

DECLARATION

I, the undersigned, hereby declare that the work contained in this dissertation is my own original work and that I have not previously in its entirety or in part submitted it at any university for a degree.

Signature: -----

Date: -----

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I DEDICATE THIS STUDY TO MY SON, MPHO

ABSTRACT

This paper used primary data collected from 73 small-scale farmers (16 borrowers and 57 non-borrowers) in the Greater Letaba Local Municipality (GLLM) of Limpopo Province of South Africa. The general objective of the study is to analyze farmer-household characteristics that may influence farmers' decision about whether or not to use credit. Maximum Likelihood Probit Model was used to analyze farmer-households characteristics assumed to be affecting small-scale farmers' decision about credit.

The following variables: farmers' age in years, gender, marital status and farming experience in years have positive significant effect on farmers' decision to use credit. On the contrary, number of years of formal education and membership to farmers' association has negative significant effect. The probabilities for each variable were quantified.

The study advocates and emphasizes access to credit by small-scale farmers as a major factor in their production process and production efficiency. Training among both borrowers and non-borrowers in identification of profitable projects and the use of credit for agricultural production is recommended. This kind of training may play a major role in stimulating the demand for credit by these farmers.

It is also suggested that small-scale farmers may come together by way of formulating Agricultural Co-operatives in an effort to address their non-credit worthiness problems. Such a merger may be more productive than if the farmers work individually. The farmers would further be eligible for Co-operative Incentive Scheme (CIS) grants offered by the Department of Trade and Industry.

TABLE OF CONTENTS

PAGE

Declaration ----- i
Acknowledgements----- ii
Dedication----- iii
Abstract ----- iv-v
Table of contents----- vi-viii
List of figures----- ix
List of tables----- x
Acronyms----- xi

CHAPTER 1: INTRODUCTION

1-7

1.1 Background----- 1
1.2 Problem statement----- 3
1.3 Significance of the study----- 5
1.4 Objectives of the study----- 6
1.5 Research hypotheses ----- 7
1.6 Organization of the dissertation----- 7

CHAPTER 2: LITERATURE REVIEW

8-17

2.1 Introduction -----	8
2.2 Agricultural credit in South Africa-----	9
2.3 Review of Literature-----	12

CHAPTER 3: METHODOLOGY

18-25

3.1 Introduction-----	18
3.2 The study area-----	18
3.2.1 Location-----	18
3.2.2 Description of the study area-----	21
3.2.3 Design of the questionnaire-----	22
3.2.4 Sampling procedure-----	22
3.3 Econometric model-----	23
3.3.1 General consideration-----	23
3.3.2 Binary probit model-----	23
3.3.3 Model specification-----	24

CHAPTER 4: EMPIRICAL RESULTS AND THEIR DISCUSSION

26-32

4.1 Introduction-----	26
4.2 Socio-economic characteristics of households-----	26
4.3 Empirical results-----	28

LIST OF FIGUERS	Page
Figure 2.1: The interaction between factors influencing farm households' decisions-----	15
Figure 3.1: Location map of the Greater Letaba Study area in the Mopani District Municipality, Limpopo Province-----	19

LIST OF TABLES

Page

Table 3.1: Farmer-households characteristics affecting farmers' decision
about whether or not to credit-----24

Table 4.1: Averages for some of the demographic, social and income
levels of the sampled households----- 27

Table 4.2: Binary regression coefficients of factors affecting small-scale
farmers' decision about whether or not to use credit----- 29

ACRONYMS

ABS	AUSTRALIAN BUREAU OF STATISTICS
AIDS	ACQUIRED IMMUNE DEFICIENCY SYNDROME
DBSA	DEVELOPMENT BANK OF SOUTHERN AFRICA
DLGH	DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
DTI	DEPARTMENT OF TRADE AND INDUSTRY
GLLM	GREATER LETABA LOCAL MUNICIPALITY
HIV	HUMAN IMMUNE DEFICIENCY SYNDROME
LRAD	LAND REDISTRIBUTION FOR AGRICULTURAL DEVELOPMENT
MAFISA	MICRO-AGRICULTURAL INSTITUTIONS OF SOUTH AFRICA
NDA	NATIONAL DEPARTMENT OF AGRICULTURE
SALGA	SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION
SPV	SPECIAL PURPOSE VEHICLE
TIL	TRADE AND INVESTMENT LIMPOPO

