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: --------------------------
ACKNOWLEDGEMENTS

Without the assistance and support of many people, this study would not have been possible. Their loyalty, support and willingness to be helpful are acknowledged with bottomless appreciation.

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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

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
CHAPTER 5: SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS 34-39

5.1 Introduction 34
5.2 Summary of the results 34
5.3 Policy implications 37
5.4 Future research 39

REFERENCES 40-46
APPENDICES 47-50
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 2.1</td>
<td>The interaction between factors influencing farm households' decisions</td>
<td>15</td>
</tr>
<tr>
<td>Figure 3.1</td>
<td>Location map of the Greater Letaba Study area in the Mopani District Municipality, Limpopo Province</td>
<td>19</td>
</tr>
</tbody>
</table>
LIST OF TABLES

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
<table>
<thead>
<tr>
<th>ACRONYMS</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS</td>
<td>AUSTRALIAN BUREAU OF STATISTICS</td>
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<td>DBSA</td>
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<td>MICRO-AGRICULTURAL INSTITUTIONS OF SOUTH AFRICA</td>
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<td>TRADE AND INVESTMENT LIMPOPO</td>
</tr>
</tbody>
</table>