development Strategy (PGDS) guided strategic development in KZN until the adoption of the 2011 PGDS, which is supported by the KZN Industrial Development Strategy and the Provincial Spatial Economic Development Strategy (KZN Province, 2011). Provincial government can access resources and programmes of the dti, IDC (Industrial Development Corporation), DBSA and National Treasury, and the KZN Growth Coalition, the Provincial Planning Commission, the BBBEE Council and the KZN Economic Council, have been mobilised to effectively advance LED (KZN Province, 2011). Provincial government is thus ideally positioned at the meta, macro, meso and micro levels (Meyer-Stamer, 2008) to provide strategic direction to the promotion of regional economic development with national and local government (Altman, 2002).

Deloitte (2012), mandated by the DEDT, identified 12 sectors in KZN aligned to local and national industrial policy, incentives and funding, and with high scores on the economic metrics designed to evaluate potential. Agri-business (including food processing) rates highly in economic metrics (gross value added, number of employed workers, capital required per employed worker), multipliers and linkages and on the balance of the evidence presented, the agricultural sector in KZN is considered worthy of investment (Deloitte, 2012). Sector funding is available to potential investors. Funds available include: IDC funding for agro-industries, green industries and for women entrepreneurs; the DBSA's Jobs Fund promotes job creation, while the National Empowerment Fund provides funds for rural and community development (Deloitte, 2012).

The estimated real 2012 GDP of 16% generated by KZN makes it the second largest contributor to the national output after Gauteng, with 36% (KZN Province, 2013a). It is observed that the LED sector in KZN consists of various activities undertaken by stakeholders, across disciplines and institutions with different degrees of organisation that may not necessarily share a common and clearly articulated LED understanding, vision or strategy. Allied fields include: agriculture, fisheries, health, banking, transport, tourism, education, water supply, energy and environmental protection. The DEDT is assisted in the promotion of economic development and tourism by special purpose vehicles, including DTPC and the Agribusiness Development Agency (ADA) (DEDT, 2013).

Decisions made at the macro level (economic, technological and political capacity) impinge on and influence decisions made at the micro level (social capacity) (Blakely and Leigh, 2010). The future economic growth of KZN, with abundant environmental resources and vast human potential, the 'r' (area's resources) (Blakely and Leigh, 2010), will result from the key strategies of infrastructural development programmes identified in the 2011 PGDS (KZN Province, 2013). The unintended effects of past policies have contributed to sub-optimal growth and investment in the agricultural sector (Department of Agriculture, 2001; Patel, 2011). The macro level dictates that at the micro level the first strategic goal is 'job creation' and the first strategic objective is 'unleashing the agricultural sector' (KZN Province, 2011). This emphasis, evident in both the 2014 President's State of the Nation Address and 2014 KZN State of the Province Address, is expected to be adopted in the priorities and outcomes of government's new Medium Term Strategic Framework (KZN Province, 2014).

4.4 uMshwathi Local Municipality: A Recommendation to Strategically Prioritise Agriculture

Municipalities are required to prepare an Integrated Development Plan (IDP), a single, comprehensive, strategic five-year plan reviewed annually (RSA, 2000). The IDP process, synonymous with strategic planning, serves as a management tool that enables the ULM to determine broadly all its development requirements and address the key issues holistically. The IDP includes a LED Plan, a Spatial Development Framework and local authorities are obliged to prepare a Land Use Management System with appropriate control measures (INR, 2010). The process takes place within the framework of the PGDS and the district and adjoining municipality's IDPs, with the participative democratic process as required by the Act. The cluster model has initiated shared services in the uMgungundlovu District, promoting better communication, coordination, use of scarce resources and available expertise (UMDM, 2012).

The strategic economic development objective in the ULM IDP is to facilitate growth and development by: sustainable job creation; a rates base increase; the expansion of broad-based black economic empowerment; the development of small and medium enterprises; and poverty reduction (ULM, 2013). Local communities and authorities can play active roles in shaping their economic paths; however, the challenges facing a locality may be overwhelming (Rodríguez-Pose and Tijmstra, 2005). Many municipalities are for the most part required to focus on the provision of basic services and infrastructure, including ULM, classified as having low capacity (KZN Province, 2013a). ULM as primary locus of integration of the IDP and associated plans, with available resources and within the practical constraints, requires robust leadership and competent professional staff.

Strategy formulation and implementation are not apparent in the ULM's LED Strategy 2012/13 – 2016/17 (ULM, 2013). According to Rogerson and Rogerson (2010), preparation and implementation of LED strategies help make local institutions more transparent and accountable, thus contributing to the development of civil society. Furthermore, it is imperative to ascertain the role of externally co-ordinated programmes, their degree of alignment with municipal business, and the function of non-governmental organisations (NGOs) within the community. LED is not an independently implemented pursuit: it is cross-cutting, affecting and being affected by all activities and functions in uMshwathi, to be viewed as an opportunity through which all municipal functions could be accomplished.

The study has revealed uMshwathi's overwhelmingly rural nature, the superior agricultural land potential of the whole district, and adjacent proximity to the DTPC. Resources are underused and local capacity is important to turn these resources into development opportunities. Agriculture could form the basis of ULM's competitive advantage, in sync with the advancement of a regional agricultural strategy in RLED, integrating a mix of diversified sustainable strategies releasing human potential. Bingham and Mier (1993) believe that inspirational storytelling takes priority in economic development policy and strategy formulation. The authors have tested this theory with the new vision for economic development in ULM.

Local government's role is to promote LED, to create awareness of potential, to generate an enabling policy, knowledge and investment climate (Hardman, 2012). The uMshwathi Municipal Manager and the General Manager of Community Services, acting as champions (FIGURE 1, stage 1), are well advised to set up an agriculture forum, thus assuming the role of a brokering entity, intent on bringing together actors to form productive networks, to ensure that the focus on agriculture is strategic and capable of transforming the economy of uMshwathi (Gijima, 2009;

Rowe, 2009; Hardman, 2012). The agricultural forum, within the local government constellation, is well placed to deal with Provincial and District Authorities, local business communities, civic organisations, academia and residents (Gijima, 2009). The goal-directed activity based on the competitive advantage of uMshwathi, amply described, forms the basis of coordinated and constant efforts directed toward achieving long-term objectives, a grand strategy, to guide uMshwathi by providing basic direction for strategic actions (Ehlers and Lazenby, 2007). The voluntary participation of a range of cooperative institutional agents needs to be enticed by the whole municipal team. These include: farmers' organisations, Kwanalu, the ADA and the IRD Forum. uMshwathi councillors, youths from the National Rural Youth Services Corps, community workers and social workers must keep constituencies informed of all developments. Agriculture must be viewed as a business.

A potential significant stakeholder, Zimele, with origins in uMshwathi, has partnered with the KZN government leading to substantial funding and networks throughout the province (KZN, 2012). The database must be constantly updated and personal invitations to attend the forum issued to service providers of the ULM, to UMDM educational institutions and representatives, parents and pupils of local primary schools. The appointment of a research team to search for viable business plans in municipal and other repositories lodged with government and non-government structures is essential. Records of available funding and programmes must be promptly compiled and opportunities actively pursued.

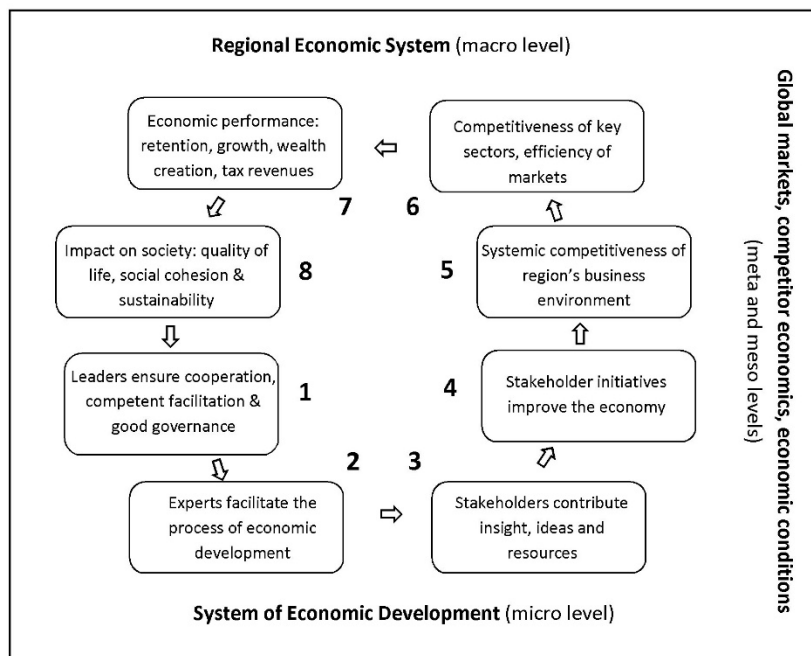


FIGURE 1: Guidelines for LED Practice

Source: Adapted from Rücker and Trah, 2007; Meyer-Stamer, 2008

Functional strategies must be prepared to ensure that the selected grand strategy is implemented successfully with the formulation of short-term objectives and the integration of

action plans. Advantage must be taken of the Amble Route, which should be dynamically promoted and developed in the regional context. The Public Works and the Zibambele Road Maintenance Programmes will elevate the locational competitiveness of uMshwathi. The particular areas of aquaculture, permaculture and organic farming should be explored, and investors and funding should be actively sought (dti, 2013). The list is endless, as are the potential multipliers. Alternative visions require a new social construction of reality and new patterns of perception (Bingham and Mier, 1993).

It is recommended that a skilled practitioner (e.g. the German Technical Co-operation (GIZ)) be invited to convene the Agriculture Forum (FIGURE 1, stage 2). The presence of many experts can assist with the constitution of an Agricultural Desk (FIGURE 1, stage 3), and the transition to an LED Unit or Agency (Gijima, 2009). Via the UMDM cluster model, agricultural forums can be set up/renewed in neighbouring municipalities, a District Agricultural Strategy announced and a District LED Agency planned. According to Hindson and Vicente (2005), competitive advantage is promoted by a blend of national and intensely local conditions. The NGP and NDP promote agriculture as a means to achieve all-inclusive growth, employment and food security, unveiling new opportunities and resources. Reports proliferate of smallholder farmers, their valid contribution to agriculture and food security, globally and locally. The internet abounds with educational material on farming, with the Local Economic Development Network of Africa (LEDNA) a frontrunner in the field. The feasibility of smallholder farming in uMshwathi is confirmed and there is ample recourse to established programmes and funding to be coordinated via the Agricultural Forum (Ortmann & King, 2007). The DTPC is the catalyst for economic development.

Hence the business environment (FIGURE 1, stage 4) will be fashioned, as the foundation is in place with stages 1 – 4, FIGURE 1, integrating to structure the system that supports and strives to improve the performance of the local economy (FIGURE 1, stages 5 – 8). 'Agriculture as a Business' and the multiplier effect will have positive sequels. The champion must keep the momentum going; the capacity and the resources can be in place. There is present the germ of LED in action: namely a strategic emphasis on a defined territory, participation and social dialogue, locally owned or managed processes, and mobilisation of local resources for competitive advantage (Rogerson, 2009), with the goal of ultimately achieving a sustainable development pattern in uMshwathi inclusive of economic, social and environmental issues, addressing both pro-growth and pro-market issues. The results can be the self and mutually reinforcing metaphors of Bingham and Mier (1993), where economic development is viewed as: problem solving; running a business; building a growth machine; preserving nature and place; releasing human potential; exerting leadership; and a quest for social justice. A scan of the micro environment reveals further programmes, processes, persons and organisations which can contribute to the reality of the vision. A scan of the macro, meta and meso levels will reveal many other opportunities.

It appears that the Department of Agriculture has not effectively communicated the offers available in its fold. There are numerous provincial programmes and initiatives under the PGDS, confirming the need for continuous research. The KZN Province special purpose vehicles, including the DPTC, can bring uMshwathi closer to local, regional and international markets and in real time. UMDM has been designated a SEZ to revive the leather industry (KZN Province, 2013b). The potential exists for Box Four farming, a worldwide trend, relating to eco-tourism, agri-tourism, farm tourism and agricultural products elaborated by a value-added strategy (UMDM, 2007). Many varied agricultural products are suitable for cultivation in the area, and the

proposed Agricultural Forum should carefully deliberate on the functional strategy of organic agriculture and niche high-value produce for local and export markets (dti, 2013).

Development needs to be comprehensive and multifaceted, addressing strategies to deal with poverty as well as to bring about effective commercial growth. Co-operatives will be encouraged and trained (KZN Province, 2013b). Unusual business models and new forms of contracts for all role players in relationships with government, tribal authorities, NGOs and business must be urgently explored. Partnerships are crucial and must be actively sought out and continuously cultivated. Programmes such as the Provincial Human Resource Development Council to guide in skills development, the DEDT's website for the registration of unemployed graduates, and internships within the municipality further contribute to development. Educational institutions such as the University of KwaZulu-Natal, Cedara Agricultural College and FET Colleges, not for profit organisations Gijima, Lima Rural Development Foundation Organisation, the Association for Rural Advancement, the Rural Women's Movement, the Msunduzi Innovation Development Institute, the INR, as well as the Rainman Landcare Foundation, the Zululand Centre for Sustainable Development and Permaculture 2012, are locally based experts in their fields and can be used in the preparation and implementation of functional strategies, the formulation of short-term objectives and the integration of action plans. Smallholder farmers in the locality will of necessity be in corridors and clusters, ideal for the transfer of knowledge and skills, and co-operatives would be the logical outcome. There should not be competition with established or commercial farmers, but rather a symbiotic relationship. Contractual arrangements with land owners and commercial farmers should be explored. The functional strategies should permit individual opportunity-seeking behaviours under the umbrella of the grand strategy. This vision must be anchored in reality: KZN is a late-comer to the agricultural sector, where other provinces have had years to build up their competitive advantage.

It is recognised that agriculture and land are important and controversial issues in South Africa. Economic development must be viewed within frameworks that force us to engage with the multiple meanings of development rather than pretending that they do not exist (Bingham and Mier, 1993). Among the many issues relating to agriculture, the following feature prominently: uncertainty over land reform, subdivision of agricultural land, support for small emergent farmers, poor development of agricultural extension officers, the need for investment in the sector, formation of partnerships, lack of capacity and competence of local municipalities, weak communication and poor coordination among government departments, agricultural development on tribal land, insufficient infrastructure (access roads and a lack of water services), violence and stock theft and the impact of HIV/AIDS (Stanton, 2009; KZN Province, 2012). Well-designed programs can fail; examples of this abound.

5. CONCLUSION

KwaZulu-Natal will have to create 2.1 million jobs, signifying that the provincial economy must grow at a minimum average of 4% per annum until 2030. LED must be acknowledged for its importance to South African society, as with a sustained LED process the local economy will change its level of competitiveness, its rank in regional, national and global markets and in due course its sectoral structure. The ULM IDP 2013/2014 confirms that job creation and poverty alleviation are its main socio-economic challenges. The role of agriculture as an effective strategy, providing an integrated approach to development in uMshwathi by the stimulation of local economic potential and bringing innovation to all growth components, was confirmed. The

case study of uMshwathi can be considered representative, as the seven local municipalities in the District Municipality of uMgungundlovu share many similarities and characteristics.

The systematic prescriptive method of the case study research method can serve as a template for researchers. Relying on the case study proposition, theories were tested in the study and the significance of theory to the practice of LED in South Africa is validated. The use of metaphor bridges theory and is useful to all stakeholders in understanding and shaping practice. Capacity is important to turn underutilised resources into development opportunities. A scan of the internal and external environments was undertaken to facilitate comprehension of the factors influencing the performance of the economy. Productive use can be made of these theories in LED case studies. The Model of Guidelines for LED Practice can be applied to comparable localities.

High-potential agricultural land for smallholder and organic farming, and locational development-inducing factors afford both comparative and competitive advantage for uMshwathi. The extensive role of agriculture to accelerate LED in uMshwathi is confirmed, and a grand strategy and functional strategies were proposed. Efforts to meet economic goals must include programmes to expand human capability, foster entrepreneurship and broaden the business environment. The municipality suffers from lack of competency and uncertainty between social and economic policy objectives. There is evidence of poor horizontal and vertical cooperation, and coordination, between stakeholders. No provincial strategy is in place to exploit Dube TradePort Corporation for targeted economic development of the agricultural sector. The Ingonyama Trust and associated land issues need to be addressed. Risk management measures at national, provincial, community and individual levels are present in the NDP, PGDS and the IDP.

Recommended value-creation strategies include: the employment of professional practitioners in all LED units to better create and implement LED strategies; the establishment of an Agricultural Forum in uMshwathi, to gainfully exploit local resources and promote the grand strategy of agriculture as a business and an LED Agency in uMgungundlovu to develop as a District LED Agency with a District LED Plan; the launching of local networks of Agricultural Unions and significant stakeholders, and the elaboration of a provincial agricultural strategy in collaboration with the Ingonyama Trust Board by way of an inland, regional and export focus via the Dube TradePort. A national standard ought to be established for the determinants of systemic competitiveness, with emphasis on the macro and meso levels (frameworks, policies, programmes and funding), thus eliminating the need for detailed external scans by the practitioner in loco. The development of standard procedures for smallholder farming programs and individual smallholder farmers in South Africa would positively impact on local farming activities.

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