



Tropentag, October 9-11, 2007, Witzenhausen

“Utilisation of diversity in land use systems:
Sustainable and organic approaches to meet human needs”

Analysis of the Determinants of Market Participation within the South African Small-Scale Livestock Sector

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Abstract

The livestock sector plays a crucial role in the household food security and poverty alleviation of many developing countries by producing protein-rich food supplies, generating income and employment. It is identified, in the Integrated Sustainable Rural Development Strategy, as a most likely agricultural enterprise to improve the livelihood of small scale livestock farmers in South Africa. However, not much has changed as far as livestock marketing is concerned. This situation requires an in depth investigation.

The main interest of the study is not on the quantity of livestock sold by the farmers, but the probability of a positive event occurring. That is, to investigate the major factors which determine livestock farmers' decision to participate in the market. A binary logistic regression is applied on primary data that was collected from 104 households in all five districts of Free State province, namely: Motheo, Lejweleputswa, Thabo mofutsanyana, Xhariep and Northern Free State. Market information, births, distance to the preferred marketing channel and training were identified as both logical and statistically significant determinants of farmers' decision to sell their livestock. This entails that policy interventions in direction of these factors need to get priority attention by stakeholders, especially as far as the formulation of institutional innovations are concerned.

Moreover, the contribution of this paper lies in that it offers quantitative guidelines on what issues to focus on when addressing apparent institutional constraints that are currently inhibiting the ability of small-scale livestock farmers to access livestock markets in South Africa.

Keywords: Livestock, market participation, South Africa