

ANOTHER COUNTRYSIDE?

Policy Options for Land and Agrarian Reform in South Africa



Edited by Ruth Hall

ANOTHER COUNTRYSIDE?

Policy Options for Land and Agrarian Reform in South Africa

Edited by Ruth Hall

PLAAS

Institute for Poverty, Land and Agrarian Studies



UNIVERSITY of the
WESTERN CAPE

A place of quality, a place to grow, from hope to action through knowledge

ANOTHER COUNTRYSIDE?

POLICY OPTIONS FOR LAND AND AGRARIAN REFORM IN SOUTH AFRICA

Published by the Institute for Poverty, Land and Agrarian Studies, School of Government, University of the Western Cape, Private Bag X17, Bellville 7535, Cape Town, South Africa.

Tel: +27 21 959 3733. Fax: +27 21 959 3732. E-mail: plaas@uwc.ac.za

Website: www.plaas.org.za

ISBN 978-0-620-43744-8

April 2009

All rights reserved. No part of this publication may be reproduced or transmitted, in any form or by any means, without prior permission from the publisher or the authors.

Copy editor: Laurie Rose-Innes

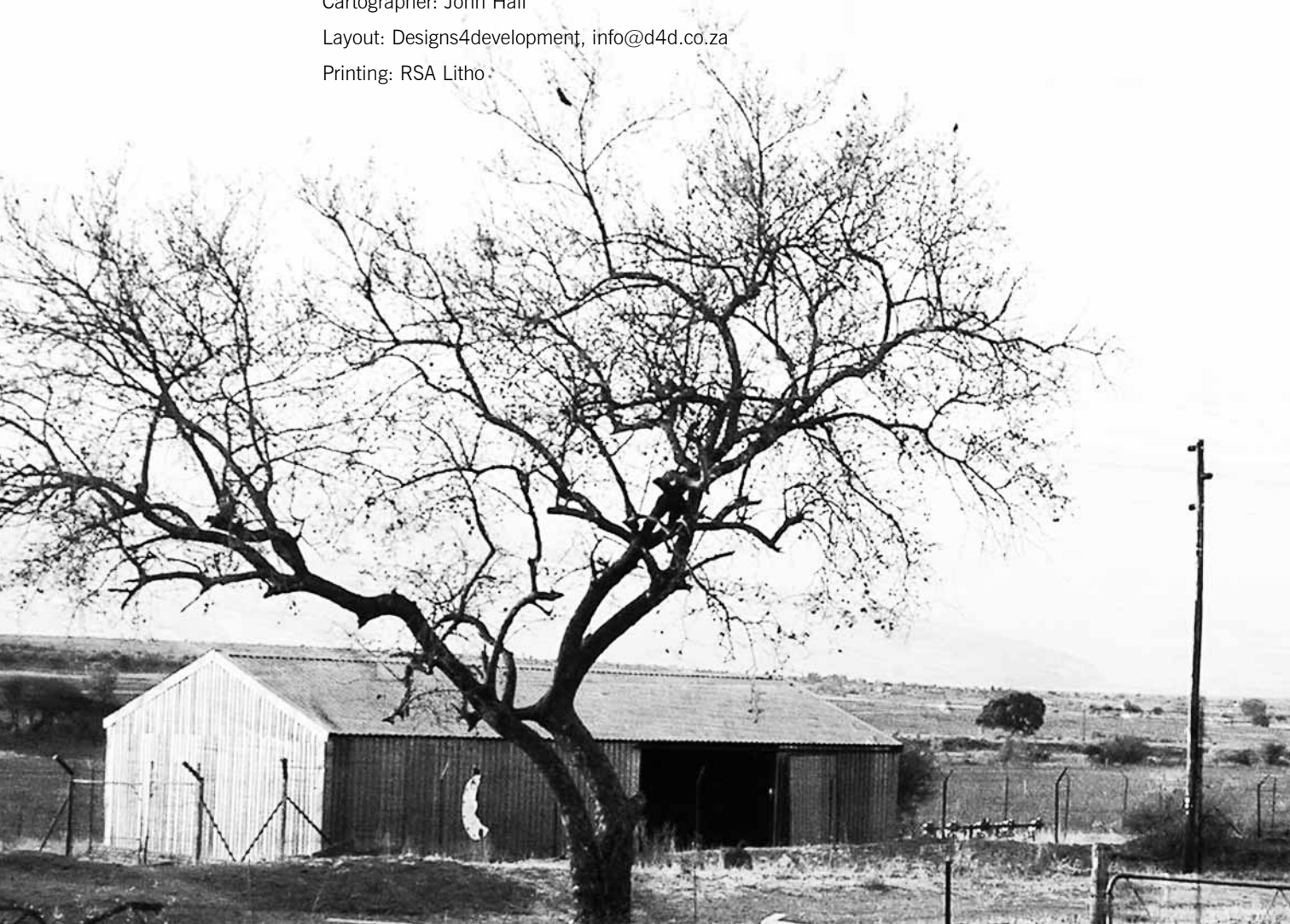
Cover photograph: ©Garth Stead/iAfrika Photos

Photographs: page x ©Ken Woods/iAfrika Photos; page 22 ©Eric Miller/iAfrika Photos; page 62 ©Edward Ruiz/iAfrika Photos; page 92 Barbara Tapela; page 120 ©Branko DE LANG/iAfrika Photos; page 132 Poul Wisborg; page 164 ©Eric Miller/iAfrika Photos; page 192 ©Jaco le Roux/iAfrika Photos; page 206 ©Alain Proust/iAfrika Photos; page 232 ©Desmond Stewart/iAfrika Photos; page 244 Ruth Hall.

Cartographer: John Hall

Layout: Designs4development, info@d4d.co.za

Printing: RSA Litho



CONTENTS

List of tables and figures	iv
List of contributors	vi
Acknowledgements	vii
Acronyms and abbreviations	viii
1. Introduction <i>Ruth Hall and Lionel Cliffe</i>	1
PART 1: FOUNDATIONAL QUESTIONS ABOUT LAND POLICY	
2. Land reform for what? Land use, production and livelihoods <i>Ruth Hall</i>	23
3. Land reform how and for whom? Land demand, targeting and acquisition <i>Ruth Hall</i>	63
4. With what land rights? Tenure arrangements and support <i>Edward Lahiff</i>	93
PART 2: ECONOMIC AND POLITICAL CONSIDERATIONS	
5. Dynamics in the commercial farming sector <i>Ruth Hall</i>	121
6. Agricultural employment scenarios <i>Michael Aliber, Mopathi Baiphethi and Peter Jacobs</i>	133
7. Piloting alternatives in the Breede River Winelands <i>Mercia Andrews, Phillan Zamchiya and Ruth Hall</i>	165
8. The private sector and land reform <i>Karin Kleinbooi</i>	193
9. What are the political parameters? <i>Mazibuko Jara and Ruth Hall</i>	207
PART 3: ALTERNATIVE POLICY OPTIONS	
10. New institutional mechanisms? <i>Lionel Cliffe</i>	233
11. Conclusions and recommendations <i>Ruth Hall</i>	245



List of tables and figures

Table 2.1:	Patterns of ownership, management and production in land reform	34
Table 3.1:	Average price per hectare by province, inflation adjusted, 1994 and 2003	79
Table 3.2:	Proactive needs-based versus WBWS models of land reform	85
Table 4.1:	Total number of people displaced and evicted from farms, 1984–2004	105
Table 5.1:	Employment and debt by income category	126
Table 5.2:	Budget allocations to selected programmes of the NDA, 2007/08–2009/10	128
Table 6.1:	Approximate employment and earnings shares in former white rural South Africa, 2002	135
Table 6.2:	Selected figures on commercial farms, 1971–2002	136
Table 6.3:	Summary of current forms of employment in agriculture	141
Table 6.4:	Overview of possible agricultural scenarios	142
Table 6.5:	Base scenario estimates for 2020 in relation to 2005	145
Table 6.6:	Indicative results for Scenario 2	145
Table 6.7:	Indicative results for Scenario 3	147
Table 6.8:	Indicative results for Scenario 4	148
Table 6.9:	Indicative results for Scenario 5	148
Table 6.10:	Indicative results for Scenario 6	151
Table 6.11:	Indicative results for Scenario B	151
Table 6.12:	Indicative results for scenario C	153
Table 6.13:	Indicative results for scenario D	154
Table 6.14:	Defining the consolidated scenarios	155
Table 7.1:	Breede River Winelands household survey: sample structure	169
Table 7.2:	Sample structure by sex and age	171
Table 7.3:	Profile of the sample by town and home language	171
Table 7.4:	Type of house by town	171
Table 7.5:	Sources of household income	172
Table 7.6:	Frequency and distribution of livestock ownership by type	174
Table 7.7:	Demand for land by town	177
Table 7.8:	Demand for land among those growing food	179
Table 7.9:	Four models of production and landholding	186
Table 8.1:	Types of agricultural operation to benefit from BEE financing	200
Figure 3.1:	Procedures for implementation in LRAD	64
Figure 3.2:	Consensus to coercion in land acquisition: a continuum of options	75
Figure 3.3:	Pre-acquisition, acquisition and post-acquisition phases	86
Figure 5.1:	Distribution of income by farming units, 2002	124
Figure 5.2:	Distribution of farming debt by income, 2002	126

Figure 6.1: Farm worker jobs on commercial farms, 1950–2002	135
Figure 6.2: Number of black agricultural practitioners, by ‘main reason’, 2000–2006	137
Figure 6.3: Black participants in agriculture, by gender, 2000–2006	138
Figure 6.4: Participation of black women and men in agriculture, by ‘main reason’, 2006	139
Figure 6.5: Cumulative number of land reform beneficiaries, 1996–2005	139
Figure 6.6: Overview of results of consolidated scenarios	155
Figure 7.1: Months during which there is not enough to eat by town	173
Figure 7.2: Households involved in food production, by town	174
Figure 7.3: Amount of land needed, among respondents indicating a need for land	175
Figure 7.4: Purposes for which land is needed	177
Figure 7.5: Demand for land, by town and by sex of respondent	178
Figure 7.6: Demand for land by age of respondent	178
Figure 7.7: Need for land expressed to state institutions	180
Map of Breede River Wineland local municipality	167

List of contributors

Michael Aliber is a senior researcher at PLAAS. He previously held posts at the Human Sciences Research Council, the Department of Land Affairs, and the Land and Agriculture Policy Centre. He holds a PhD in Agricultural Economics from the University of Wisconsin-Madison.

Mercia Andrews is national director of the Trust for Community Outreach and Education (TCOE) and previously worked as a trade unionist and for the South African Council on Higher Education.

Mompati Baiphethi is a research intern at the Human Sciences Research Council in the Centre for Poverty, Employment and Growth. He is registered for his PhD with the University of the Free State, Department of Agricultural Economics.

Lionel Cliffe is emeritus professor at the University of Leeds and a specialist in land reform and rural politics in sub-Saharan Africa, particularly southern Africa and the Horn of Africa. He was also a founding member of the editorial board of (and a regular contributor to) the *Review of African Political Economy*.

Ruth Hall is a senior researcher at PLAAS. She holds an MPhil in development studies from the University of Oxford.

Peter Jacobs is a senior lecturer and head of the Economics Department at the University of the Western Cape and was previously a researcher at PLAAS. He holds a PhD in Agricultural Economics from Fordham University, USA.

Mazibuko Jara is a freelance researcher focusing on co-operatives, land reform and rural development. He is currently completing his MPhil by dissertation in Land and Agrarian Studies, on the politics of agricultural policy in South Africa.

Karin Kleinbooi is a researcher at PLAAS and previously worked at the Centre for Rural Legal Studies in Stellenbosch. She is currently completing her MPhil in Land and Agrarian Studies, with a mini-thesis on women's access to land and tenure rights in Namaqualand.

Edward Lahiff is a lecturer at the University of Cork, Ireland. He was previously a senior researcher at PLAAS from 2001 to 2006, and before that worked with Nkuzi Development Association in Limpopo. He holds a PhD in Sociology from the University of London.

Phyllan Zamchiya is a researcher at PLAAS and holds an MPhil in Land and Agrarian Studies from the University of the Western Cape, with a mini-thesis on changing social relations on commercial farms.

Acknowledgements

PLAAS would like to thank all the rural and landless people who participated in this project. We also thank the organisations working with them, and in particular the Mawubuye Land Rights Forum, the Trust for Community Outreach and Education (TCOE), the Association for Rural Advancement (AFRA), the Association for Community and Rural Advancement (AnCRA), the Free State Rural Development Association (FRUDASSO), and the Southern Cape Land Committee (SCLC). Partnership and collaboration with these organisations was an important feature of this initiative – to outline policy alternatives, based on experiences of obstacles and innovation ‘on the ground’.

We would like to extend our thanks to the InterChurch Organisation for Development Co-operation (ICCO) for generous financial support that made this project, conference and book possible. In particular, we thank Ate Kooistra for his support and continued commitment to land rights and agrarian reform in South and southern Africa.

We would also like to thank Lionel Cliffe, who was an advisor on this project, for his immensely generous and knowledgeable contributions over an extended period. His decades of experience with land reform in Africa and beyond greatly enriched this project.

This book is also the product of expert editing by Laurie Rose-Innes and design by Rosie Campbell and her team at Designs4development.

Acronyms and abbreviations

ABP	area-based plan/planning
AFRA	Association for Rural Advancement
AgriBEE	agricultural black economic empowerment
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BEE	black economic empowerment
CDE	Centre for Development and Enterprise
CLRA	Communal Land Rights Act
COMBUD	computerised budget
COSATU	Congress of South African Trade Unions
CPA	communal property association
CPI	communal property institution
CRLR	Commission on Restitution of Land Rights
DBSA	Development Bank of Southern Africa
DLA	Department of Land Affairs
DoA	Department of Agriculture
DTI	Department of Trade and Industry
ESTA	Extension of Security of Tenure Act
FAWU	Food and Allied Workers' Union
GDP	gross domestic product
GEAR	Growth, Employment and Redistribution
IDP	integrated development plan
LARP	Land and Agrarian Reform Project
LED	local economic development
LFS	Labour Force Survey
LRAD	Land Redistribution for Agricultural Development
LTA	Land Reform (Labour Tenants) Act
MALA	Ministry of Agriculture and Land Affairs

MLAR	market-led agrarian reform
NAFU	National African Farmers' Union
NAMC	National Agricultural Marketing Council
NEDLAC	National Economic Development and Labour Council
NWGA	National Wool Growers' Association
PAR	participatory action research
PGAC	Provincial Grants Approval Committee
PLAS	Proactive Land Acquisition Strategy
QOL	Quality of Life (surveys)
SADC	Southern African Development Community
SADT	South African Development Trust
SASA	South African Sugar Association
SGDT	Small Grower Development Trust
SIS	settlement and implementation support
SPP	Surplus People Project
TCOE	Trust for Community Outreach and Education
WBWS	'willing buyer, willing seller'



INTRODUCTION 1

Ruth Hall and Lionel Cliffe

Land reform in South Africa is a political project that has foundered. For years, the process has been variously described as being 'in crisis', 'at a crossroads', 'at an impasse' or simply 'stuck'. This still seems as true as ever, as political pressure is mounting to find new solutions to old problems. In recent years, the issue of 'delivery', and how to speed it up, has taken centre stage and become a justificatory framework for arguments about how to reconfigure roles of the state and private sector in land reform. In the process, little attention has been given to the relationship between policy change and mobilisation from below. In the absence of sustained and organised pressure from rural people themselves, it appears that the shifts underway in land reform policy are not so much about 'delivery' as about reframing the entire project. Increasingly, the debates on land reform centre not so much on the *mechanisms* to be used, as on the *vision* that is to be pursued – something about which existing policy is remarkably silent. At stake is nothing less than what, and whom, land reform is for. South Africans are deeply divided on this question.

Following centuries of colonial domination and decades of apartheid rule, democratic South Africa set out to redistribute rights in land as a way to remedy past racial injustice and lay the basis for more equitable development.

Land is the most basic need for rural dwellers. Apartheid policies pushed millions of black South Africans into overcrowded and impoverished reserves, homelands and townships. In addition, capital intensive agricultural policies led to the large-scale eviction of farm dwellers from their land and homes...Only a tiny minority of black people can afford land on the free market. (ANC 1994: 19)

In pursuit of social justice, land reform would seek to undo more than racial discrimination: it would be pro-poor and would promote gender equality and, by changing production and investment patterns, start to transform dualism in agriculture by blurring the lines between the commercial and communal areas of the country. In 1994, the election manifesto of the African National Congress declared that:

A national land reform programme is the central and driving force of a programme of rural development...This programme must be demand-driven and must aim to supply residential and productive land to the poorest section of the rural population and aspirant farmers. As part of a comprehensive rural development policy, it must raise rural incomes and productivity, and must encourage the use of land for agricultural, other productive or residential purposes. (ANC 1994: 19–20)

This target of 30%... has become the holy grail of land reform

The need for such a vision remains as urgent now as it was in 1994. The envisaged programme of rural development failed to materialise and, instead, investment in rural development has focused primarily on transport and industrial infrastructure within spatial development nodes. Land reform has not been the 'central and driving force' of rural development, but has proceeded in parallel with these initiatives, in an ad hoc way, where individual properties have been offered for sale. The process remains driven by a numerical target, at least at a rhetorical level: to transfer 30% of white-owned agricultural land – excluding the former bantustans, other state land, and urban and other non-agricultural land – to black South Africans. In practice, though, all types of land have been included in official statistics, including the disposal of state land and transfers of limited rights within protected areas like national parks. This target of 30% was initially an interim target for the first five years of land reform, but, when it became apparent that it had not been met, was confirmed as the target over an extended period, to 2014. As often happens with policy targets, it was somewhat arbitrary in origin and has proved to be significantly underachieved, yet has become the holy grail of land reform: the yardstick by which progress is measured, and the goal in terms of which all new policy and programmatic initiatives have been justified. The core problem that remains is the disjuncture between the target and the means adopted in pursuit of it, neither of which is informed by a vision of intended policy outcomes.

Nevertheless, the target has proved to be resilient, and has been reinforced by political leaders over time, despite the remarkably modest headway that has been made in this direction. As of 2008, around 4% of white-owned agricultural land had been redistributed through all aspects of land reform combined. The primary thrust of reform has been to transfer private ownership of land, usually to large groups that form communal property associations (CPAs) or other legal entities to hold and manage land jointly. Redistribution has also taken the form of part-ownership (for instance, through equity sharing arrangements on commercial farms) or state ownership (where commonage land is made available to black livestock owners) (see Chapters 2 and 4). Yet land reform has 'underperformed' not just in the *quantity of land* transferred but also in the *quality of outcomes* – too many projects have been unproductive or not even survived. Underutilisation of redistributed land is widespread and has been attributed primarily to three factors: an enforced structure of group farming; the imposition through business planning processes of commercial and capital-intensive production models inappropriate to the needs and capabilities of beneficiaries; and a chronic problem of insufficient (or absent) post-transfer support, extension services and market access (CASE 2006; Kirsten & Machete 2005; May & Roberts 2000). As a result, improvements in the incomes and livelihoods of beneficiaries have been modest and an unknown number of them have withdrawn from these projects (May, Groth & Van den Brink 2007).

One explanation for the very modest progress with land reform and the limited success of reformed agriculture lies in the low political priority, and hence budgetary provision, accorded to land reform in at least the first decade of democracy, compared to programmes more directly attuned to the demands of the ANC's more vocal constituencies, especially the urban working class. A further explanatory factor (partly due to its low political importance) is the market-led agrarian reform (MLAR) model on which the programme has been designed. Advocated by the World Bank in the 1990s not only in South Africa, but also in Brazil, Colombia and Namibia, this model emerged from the pro-market critique of state-led land reform elsewhere in the past. Land reform would be both 'market-assisted' and 'demand-led'. As in South Africa, experiments elsewhere have called into question whether market-led reforms can live up to the claims made for them: redistributing land at scale, providing effective farm development support, or being cost-effective (Borras 2003). Unlike South Africa, in some Latin American countries MLAR co-exists with non-market land reforms – campaigns of land occupation and state programmes to regularise and recognise the occupation of unutilised land by the landless. Here in South Africa, in contrast, land reform has been wholly

The programme has been characterised by an overwhelming dependence on markets to determine the shape and pace of reform

premised on open land markets, mediated only by the state's provision of small land acquisition subsidies. The programme has been characterised by an overwhelming dependence on markets to determine the shape and pace of reform, through landowners' decisions as to which properties are offered for sale and the ruling market price (Hall, Jacobs & Lahiff 2003; Lahiff 2007). Coupled with this has been a highly bureaucratic process, which has delayed the disbursal of land acquisition grants (for redistribution applicants) despite some moves towards decentralisation. There remains a mismatch between the limited and ad hoc market opportunities that arise and the bureaucratic means available to respond to them, neither of which may bear much relation to actual land needs of would-be beneficiaries or rural development priorities (see Chapter 3). A core question to be addressed is, therefore, the extent to which land reform has been so limited because of technical and implementation difficulties, or due to the limitations of the model itself. In short, the perspective of this book focuses largely on the model itself, while also recognising the ways in which approaches to implementation have further hampered the process.

Outside of the land reform programme, a growing number of black South Africans have been able to acquire land independently. Evidence of this has been used by pro-market proponents to argue that the market is efficient (and more efficient than the state) in redistributing land (Lyne & Darroch 2003). However, as the ANC noted in 1994, this is an avenue available only to the few who are already relatively well off (many of whom may choose to invest elsewhere, rather than in agriculture), while the rural majority remain landless or have insecure rights in the overcrowded communal areas of the former bantustans or on commercial farms. Thus, the stark imbalance in the proportions of land held by white and black remains a bedrock of structural inequality and a source of political grievance. The *General Household Survey* of 2006 shows that, among those blacks with access to land, two thirds (66%) have access to 0.5 ha or less, and just 0.5% have access to over 20 ha, while among whites with land, 15% have access to 0.5 ha or less, and 53% have access to over 20 ha (Stats SA 2006, author's own calculations). Although a small percentage of whites own land, the accumulation and investment of national wealth largely takes place elsewhere in the economy, in the mineral resources sector, in manufacturing and, increasingly, in the financial and services sector.

Generally, land reform has been equated with agriculture in the public imagination, and indeed in practice; while it started out as an initiative to provide secure access to land for agricultural purposes, it also envisaged other production or business development, and residential settlement. In the rural areas, land reform must be primarily (though not only) about agriculture, as this is the key productive rural sector and a mainstay for much of the rural population. Agriculture is a small sector of the economy, contributing just 4% of GDP, yet it is much more significant as an employer (providing the wages of about 780 000 farm employees) and as a source of food and cash income for around 4.5 million residents of former bantustans who depend, at least in part, on farming. Likewise, its importance is apparent when taking into account agriculture's linkages into upstream and downstream industries, and as an earner of foreign exchange. Most significantly, none of our national economic accounting acknowledges the role of agriculture among so-called subsistence producers, as a source of food and income and guarantor of social welfare for poor households. This book considers the potential of different types of agriculture – and new patterns and technologies of production – to absorb more labour and provide more livelihoods, particularly in the scenarios presented in Chapter 6.

Yet, when considering the future of agricultural land reform, we should not expect agriculture alone to solve the problem of rural poverty. The question instead is the role it can play, both directly and indirectly, in improving the quality of livelihoods in rural areas, and in providing social protection. What are the possibilities of this, in a context where there is no significant peasant class of commodity producing smallholders – beyond the approximately 200 000 small and medium-scale

commercial farmers in the former bantustans – and where many people in rural areas are dependent on transfers from the urban economy, in the form of either remittances from migrant family labour or social grants? As well as changing social and economic relations *within* the rural areas, then, another aspect of the ‘agrarian question’ must be considered: changing the structural relations between rural and urban areas and their interrelated economies.

The inherited agrarian structure and its dynamics

By the 1990s, one of the gross legacies of apartheid lay in the vastly unequal racial division of land, with 87% of the land area being legally designated for exclusive white ownership. More specifically, there were some 60 000 large commercial farms owned by whites, with a resident and dependent population of farm workers and other dwellers, while the former bantustans or ‘reserves’ remained home to about four million producers ranging from smallholder to medium-scale and from semi-subsistence to commercial. Meanwhile, some 13 million people were crammed into the former homelands, making up a disproportionate share – about 70% – of the poor (May 1998).

White-owned and -managed farming had also benefited from subsidised credit, state supplies of inputs and controlled marketing since the 1930s. As a result, behind its much-vaunted ‘productivity’, large-scale commercial farming was overcapitalised, intermediate input intensive, heavily indebted and, in certain sectors and among some producers, inefficient in its use of resources (both land and labour). However, some of its privileges were lost with the deregulation of markets and reduction of subsidies from the 1980s through to the mid-1990s.

Origins of land reform policy

As the transition from apartheid approached, there was a need to work out concrete initiatives – the aims, modalities and methods of work – to give substance to the principles and aspirations contained in the *Freedom Charter* and in various ANC policy documents. Three main sets of perspectives on possible approaches can be identified with particular lobbies, each with some associated publications. One sprang from the wide range of on-the-ground struggles of the 1970s and 1980s. These had been campaigns against forced removals, land confiscations and evictions of workers and other dwellers from white-owned farms. Activists engaged in such campaigns were among the few supporters of the new order who had experience of land issues, and many were recruited to new roles and institutions as they were set up in the government to promote land reform. This perspective gave emphasis to the rights of the dispossessed and urged restitution of those rights.

Second, there had also been some limited brain-storming among the exiled wings of the liberation movement, but this was restricted to a small handful of interested individuals who thrashed out policy options at a 1989 conference at Waegeningen in the Netherlands and in an ANC reading group on land and agriculture that met in Lusaka up until 1990. This constituency did take on board socio-economic arguments for land reform, but did not develop policy outlines, and seemed to have

picked up little from potentially relevant lessons, positive or negative, from parts of Africa where the movement had a presence, such as Kenya, Algeria, Tanzania and Zimbabwe. The ANC itself (and other liberation movements) were divided between a vision of smallholder peasant production, on the one hand, and a view that supported large-scale and mechanised farms until their eventual conversion to collective or state farms, on the other, with the latter being preponderant.

A third direction came from specialist international actors, notably the World Bank, which underwrote a major review by a joint ANC-World Bank mission as early as 1993. The thrust of the World Bank input, then and since, has been to push its finding from international experience that ‘smaller farms have consistently higher profits and employ far more labor per hectare than large farms’ (Van den Brink et al. 2006: 25). Starting from this view of the economic benefits of land redistribution, rather than the question of rights, they sought to promote land redistribution but through a ‘market-based’ approach, where the state’s role was restricted to assisting in the sale of land by existing white farmers, without compulsion, to prospective black users.

Design and delivery of land reform

The policy that emerged in the first few years of the democratic era was organised under three familiar components with their differing aims and modalities.

Restitution provided for those who had been dispossessed of their rights to land to lodge claims either for the restoration of that land or for financial compensation. These had to be registered by the cut-off date of December 1998. By that time, a total of 63 455 restitution claims had been lodged, but only a tiny proportion were settled in the first few years. In this first phase, all claims were assessed by a special, independent Land Claims Court. To extend and speed up the process, from 1999 onwards, the government delegated the scrutiny of and decisions on claims to an administrative process through the Commission on Restitution of Land Rights (CRLR), rather than requiring a judicial determination of each case. Standard offers of cash settlement enabled the rapid conclusion of the vast majority of urban claims in the period 2000–2006; most claims settled in this period were on urban residential or commercial property, and were usually settled with financial compensation. Settling claims to rural land, which were procedurally more complicated than the urban claims, involving much greater land areas and far more people, only began to take off after 2004.

Redistribution was a provision to foster improved livelihoods and quality of life for previously disadvantaged individuals and communities through their acquiring commercial farm land. The particular mechanism for acquisition was to be ‘market-assisted’, by virtue of negotiating with existing owners, ‘subsidised’ by the provision of state grants to beneficiaries, ‘demand-led’ in that applicants rather than the state would initiate projects, and ‘community-based’ in that groups would pool their efforts and resources to obtain farms collectively. In the 1990s, the targeted groups were defined as the landless, labour tenants and farm workers, ‘women and the rural poor’, as well as ‘emerging farmers’, all of whom were subject to a means test to show their need and thereby qualify as eligible. Although this formula corresponded to what elsewhere had been termed a ‘willing-buyer, willing-seller’ approach, it differed from others in that beneficiaries, rather than the state, were to be the willing buyers. The owners were under no compulsion to sell. Transfers did not involve the prior acquisition of land by the state for subsequent resettlement. Instead, the state’s role was limited to screening applicants, approving and supplying grants to them, subsidising the land transfer and

planning land use. These functions were discharged mainly through the Department of Land Affairs (DLA), which was not equipped to provide post-settlement support such as extension advice and credit. In the 1990s, this programme was designated the Settlement and Land Acquisition Grant (SLAG). Its operations were suspended between 1999 and 2001, pending a policy review, and it was phased out from 2001 in favour of the Land Reform for Agricultural Development (LRAD) programme, which put more emphasis on the commercial use of transferred land and provided a sliding scale of differently sized grants.

Tenure reform was seen as necessary to address what was reputedly the main problem facing the people in the former bantustans – insecure rights to land. Reforming the legal status of occupiers' rights – on state land, on communal land and on privately owned land – was a core element of the White Paper on South African Land Policy, which aimed to '*develop the mechanisms for "upgrading" de facto vested interests in land into legally enforceable rights*' and to ensure '*protection for occupants of privately owned land*' (DLA 1997: 60, original emphasis). Various laws have been enacted to this end, yet reforming tenure relations has been the least developed of the three programmes of land reform. The primary dimensions of tenure reform have been provisions to specify and protect the rights of people occupying communal land nominally owned by the state, and residents of privately owned commercial farmland. After long deliberations, the Communal Land Rights Act 11 of 2004 was promulgated, but remains unimplemented and controversial. As the communal tenure issue falls outside the specific focus of this project, little further will be said about its progress and impact. However, the security of tenure of those dwelling on commercial farms, which has been addressed by other legislation, has been the subject of extensive review and debate (see Chapter 4).

Reframing redistribution

The redistribution programme required building up the capacity of the DLA to handle applications, and of the private consultants who were expected to advise on business plans for the projects and their beneficiary groups. The dissemination of awareness that this programme was there to be taken advantage of also took time. The resulting slow build-up of momentum meant that only some 55 000 households (perhaps 300 000 people) had received land under SLAG before its suspension in late 1999, more than half of them in 1998 and early 1999. This slow pace of transfer and settlement was attributed to the difficulty in setting up the infrastructure, but also stemmed from the cumbersome design of 'projects', which, in turn, required groups to form and register a legal entity (a trust or CPA) that would own the land, the complex application process that required a business plan, and its subsequent highly centralised approval process.

However, by the end of the 1990s, it became clear to internal as well as external reviewers that those projects that had got off the ground were all too often neither productive nor realising an improved quality of life, and many were proving not viable or even sustainable. Several design features combined to dictate a pattern whereby the projects entailed some form of group farming. This might have been an unintended result, but it explained much of the lack of 'success' in the outcome of land transfer. The small size of the grant, initially set at R15 000 per household and then raised to R16 000, obliged people to combine resources to meet the costs of a single farm. Despite dubious assumptions of naturally occurring 'communities', actual groups were mainly accidental

agglomerations of disparate individuals, with little coherence. This compulsion toward groups, compounded by land prices that continued to escalate, was itself a consequence of the failure to repeal old legislation that had prevented subdivision of properties, and the consequent requirement that groups had to form a single legal entity. By default, these CPAs or trusts became the only bodies available for managing land use and production – whereas, as one report to the DLA concluded, they should not be instruments for running businesses on land (CSIR 2005). The beneficiary groups received no training or support in organising collective farms or in managing and regulating any individual rights to pockets of land on the projects. Thus, it is not surprising that the same report found that of 25 communal property institutions, only four were functioning reasonably well, a further five were wholly dysfunctional, in that they were not in operation at all, and the great majority were operational but largely dysfunctional either in providing any collective decision-making or in allocating rights and resources to members (CSIR 2005: 6).

The review during the suspension of new SLAG applications from mid-1999 through 2000 led to the reformulation of policy under the new LRAD programme. LRAD was premised on an evaluation that considered the main shortcomings as being a focus on the wrong kind of beneficiary and an inappropriate use of the land. It thus proposed a focus on ‘emerging farmers’, rather than the neediest, and on a strong ‘commercial’ orientation. To realise these new objectives, LRAD provided for a sliding scale of grants, now ranging from R20 000 and reaching up to R100 000 per individual applicant, depending on the value of the matching input of assets, cash or own labour. To enable these better-off applicants access to the programme, the means-test was discarded; any black South African wanting to farm became eligible.

Another fundamental change under LRAD was decentralisation; authority for approval of projects and grants was delegated from Pretoria to the DLA’s provincial offices. This new approach, like SLAG, took time to build momentum but did succeed in scaling up delivery and expenditures on redistribution.

The current conjuncture

Towards the end of the Mbeki years, the government acknowledged that problems experienced in the land reform initiative were not merely implementation or budgetary blockages, but arose from fundamental problems with the design of policy itself. The rhetorical rejection of the ‘willing-buyer, willing-seller’ paradigm can be dated to the National Land Summit of July 2005, when, for the first time, senior government leaders – the Minister, Deputy President and, finally, the President – declared that it had hampered reform and that non-market alternatives would be explored. The Minister argued for the first time that, in future, the state would need to acquire land proactively, rather than relying on the ‘willing-buyer, willing-seller’ formula, given her view that:

markets by themselves do not redistribute land at the scale, quality, location and price [that is required] from rich to poor and from white to black participants; the willing buyer, willing seller approach needs to be mediated by the reality of a failure of land markets. (Didiza 2005: 5)

Since 2005, various permutations of ‘proactive acquisition’ have been experimented with, although on the whole the process remains, much as before the Land Summit, market- and landowner-dependent (see Chapter 3 for more detail on these variations). Superficially, it appears that land

land reform has undergone... reinvention – but in different and even opposing directions

reform has undergone, or is undergoing, reinvention – but in different and even opposing directions. On the one hand, the government and the ruling party have embraced the vocabulary of critics from the left, calling for ‘proactive’ measures, rejecting the ‘willing-buyer, willing-seller’ equation, and talking increasingly of ‘agrarian revolution’. At the same time, the privileging of large-scale and capital-intensive production through various types of joint ventures is inimical in many ways to the poor, entrenching the structural divisions still carved into the landscape between the former bantustans and the white farming areas, and reinforcing the dependence of the government on the private sector to drive implementation. This apparent contradiction is investigated further in Chapter 9.

Restitution

Since 2003, restitution has been prioritised by the government and has received growing budget allocations and political support. The priority placed on it in recent years makes sense. Restitution is a source of political capital; it symbolises a tangible way in which the post-apartheid government is seen to be successfully engaged in restorative justice. It also involves specific groups whose land-related grievances must be addressed. By 2007, a total of 74 417 claims had been settled, involving a quarter of a million households, at a total cost of nearly R11 billion (CRLR 2007). Since most of these were urban claims settled with cash compensation, it is far from clear how much restitution has contributed to land reform; a small minority of claims has involved land being returned, and people settling on it and using it to improve their lives. Even so, a sizeable, and growing, area of land has been earmarked for restitution – about 1.6 million hectares as of 2008, of which one-third was earmarked in the past financial year – but nobody can say when this land will be handed over to the claimants, and how much has been handed over so far. The fact that most claims (and certainly the vast bulk of the simpler claims) are now settled is testament to the urgent need for a ‘success story’ in land reform.

new forms of private sector partnership, and even conditionality, have been introduced

Despite the hefty (and largely unforeseen) costs involved, the state does *not* appear to be treating restitution as a massive public investment on which it must see a return. Instead, it seems to harbour fairly low expectations of what restitution should achieve, beyond the act of handing over of land or cash. Indeed, the growing evidence of lack of post-settlement support and the resulting failure on the ground to improve the livelihoods of those returning to their land has, in the past few years, started to erode the symbolic achievements of restitution (CASE 2006). In this context, new forms of private sector partnership, and even conditionality, have been introduced in an attempt to ensure continuity of production, availability of capital and provision of training (which the state itself has been unable to provide), usually through joint ventures in which private sector partners acquire a proportion of shareholding in return. These models are premised on the need to minimise changes in land use and production, despite restitution, rather than being informed by the livelihood needs, capabilities and priorities of claimants themselves. The track record of some of these ‘strategic partnerships’ suggests that claimants may benefit very little, if at all, if they are not able to live on, use or make decisions regarding the land of their forebears (Derman, Lahiff & Sjaastad 2006).

Of particular importance now is the question of how the large number of rural restitution claims on high-value commercial farmland – which are clustered in the northern and eastern regions of the country, particularly in Limpopo, Mpumalanga and KwaZulu-Natal – will be resolved. Initiatives from the highest echelons of government, in the Presidency, since 2007 have attempted to bring together the Commission with departments from the Economic Cluster to meet with representatives of some of the major agribusinesses that will be affected, notably the sugar and timber industries.

The era of approaching restitution on a claim-by-claim basis seems to be nearing its end; now the hard questions are being asked about what the return of large tracts of high-value land and associated infrastructure to rural communities will mean for production, investment, employment and the local economy. Finally, the question of rural development is moving centre stage. Yet, as the work of restitution becomes much more complex and murky, with large rural claims still to be settled and complex negotiations to be had with individual landowners and large agricultural corporations, the government's attention is firmly moving away from the emphasis on restitution and towards redistribution – a shift reflected in changing budgetary priorities.

The era of approaching restitution on a claim-by-claim basis seems to be nearing its end

Redistribution

In the renewed commitment to expedite land transfers, consideration was first given to various means of streamlining acquisition: modification of the current 'willing-buyer, willing-seller' formula, including proactive intervention in markets by the state to snap up land on offer and to identify land for specific potential beneficiaries, plus a possible land tax, ceilings on the sizes of landholdings, the state having a right of first refusal on land sales, and the use of expropriation in certain circumstances. An Expropriation Bill that allowed for some of these modalities was tabled in early 2008, but has been hotly contested by predictable vested interests – the commercial farming lobby, big business and opposition parties – and was retracted from the National Assembly by August 2008. The repeal of current regulations that prevent subdivision of existing holdings was widely recognised as an important step, but such a repeal is yet to be signed into law. So far, there has been no shift of policy away from the past variants of grant-assisted transfers through the market from existing owners to beneficiaries. Nor is there a model for who will be responsible for any subdivision that might be allowed. This could be a role for a state agency – though not in the view of the World Bank, which, in advocating transfers of parcels to individuals, seems content to see that role in the hands of 'developers', presumably middlemen if not future landlords (Van den Brink et al 2006).

During the course of this project, a new policy framework was being designed and the resulting Land and Agrarian Reform Project (LARP) was publicly announced in February 2008 (RSA 2008). This institutionalises co-operation as a joint programme of the DLA and the Department of Agriculture (DoA). It sets new targets for scaling up delivery of land, with the aim of transferring 5 million hectares (more than the total land delivered to date) to 10 000 new agricultural producers by 2009. Its proposed beneficiaries include black entrepreneurs, other emerging farmers, farm dwellers and communal area farmers, the same broad spectrum already targeted. It proposes 'one-stop shops' to provide co-ordinated planning and post-settlement support, with the aim of improving production and trade, although these are yet to be created. This latter step was also proposed in a settlement and implementation support (SIS) strategy that was developed in the post-Summit period and presented at the conference held as part of this project (see SDC 2007). For now, however, it remains unclear whether LARP is to complement or supersede existing redistribution initiatives, and whether it will introduce new mechanisms or merely establish new and more ambitious targets that will remain unrealised.

Tenure reform

Alongside this new redistribution drive, the tenure rights of occupants in communal areas and in the commercial farming areas continue to be under severe threat. Tenure reform has continued to be the most neglected – yet arguably the most potentially transformative – dimension of land reform.

In the case of communal land, the government's focus has fallen on transferring private ownership of communal land to 'traditional communities', rather than on securing the rights of members within these communities. The dismantling of bantustan bureaucracies at the end of apartheid rule led to the collapse of the systems for the issuing and registration of permission to occupy (PTO) certificates, and a vacuum in state-supported land rights administration, leading to growing (rather than reduced) uncertainty and insecurity for holders of communal land and other resource rights. Through the 1990s, legal and other steps were taken to adjust outdated title deeds registered in the names of people often long-deceased, to stipulate consultative processes required before the transacting of rights with outsiders, and to provide interim protection for land rights holders, pending more comprehensive law reform. The most significant move towards reform has been the enactment of the Communal Land Rights Act 11 of 2004 (CLRA), which provides for the transfer of private title to communal land to 'traditional communities' under the control and governance of 'traditional councils' comprising tribal authorities and some elected members. This model of privatisation under local control has proven controversial. By 2008, CLRA was yet to be implemented and faced a legal challenge on the constitutional grounds that it failed to secure tenure or provide for democratic governance of land rights, constituted racial discrimination, failed to ensure gender equality and allocated excessive discretionary powers to the Minister of Land Affairs. If implemented, CLRA may affect only a small proportion of people living in communal areas, particularly those whose land is prized for potential development by outside investors. For most, though, the default (and arguably weak) procedural provisions for securing tenure – along the lines of National Party laws from the early 1990s – will prevail, providing an opportunity for patronage relationships.

Similarly, tenure laws that recognise and provide for upgrading the rights of people who live on privately owned commercial farmland, whether they are employed as farm workers or not, have been a dismal failure. For some years now, the government, farmers and the landless have agreed that these laws and policies have failed, but there is little agreement on why, and what is to be done (see, for instance, Bosman, Edwards, Khubeka, Mahomed & Billy, and Mayende, in Roth et al. 2004). While the current Minister periodically lambastes white farmers for forcibly evicting farm dwellers, there is little to indicate that the government wishes, or is willing, to stop this. Instead, government posts dedicated to enforcing farm tenure laws have been done away with and new legislation to be introduced in 2009 is expected to establish one law to regulate evictions, possibly diluting the (already weak) rights enshrined in the key farm tenure law, the Extension of Security of Tenure Act 62 of 1997 (ESTA). At the same time, South Africans have been reluctant to come to terms with the startling reality, exposed by a national evictions survey (Wegerif, Russell & Grundling 2005), that racialised land dispossession has *not* been consigned to the past, but continues and has even gathered pace in the democratic era. The rate at which black people have been forcibly evicted from farms since 1994 – often simultaneously losing their jobs, homes, household assets and livestock – exceeds the rate of forced removals from farms in the last decade of apartheid. An estimated 940 000 farm dwellers were forcibly evicted between 1994 and 2003, during which period over double that number moved off farms, through a combination of forced eviction and voluntary migration. This suggests that more black South Africans lost their hold on land, through coercion, since 1994 than gained it through all land reform measures combined (Wegerif et al. 2005). This, in turn, comprehensively draws into question whether we are in fact moving towards a less racialised and unequal countryside, or whether the post-apartheid political economy is entrenching spatial and economic apartheid. Clearly, 'speeding up' land reform in this context is an inadequate prescription. Transformation must involve changes to the terms on which people live on land owned by others, and to the rights they hold, in order to secure and expand land access among non-owners and find creative solutions to conflicts between owners and non-owners.

racialised land
dispossession
has *not* been
consigned to
the past, but
continues and
has even gathered
pace in the
democratic era

Background to this book

There is some history to this book. In 2000, shortly following her appointment as Minister of Agriculture and Land Affairs in Thabo Mbeki's Cabinet, Thoko Didiza announced a new direction in land reform policy, including changes to the redistribution programme and a moratorium on new projects pending the design of new policy. In response, a grouping of NGOs and other civil society structures asked PLAAS to conduct a national review of the progress of and problems facing the land reform programme. They pointed to the chronic lack of reliable national information about what had been achieved through land reform, how it was being approached in different regions, who was benefiting, and what could be ascertained about the outcomes in terms of production, incomes and livelihoods. Many of these organisations worked in quite localised ways with specific communities – land claimants, small farmers, farm workers and dwellers, among others. Perturbed by both the slow progress with land reform and the apparent shift towards prioritising the creation of a new class of black commercial farmers as the preferred model, they hoped that a national review could form the basis for discussion about policy alternatives.

Support from the Foundation for Human Rights of South Africa, funded by the European Union, enabled PLAAS to conduct a wide-ranging national review in 2002–2003, which resulted in a series of reports entitled *Evaluating Land and Agrarian Studies in South Africa* (ELARSA). These were widely distributed. The overarching analysis was captured in the final synthesis report, which noted by way of conclusion:

First and foremost is the very limited scope of the programme, in terms of objectives, budgets and overall impact on the pattern of property rights...Secondly, there has been a clear shift away from land reform as a programme aimed at the rural poor and landless to one aimed at the creation of a new class of commercial farmers...Thirdly, the lack of interference with existing property rights has become a defining feature of the programme, despite the clear constitutional support for transformation...Finally, the general neglect of post-transfer support, and the failure to integrate land reform within a wider programme of rural development, has severely limited its contribution to livelihoods and to the revival of the rural economy. (Hall et al. 2003: 32–33)

During 2003, the detailed findings of the ELARSA project were presented at workshops held in nearly all of the provinces with a broad spectrum of state, civil society and private sector groupings, to discuss the implications for future policy reform. A wide range of interest groups and actors participated: state officials from national, provincial and local government, local councillors, Chapter 9 institutions, churches and other religious bodies, land rights NGOs, farm worker organisations, land claimant groups, land reform beneficiaries, academics, black and white farmer associations, and agribusiness interests. The findings stimulated much debate and a fair amount of media coverage. While there was widespread agreement on the findings themselves, the implications were hotly contested. Many felt the findings confirmed what was already known: land reform was in serious trouble, and the solution was *not* merely to deliver more of the same, faster. Instead, a bold and new direction in policy was needed, alongside a complete overhaul of the way in which it was implemented. The top priority would be to develop coherent policy proposals on the basis of research and consultation.

land reform was in serious trouble, and the solution was *not* merely to deliver more of the same, faster

The second phase of this initiative, which forms the basis for this book, shifted the focus from evaluation to implications and options for alternatives, as part of a project entitled 'Policy Options for

Land and Agrarian Reform' (POLAR). The Interchurch Organisation for Development Co-operation (ICCO) of the Netherlands generously funded the project and, from late 2005, work started on a series of linked activities that included an international and comparative literature review, case study research, a participatory action research process, and public consultation with rural constituencies.

The project culminated in a national conference hosted by PLAAS at the Lord Charles Hotel in Somerset West, outside Cape Town, on 24–25 October 2007, where the three main policy options papers and recommendations were presented, alongside other invited inputs. This event, entitled 'Another Countryside? Policy Options for Land and Agrarian Reform in South Africa', drew together 112 participants from 64 organisations, including political structures, labour unions, state departments, social movements, NGOs, funders and academics. The vast majority of the participants, however, were from the broadest possible array of South African civil society structures and forums. This was the largest national conference on land reform organised by a non-state institution since before the demise of the National Land Committee in 2004.

Debates at the conference were contested hotly at times and, given the diverse nature of the gathering, were unsurprisingly inconclusive. Even so, a few key points of agreement did emerge among most participants. First, a central area of agreement was support for a 'developmental state' paradigm in which the state pursues an agrarian reform through strategic interventions to restructure economic conditions in favour of the poor, and acts to break monopoly control of agriculture. Second, participants agreed that rural poverty is profoundly gendered and so any land and agrarian reform needs to confront what it means to prioritise women's land needs and to use land reform as a measure to bring about greater gender equity. A third point of broad agreement was the need for land reform to be primarily about establishing and supporting smallholder farmers, if it is to make inroads into rural poverty. Consequently, new mechanisms will be needed to link small producers with markets on terms that enable them to minimise risk and accumulate surplus and to provide appropriate support such as farm inputs and credit – enabling the growth of petty commodity producers – as well as creating a welfare net for those who do not aim to scale up production and whose primary need is for settlement and farming for consumption. Fourth, participants from across the political spectrum also sounded a cautionary note about the nature and capabilities of the state – and the key implementing institutions as they are currently constituted – and what it can be expected to 'deliver'. Though there was no agreement on alternative institutional forms, it was recognised that the DLA by itself does not, and cannot, hold the answers to all the challenges facing land and agrarian reform. To the degree possible, we have endeavoured to respond to some of these points and offer some insights into operationalising them in this volume.

Much discussion at the conference focused on the core question of how many livelihoods (and part-livelihoods) can be created through land and agrarian reform, and what it will cost. This book (Chapter 6, in particular) is a step towards specifying this level of detail. Further, civil society groups agreed that a key aspect of the way forward would be to elaborate alternative policy options, not so much through written policy proposals but through 'learning from the ground'. Action-oriented projects at local level might demonstrate the limitations of the existing policy approach, and start to delineate pro-poor and pro-smallholder alternatives – as in the Breede River Winelands pilot project (see Chapter 7). Participants agreed that, wherever possible, these should be pursued in the form of partnerships, particularly with local government. In this sense, the final discussions at the conference started to chart an agenda for advocacy-oriented action at local level.

the conference
started to chart
an agenda
for advocacy-
oriented action
at local level

About this book

This book aims to ask some fundamental questions about the why, the what, the who and the how of land reform, and to locate this firmly within a wider notion of an agrarian reform agenda. It emphasises an emerging consensus on the need to specify a *vision* of a transformed agrarian structure and rural economy, towards which land reform is one key contributor. The focus falls on the question of redistributive land reform, in other words the redistribution of rights in land through restitution, redistribution and tenure reform in the formerly (and still, largely) white commercial farming areas outside of what were the bantustans. While the nature of land reform in shaping the future of the former bantustans, and of urban South Africa, should receive more attention, these topics are not addressed in detail in this volume, except to point to how communal area dwellers can be included among beneficiaries of redistribution. What is considered, briefly, is the possibility of building alliances between rural and urban movements of the poor struggling for their livelihoods and rights to land – issues that resonate in different ways in these different settings. This is considered in more detail in Chapter 9. The book touches on, but does not address in detail, the question of what land and agrarian reform will mean for food production and distribution, and food prices, in an age of spiralling transport costs and global commodity price hikes. This is a priority area for further investigation.

This volume is intended to stimulate debate and discussion about alternatives. We have not attempted to prescribe detailed blueprints for an alternative approach, but rather have raised core questions (assessing possible answers) about the purpose, nature and form of redistributive land reform. The conclusion endorses a broad direction that could inform future policy, and discusses the propositions contained in the individual chapters. Of necessity, much of the critical analysis focuses on *what is*, as a basis for considering both conceptual and practical components of alternative policies.

Overview of chapters

This book is organised into three sections, each of which has a broad thematic focus that binds the individual chapters. Section 1 deals with foundational questions about land policy, reviews existing policy approaches and their variants, documents what is known about their outcomes, and critically assesses emerging alternatives.

The first policy paper, on land use, production and land-based livelihoods, deals with the question: *land reform, for what?* It does so by clarifying the goals (stated and implicit) of land reform. It then describes the range of production or business models being created, analyses what is driving this pattern, reviews what is known about their outcomes for livelihoods, and draws from international experience to explore alternatives. The chapter argues that land reform is a political project that is yet to clarify its economic rationale. Instead of altering production regimes in favour of a change in the types, scales and mix of inputs into production, projects have been designed largely to alter as little as possible, beyond the ownership structure. For these reasons, the practice of land reform in South Africa has not yet shown that redistribution of rights in land, and changes in production regimes, can generate *more livelihoods* than the current situation, or that it can have positive impacts on

the paper argues
for a proactive
approach that
is people-led,
needs-based and
state-supported

surrounding economies and on the national economy. As long as land reform is subject to existing production regimes, public funds will be used to buy out existing businesses without changing production or expanding livelihoods, and will be considered a cost rather than an investment. This critique of past outcomes offers a point of departure for considering future alternatives.

The second policy paper, on targeting, demand and acquisition, focuses on the question: *land reform, how and for whom?* It critically assesses the existing market-assisted policy framework and documents a range of actual practices that have evolved over time and across the provinces. It concludes that some core elements of targeting have been entirely absent, and that the limits to redistribution and the failure to use land effectively have often resulted from the lack of differentiation at a policy level, and operationally, among different kinds of land needs and different potential land users. While proactive strategies have been adopted to address some of the problems evident to date, these remain market-dependent and, by substituting a demand-led process for a supply-led one, run the risk (already evident in places) of targets for acquisition being pursued at the cost of finding the right land to meet the real needs of identified beneficiaries. One outcome is the widespread failure to allocate acquired land or the leasing of land back to its former owners. As an alternative to either the demand-led or supply-led variants of market-based reform, the paper argues for a proactive approach that is people-led, needs-based and state-supported, in which the state uses, intervenes in or overrides markets in response to the identified needs of prioritised people. This hinges on local assessments of land needs and local plans for land reform. Such an approach would make possible some economies of scale in planning, the demarcation of priority areas of demand for land, and the acquisition of land in contiguous blocks.

The third policy paper, on tenure arrangements and support, deals with the question: *land reform, with what land rights?* It documents the tragic failure to secure the occupancy and land use rights of farm workers and other farm dwellers, as intended by policy, and explores some of the legal, institutional and political reasons for this. It also points to the neglected issue of tenure arrangements *within* land reform projects, and the damaging influence this has had on the actual practice of land rights allocation and management in group-based projects and, in turn, on production in many of these. The failure to make substantial headway in reforming and securing tenure rights for occupiers of commercial farms and for beneficiaries of land redistribution (and restitution) is indicative, in both instances, of the primacy of private property rights, and the very limited political support for tenure reform. This suggests the need to consider not only different legal arrangements (including subdivision of large commercial landholdings) but also a stronger role for the state in land rights administration, rather than privatising these costs and responsibilities.

Section 2 deals with the economic and political context and dynamics that should inform or are likely to shape the formulation of alternatives – the changes underway in the agricultural sector; the future prospects and impending crises facing certain subsectors and regions; the private sector's role in land reform; trends and possible scenarios for future employment and livelihoods in agriculture, including the loss of jobs and casualisation of labour; methods for locally-driven, participatory land reform; and the political space for alternatives.

Ruth Hall's chapter on the commercial farming sector explores how agrarian reform in the post-apartheid era has taken the form of rapid deregulation of the commercial sector and liberalisation of agricultural trade. On the one hand, this ended the national subsidisation of white farmers, which under apartheid had seen net welfare transfers to farmers from the rest of the population. On the other hand, it shook up the agricultural sector and reshaped it in ways that are antithetical to land reform: the consolidation of landholdings, job shedding and increasing capital-intensity of production. The chapter describes the selective reintroduction of some mechanisms of support for new black farmers, which has been inadequate in its scale and patchy in its reach.

Michael Aliber, Mompoti Baiphethi and Peter Jacobs present summarised findings from an exercise undertaken to generate scenarios for the future of agricultural employment and self-employment. This useful undertaking does not attempt to provide firm answers about the way forward, but shows the very real trade-offs that will have to be made in deciding the future course of land and agricultural policies. It focuses on the implications of these policy choices for future employment on commercial farms, for the growth of black large-scale commercial farmers, for black smallholder farmers, for smallholder employees, for semi-subsistence farmers, and for employees in agro-processing. The chapter contributes to the collection a valuable depiction of the implications of redistribution for the net change in livelihoods from agriculture. It emphasises the importance of agriculture in the former bantustans (which has been largely ignored to date) within future land and agrarian reform policy, and argues that there may be space to accommodate a range of distinct groups with differing land needs, but that such choices should be made more explicit. While the impact of redistributing commercial farmland on agricultural employment may be limited or counteracted by targeting land that is underutilised, maximising the creation of livelihoods will require changing ownership as well as land use patterns on existing commercial farms where employment is in decline.

Mercia Andrews, Phillan Zamchiya and Ruth Hall report on one experiment with a people-driven land reform planning process at a local level. This 'participatory action research' (PAR) initiative was pursued in the Breede River Winelands municipality, which forms part of the Cape Winelands District in one of the wealthiest wine and fruit growing regions of the Western Cape. The chapter argues that a shift from a market-based land reform to one in which the state plays a more interventionist role requires new approaches to determining what land should be acquired, and for whom; it argues that participatory methods are required in order to develop such plans for land reform, and wider agrarian change, at a local level. Striking findings from the research on expressed needs in this particular case include the widespread demand for small parcels of land for cultivation and grazing, in close proximity to towns, as part of diversified livelihood strategies. While a demand for full-time commercial farming exists, it is far overshadowed by a demand for land for part-time and small-scale production for both household consumption and markets. Also striking is the extent of demand for land among young people, many of whom have little expectation of ever finding regular employment either on the farms or in the towns. The chapter goes on to consider future prospects by defining existing opportunities for farming and exploring the resources required to meet the expressed aspirations. On this basis, it presents a schema for different production models, characterised by varying sizes of landholdings, land uses, tenure arrangements and labour regimes.

Karin Kleinbooi's chapter describes the growing role of the private sector in implementing land reform, a trend that the government has been keen to promote. Yet, she finds that the government has been weak in leveraging resources from the private sector, relying instead on its technical expertise to make up for human capacity shortages in the public sector. This chapter draws attention to a basic contradiction underlying the government's position: the private sector should be encouraged, even incentivised, to play a constructive role, but land reform writ large is logically inimical to the class interests of these partners. For this reason, she concludes, both co-operative relations and a firm division of labour between the state and private sector will be needed. Nevertheless, among the antagonistic interests there remain win-win situations that can be identified and prioritised.

Mazibuko Jara and Ruth Hall explore the changeable political terrain that has constrained land reform, and which will shape its future trajectory. This chapter argues that 'containing contradiction' remains a key feature of the politics of land reform in South Africa, and that those in power have been able to square commitment to a land reform process with basic ambivalence about its class consequences. The chapter describes the uneven and contested political playing field of state and non-state actors, their interests and their relations with one another. It points to recent (contradictory)

maximising the creation of livelihoods will require changing... land use patterns on existing commercial farms where employment is in decline

those in power have been able to square commitment to a land reform process with basic ambivalence about its class consequences

shifts in policy and political discourse, which emerge from the now-widespread convergence of opinion that land reform is in crisis, and that competing political priorities and the interests of opposing constituencies need to be reconciled in framing a response. Some of the discussion is of necessity somewhat speculative, as it considers what factors might drive future change in the state's interests. The chapter explores some of the new and progressive elements in the ANC's resolution on land reform and agrarian change adopted at its national conference in Polokwane in December 2007, how land and agricultural policy has been shaped by the divisive politics of succession, and what might determine whether or not this opens greater political space in the future.

Section 3 presents policy recommendations and their implications.

Institutional reforms are needed in South Africa in order to build up specialist expertise

The chapter by Lionel Cliffe explores alternative institutional mechanisms that are implied by a more integrated, planned and co-ordinated reform process. Drawing on experiences elsewhere in Africa, specifically the 'settler colonies' of Zimbabwe and Kenya, as well as the Latin American successes with agrarian reform agencies, he argues for a single agency or closely integrated group of institutions to take on the complex set of tasks that must be co-ordinated: identifying and acquiring land, assisting people in settling on and investing in production on the land, and providing the extension services, credit, training and organisation to enable them to acquire inputs and to access output markets. Institutional reforms are needed in South Africa in order to build up specialist expertise in these areas. He emphasises the importance of having a single institution to drive the process, not only for technical and bureaucratic reasons, but also for political reasons – as a bulwark against anti-reform interests and to support landless groups to organise themselves around their land demands.

alternative policy proposals should presume the paradigm of a developmental state

The conclusion considers four broad paradigm choices: *a market-based approach*; *gearing up with the private sector*; *a developmental state*; and *radical restructuring*. It is argued that we have witnessed in recent years a shift from the original market-based approach to gearing up with the private sector – which, in many respects, reflects an intensification of the market logic. At the same time, there has been a push both from above (from the state) and from below (from landless groups) for stronger state intervention in markets, yet nationalisation or confiscation without compensation, are not within the realms of possibility. For the purposes of developing alternative policy options in 2008, then, one must presume a capitalist economy and continued protection of private property within the bounds of the Constitution. The nature of intervention being countenanced, and politically feasible, is moderate but may develop more progressive forms over time; a radical break is not likely for now. We conclude, therefore, that alternative policy proposals should presume the paradigm of a developmental state, which, within a capitalist economic framework, intervenes in the economy deliberately and strategically in areas considered catalytic to broad-based growth.

The recommendations are organised, somewhat schematically, in three thematic areas, mirroring the three chapters in section one. The suggested elements of alternative policy include the following:

- *production and livelihoods*: interventions in land, input and output markets in favour of disadvantaged producers and restructuring systems of land use and production in ways that favour the rural poor;
- *land acquisition and targeting*: interventions in and overriding land markets to ensure supply (e.g. through proactive negotiation with landowners, individually and collectively, to release land on agreed terms, a public first right of refusal on land for sale, and, in some circumstances, compulsory purchase), on the basis of identified needs and local land reform plans; and
- *securing land tenure rights*: confronting the vested interests of private landowners and of traditional authorities, and the investment of state resources to secure rights.

Finally, we discuss some of the key financial and legal implications of these recommendations, as well as outlining priority areas to further develop these policy options.

Conclusion

As one considers the directions being taken in land reform, one cannot help but feel a sense of *déjà vu*. As policy is redrawn, and new acronyms appear on the horizon, it seems that old ideas are being reinvented and renamed, and that failed approaches are being tinkered with rather than discarded or replaced. Each review that has exposed the fundamental problems with how the process is conceived (and practiced) has spawned further tinkering, much of which has failed to address the problems identified, has attempted to resolve problems for bureaucrats rather than for beneficiaries and has tended to shift the purpose and target group. Amidst the semblance of change is a substantial degree of continuity. This book attempts to look beyond the current shifting sands to analyse the ideas, methods and models that have shaped land reform, and to ask probing questions about its purpose and nature. Redistributing more land, and doing it faster, is of course a key political demand. Yet, the tired old arguments limited to ‘speeding up delivery’ seem inadequate and often unrealistic, when set against three other considerations: the disputes about who should be prioritised and the class agenda of land reform; the startling rate at which people have lost their hold on land through forced evictions from farms; and the widespread failure to convert access to land into improved livelihoods.

the tired old arguments limited to ‘speeding up delivery’ seem inadequate

One of the main concerns explored through this process, and reflected in this book, is the absence of, and need for, a wider vision for the agrarian restructuring that land reform is to bring about. Beyond changing the race of the landowning class, what further types of transformation – of the sizes of landholdings, of ownership structures, of tenure arrangements, of production regimes, of labour use, of settlement patterns, of investment and markets – might be brought about? These are the fundamental questions that are now brought to the fore. We offer some broad brushstroke suggestions and, in the concluding chapter, incline towards a certain perspective on ‘alternatives’ – marked by an approach that is less market-oriented and envisages a larger role for the state in acquisition, planning and support, while involving greater local-level participation and decentralisation. This perspective implies a belief in the need for strategising at the national level, where land and agrarian reform can be joined up with other development policies.

No longer can land reform be considered a linear process of working towards the magic figure of 30%. Attention must be focused on how this political project can be the catalyst to bring about major economic regeneration in the rural areas, and form the centrepiece for a new pro-poor and inclusive path of development. This book is a contribution to the evolving conversation in South African society about what this would look like, and how it can be achieved.

References

- ANC (African National Congress). 1994. *Reconstruction and Development Programme: A policy framework*. Johannesburg: Umanyano Publishers.
- Borras, S. 2003. Questioning market-led agrarian reform: Experiences from Brazil, Colombia and South Africa. *Journal of Agrarian Change* 3(30): 367–394.
- CASE (Community Agency for Social Enquiry). 2006. *Assessment of the status quo of settled land restitution claims with a developmental component nationally*. 14 February.
- CRLR (Commission on Restitution of Land Rights). 2007. *Annual report 2006–2007*. Pretoria: CRLR.
- CSIR (Council for Scientific and Industrial Research). 2005. Diagnostic study into the functioning of communal property associations in land reform in South Africa (Case studies). Submitted by Environmentek, CSIR, to Tenure Reform Implementation Systems, Department of Land Affairs, April.
- Derman, B., Lahiff, E. & Sjaastad, E. 2006. Strategic questions for strategic partners. Paper presented at the Conference on Land, Memory, Reconstruction and Justice: Land Restitution in South Africa, hosted by the Human Sciences Research Council, Department of Sociology and Social Anthropology at the University of Stellenbosch and Programme for Land and Agrarian Studies at the University of the Western Cape, Houw Hoek Inn, Grabouw, 13–15 September.
- Didiza, T. 2005. Address by Ms Thoko Didiza, Minister of Agriculture and Land Affairs, at the National Land Summit, NASREC, Johannesburg, Gauteng 27–30 July. MALA.
- DLA (Department of Land Affairs). 1997. *White Paper on South African Land Policy*. Pretoria: DLA.
- Hall, R., Jacobs, P. & Lahiff, E. 2003. *Final report*. Evaluating Land and Agrarian Reform in South Africa, No. 10. Programme for Land and Agrarian Studies, University of the Western Cape.
- Kirsten, J. & Machethe, C. 2005. Appraisal of land reform projects in North West Province. Report submitted to the National Department of Agriculture. Department of Agricultural Economics, Extension and Rural Development, University of Pretoria, in collaboration with At Fischer and Information Decision Systems CC.
- Lahiff, E. 2007. *State, market or the worst of both? Experimenting with market-based land reform in South Africa*. Occasional Paper No. 30. Programme for Land and Agrarian Studies, University of the Western Cape.
- Lyne, M. & Darroch, M. 2003. *Land redistribution in South Africa: Past performance and future policy*. Broadening Access and Strengthening Input Market Systems (BASIS). University of Natal and University of Wisconsin-Madison.
- May, J. 1998. Poverty and inequality in South Africa. Report prepared for the Office of the Executive Deputy President and the Inter-Ministerial Committee for Poverty and Inequality. Final Report, 13 May.

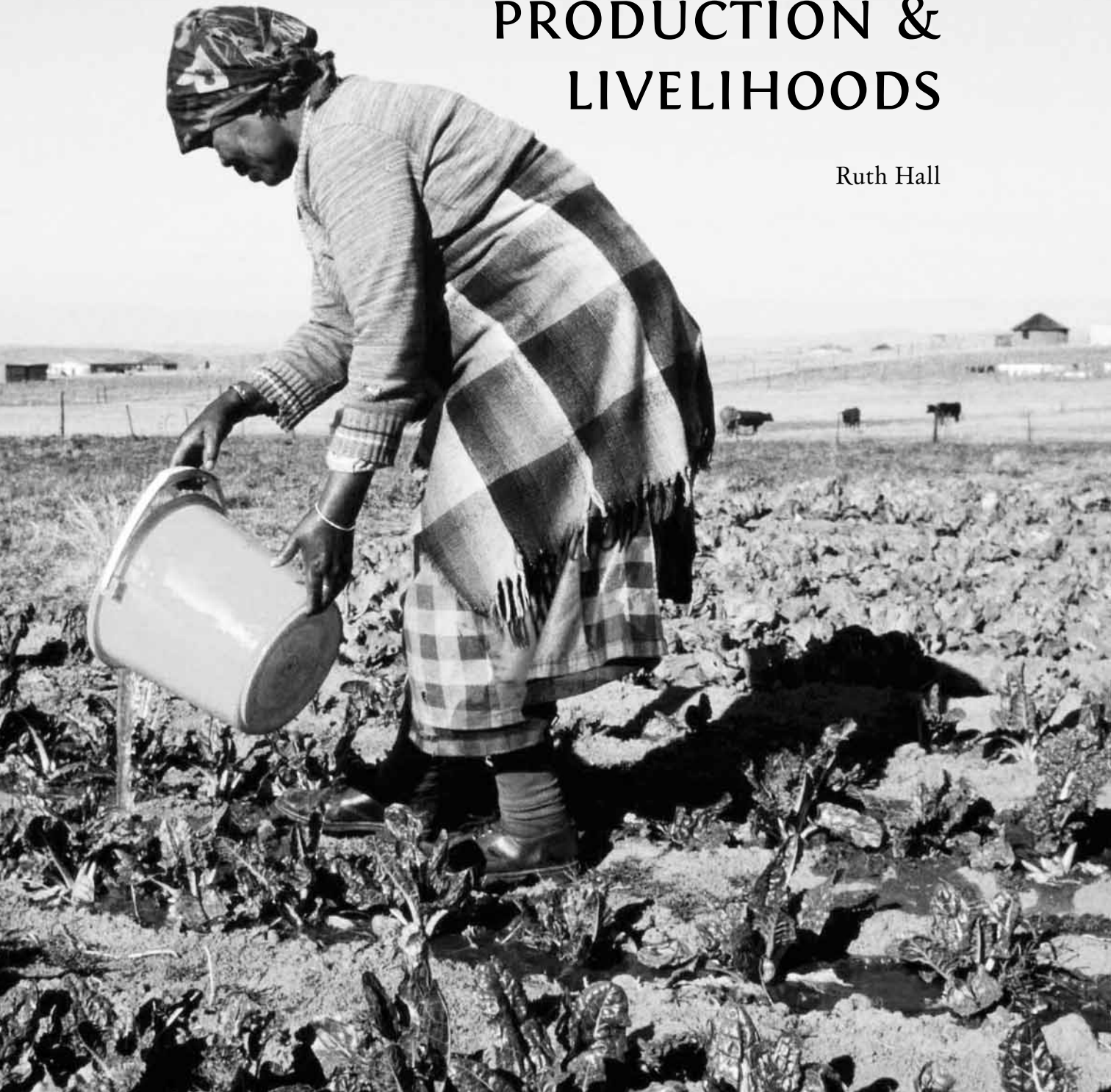
- May, J. & Roberts, B. 2000. Monitoring and evaluating the quality of life of land reform beneficiaries 1998/1999. Summary Report prepared for the Department of Land Affairs. Final Report, 19 June.
- May, J., Groth, L. & Van den Brink, R. 2007. Monitoring the quality of life of land reform beneficiaries: 2005/2006. Technical report prepared for the Department of Land Affairs. Durban/Pretoria: University of KwaZulu-Natal/World Bank.
- Roth, M., Nxasana, V., Sibanda, S. & Yates, T. 2004. *National land tenure conference: Finding solutions, securing rights*. Pretoria/Madison: Department of Land Affairs/Land Tenure Center, University of Wisconsin-Madison.
- RSA (Republic of South Africa). 2008. Land and Agrarian Reform Project (LARP): Project Charter, 18 January. No publication details.
- SDC (Sustainable Development Consortium). 2007. *Settlement and implementation support (SIS) strategy for land and agrarian reform in South Africa*. Pretoria: Commission on the Restitution of Land Rights.
- Stats SA (Statistics South Africa). 2006. *General Household Survey*. Meta Data Set. Pretoria: Stats SA.
- Van den Brink, R., Thomas, G., Binswanger, H., Bruce, J. & Byamugisha, F. 2006. *Consensus, confusion and controversy: Selected land reform issues in sub-Saharan Africa*. World Bank Working Paper No. 71. Washington: World Bank.
- Wegerif, M., Russell, B. & Grundling, I. 2005. *Still searching for security: The reality of farm dweller evictions in South Africa*. Polokwane/Johannesburg: Nkuzi Development Association/Social Surveys.

PART 1

FOUNDATIONAL QUESTIONS
ABOUT LAND POLICY

LAND REFORM ² FOR WHAT? LAND USE, PRODUCTION & LIVELIHOODS

Ruth Hall



Introduction

Land reform is a political project that needs to clarify its economic rationale. Redistributive land reform in South Africa is premised on the need to bring about both direct benefits to beneficiaries and indirect benefits to the rural economy. According to the *White Paper on South African Land Policy*, redistributing access to and ownership of land to previously, and currently, disadvantaged South Africans should 'reduce poverty and contribute to economic growth' (DLA 1997). It notes that:

Land reform aims to contribute to economic development, both by giving households the opportunity to engage in productive land use and by increasing employment opportunities through encouraging greater investment. We envisage a land reform which results in a rural landscape consisting of small, medium and large farms; one which promotes both equity and efficiency through a combined agrarian and industrial strategy in which land reform is a spark to the engine of growth. (DLA 1997: 7)

If land reform is to be a catalyst for structural change in society and the economy, then it needs to change patterns of investment (capital), productive land use (land) and employment (labour) – in other words, it must change the mix of factors of production and restructure farming systems. Where land is redistributed through land reform, agriculture is the dominant, but not the only, land use. However, land reform policy has not, until now, envisaged *what kinds of production are to be promoted* through the process of reform, and, therefore, what kind of structural change in production, markets and settlement patterns is being pursued, alongside the de-racialisation of ownership. This is the product of a longstanding failure to locate land reform within a wider framework of agrarian reform.

Instead, the growing debate on policy options for the future of land reform has focused on the question of *how to get the land*, through stimulating the supply of land onto the market or acquiring it directly by way of negotiation or expropriation. The adoption in 2007 of area-based planning (ABP) potentially provides a basis to decide *who gets what land* by assessing and prioritising different land needs (see Chapter 3), but is taking place in the absence of national-level guidelines or priorities for the future of agriculture.

Land reform policy has had little to say about the types of land use and production to be promoted

Land reform policy has had little to say about the types of land use and production to be promoted, and whether these should differ from existing patterns in the commercial farming sector. This is being recognised increasingly as a crucial gap and an area in which new policy is needed. The report on economic transformation from the ANC's National Policy Conference in June 2007 affirmed a commitment to:

*a comprehensive and clear rural development strategy, which builds the potential for rural sustainable livelihoods, particularly for African women, as part of an overarching vision of rural development. Strong interventions in the private land market, combined with better use of state land for social and economic objectives, must **transform the patterns of land ownership and production**, with a view to restructuring and deracialising the agricultural sector. Our aim remains a fundamental redistribution of land ownership, and **a thorough transformation of land use patterns in a manner that balances social and economic needs of society.*** (ANC 2007: 2, emphasis added)

This chapter, therefore, explores land use, production and land-based livelihoods within the land reform context. Rather than dealing with how land is to be acquired (see Chapter 3), or the rights that those benefiting should have to the land (see Chapter 4), it addresses the question of *what land reform is for*, focusing on the material change it is intended to bring about while acknowledging the important symbolic functions it performs. The chapter is concerned exclusively with the use of redistributed commercial farming land, and thus does not address the use of land in the communal areas – though production patterns in these areas provide an indication of the types of production prioritised by poor people producing under constrained conditions (Andrew, Ainslie & Shackleton 2003).

The core questions addressed here are:

- What is the range of land use and production models adopted in a context of land reform?
- What is known about their outcomes in terms of land-based livelihoods?
- What is shaping these models and their outcomes?
- What international experiences can we learn from?

We start by considering the types of land use, production and land-based livelihoods that have been promoted through land reform to date, and the factors that have shaped the choices of crops, technology and scale of operation. In reflecting on the patterns that have emerged, we also consider what models have been marginalised, and report on several innovations that have been attempted to promote land-based livelihoods and production options suited to the needs of the poor. These are then located within the legal and policy frameworks that guide land use, and within the context of changing dynamics in the commercial farming sector that impinge on possibilities for successful alternatives. Looking towards alternative policy, we consider international experiences in restructuring large-scale commercial farming sectors in developing countries, and elements of agrarian reform. In particular, we attend to the prerequisites for smallholder production – an option that, remarkably, and contrary to initial policy intentions, has been much neglected in the past 14 years of land reform in South Africa.

It should be acknowledged upfront that the question of how land is to be used, and how production is to be organised, is a complex matter shaped by normative considerations about who land reform is for. However, that question is addressed more directly in the following chapter. For the purposes of the present chapter, the premise is that land reform must accommodate a range of different needs

and interests, but that the key gap is to identify land use options that can make the most significant contribution towards poverty eradication.

Patterns of land use and production

Where land has been transferred with full ownership rights through land reform, beneficiaries acquire a capital asset, but it is the use of this land, the consumption and sale of its produce, that bring about direct benefits to the beneficiaries. So how is land being used in land reform projects, how is production organised, and is it having this effect? Different models of organising production have arisen due to a combination of factors – the land reform programme involved, the purpose of land acquisition, the type of production envisaged and the number of project members. Each is characterised by different social arrangements of production. Land reform projects to date may be categorised broadly into four main types:

- *Large groups obtaining farms and farming collectively as a single commercial entity.* This pattern is now officially discouraged, but nevertheless remains dominant in both restitution (due to community claims) and in redistribution (due to the grant structure).
- *Large groups obtaining farms and farming individually or in smaller groups.* This pattern has emerged by design but also by default, when attempts at group-based production have collapsed.
- *Individuals, families or small groups obtaining farms and farming them as a single commercial entity.* This is usually possible only with substantial capital contributions and/or high levels of initial debt, and so is accessible in practice to only a small proportion of applicants who are better-off. This pattern is now encouraged.
- *Joint ventures between land reform beneficiaries and private sector or state institutions.* This pattern, involving strategic partnerships, equity schemes and contract farming, is now encouraged.

These quite limited options result from a combination of the market-based framework, the reliance on grants that are small compared to the price of farmland, the failure to confront the size and structure of farm holdings in the commercial farming areas through subdivision, and the emphasis in planning on the need to maintain existing production regimes on commercial farms.

A national database of land reform projects, indicating in each case the project type, location, size, land and other costs, and membership, is maintained by the Department of Land Affairs (DLA) but is not available for public scrutiny. Instead, summary cumulative data indicate only the hectares transferred for each project type (DLA 2007a) or, in the case of the DLA's annual report, data per province for a given financial year (DLA 2007b). For this reason, it is not possible to link national data to the typology above in order to determine the relative dominance of each project type. Nor is it possible to determine the geographical spread of different types of projects. While we cannot report on the scale and distribution of these project types, it is possible to describe the four broad models outlined above.

Group-based ownership and production

Group-based projects have been the dominant model in land reform to date, and typically involve attempts at collective production on large farming units, usually coterminous with the previous boundaries of commercial farms, and often replicating the pre-existing forms of land use (Lahiff 2007). These projects are typical of community restitution claims, as well as redistribution projects. Group-based ownership, management and production involve a great variation of group sizes, ranging from a few families to large projects involving hundreds or even thousands of households. The largest projects are within community restitution claims, which can involve as many as 2 000 households or 10 000 beneficiaries (CRLR 2006).

Large groups of poor people attempting group production, with minimal external support and limited capital (beyond the balance of their land acquisition grants), were widely blamed for the problems encountered in Settlement/Land Acquisition Grant (SLAG) projects in the period 1995–1999 (MALA 2000). To accumulate sufficient grant finance to purchase whole farms, applicants galvanised large numbers – some of whom may have had little intention of living on or using the land, but remained passive members of communal property associations (CPAs) or other legal entities. This ‘rent-a-crowd’ syndrome, as it became known, was considered a key failing of the first phase of land reform; arguably, however, underutilisation of land and limited livelihood benefits emanated not only from group dynamics, but also from the absence of capital and other inputs into production (Hall & Williams 2003; MALA 2000). The redesign of the grant formula in the Land Redistribution for Agricultural Development (LRAD) programme involved the provision of grants on an individual rather than household basis, and the possibility of leveraging higher grants with own contributions and loans. Despite this, group-based projects – sometimes with smaller membership than before – have continued to be the dominant model under LRAD since its inception in 2001 (Jacobs, Lahiff & Hall 2003; MALA 2003). The availability of grants on an individual basis has limited the need for the pooling of grants, and thus has enabled smaller project sizes, although this has been offset by the failure to align the grant to an inflationary index; while land prices have risen, the level of grants has remained the same and, thus, in real terms, has declined over time (MALA 2003: 20–21). Group projects, then, remain typical within the LRAD programme, producing similar outcomes to those it was intended to remedy, despite attempts to limit the size of groups (Jacobs et al. 2003).

Group-based land reform has been characterised by its critics as the ‘extension of the bantustans’ – a pejorative view of farming in these areas. However, land reform projects where land is collectively farmed are quite different from the communal areas. Land use in communal areas is communal rather than collective, in that while land and other resources may be held in common and managed on a group basis, production is typically household-based; the household is usually the unit of production, rather than ‘the community’ (Andrew et al. 2003; Shackleton, Shackleton & Cousins 2002). This must be contrasted with CPAs and other legal entities established through land reform, where not only administration and management of land, but also production, is undertaken collectively (CSIR 2005). Almost certainly the majority of land reform projects, therefore, are envisaged as production collectives (Lahiff 2007).

Group-based projects frequently involve not only joint ownership of the land but also the pooling of assets and labour, and even extend to herds of cattle belonging to the CPA, often alongside cattle owned by individual members. For instance, at the Dikgolo and Monyamane projects in Limpopo, no provision was made for the livestock already belonging to project members. Instead, the commercial land-use plan required that beneficiaries use their grant funding to build up commercial beef herds and keep their existing livestock in the communal areas (Lahiff et al. 2008).

the majority
of land reform
projects... are
envisaged as
production
collectives

A review of LRAD (MALA 2003: 16) proposed instead a variety of 'production models', and argued that attempts to create 'instant successful replicas of white commercial farmers' had been the cause of disappointing outcomes in land reform:

This tendency often sets participants up for failure. Beneficiaries typically do not have the necessary working capital, or the financial skills to manage large commercial type enterprises. Moreover, it would not be efficient for them to continue the highly capital intensive mode of production of white commercial farmers. (MALA 2003: 12)

Despite this criticism, policy is not clear on what alternative types of production *would* be preferable to the current group-based attempts at commercial production, nor how land policies and implementation mechanisms could promote such alternatives.

Group-based ownership with household production

Land reform projects involving group ownership and management combined with individual or family-based production are less common. This is sometimes by design: projects are based on independent use by households or small groups of parcels of a larger property. However, this arrangement has also emerged by default when group-based projects fall apart, rather than as part of the project design. Not surprisingly, ambitious plans to engage jointly in production have sometimes failed to get off the ground where these were premised on the availability of infrastructure, capital and training that did not materialise (Lahiff 2008). Conflict may be fuelled by the non-realisation of project plans and subsequent competition over resources, and informal subdivision of land may take place if attempts at group production have failed. In these cases, members of CPAs have sometimes allocated themselves parcels of land for household-based production. An example is Makana CPA, which acquired a portion of the farm Gletwyn, outside Grahamstown, where the failure to realise the production envisaged in their business plan, including poultry production and a piggery, led CPA members to demarcate plots for themselves, on which, without any external support, families built their own homes and commenced cultivation of vegetables for their own consumption (Hall 2004).

Similarly, a national review of communal property institutions (CPIs) commissioned by the DLA found that projects in which most members were no longer involved were perpetually in contravention of their obligations and, therefore, could not access the balance of their grants from the government, or enter into contracts with outside parties (CSIR 2005). This has contributed to dysfunctional legal entities, and the need to bring legal and financial affairs in line with on-the-ground realities. However, other studies have pointed out that attrition of members is often the outcome, rather than the cause, of project plans not being realised (Manenzhe 2007; Lahiff et al. 2008).

In contrast, though, some projects have been designed specifically to establish individual or household-based production on parcels within a larger property that is jointly owned by a legal entity. A key benefit of household-based production on group-owned land is the averting of group conflicts over contributions towards collective production and the distribution of benefits (in kind or cash) from the harvest, as evident in the case of the Haarlem honeybush project (see Box 1). However, there are disadvantages to the model: group ownership prevents members from accessing credit, if land is required as collateral; they may struggle to acquire resources and infrastructure for marketing; conflict may arise over allocation of plots and fields (or the monopolisation of grazing land, where this exists, by larger livestock owners); and the individualisation of production may mean less potential for group solidarity.

A key benefit of household-based production on group-owned land is the averting of group conflicts

Box 1: Ericaville and Haarlem Honeybush Growers

The Ericaville Honeybush Growers project outside Plettenberg Bay consists of 84 families organised in a trust, which acquired 40 hectares with SLAG grants for the production of honeybush tea in 2001. In contrast, another honeybush project at Haarlem, consisting of 40 members, each managing one hectare, was established nearby in the Langkloof in 2000 on land rented from the Eden Municipality. Thus, the two group-based projects were structured very differently: one as a whole-farm collective enterprise, the other involving household-based production with co-operative relations and joint land ownership. While both projects were heavily dependent on NGO support, the project at Haarlem was initially more successful, with less group-based conflict, the farmers harvesting individually and supplying wet honeybush to a processor as a collective. At Ericaville, the farmers were able to extend to adding value to their wet honeybush in a processing and packaging plant they established with Comprehensive Agricultural Support Programme (CASP) funds, and so were able to market their produce, fetch far higher prices, and pay out small dividends each year to members, while maintaining capital for operating costs and maintenance. Both projects make a substantial contribution to livelihoods in an area with a 70% unemployment rate and, while Ericaville is the more commercial project, both projects take advantage of economies of scale in processing and marketing, despite production being differently structured.

Source: Kleinbooi (2007)

Hybrid arrangements that combine some group and some individual production have also emerged. Most commonly, where land use involves household-based cultivation of arable plots, grazing land may be jointly used and managed by members – thus mirroring the types of land use and tenure arrangements in communal areas (Andrew et al. 2003). Such situations are often complicated by unequal ownership of livestock among members and, therefore, the potential for better-off project members to dominate use of this common resource. The same issue arises where jointly owned livestock ('CPA cattle') are bought with the balance of grant funding – meaning that common grazing land is used by a combination of individually owned livestock, of varying numbers, and jointly owned livestock (CSIR 2005).

In group-based projects, a combination of commodity production and production for own consumption is a common pattern – whether part of the original plan or not. Production of crops for sale is more common as a group-based enterprise, while production of food for consumption is usually conducted separately by households (Andrew et al. 2003). It is precisely the exclusion of the latter activity from business plans that leads to deviation from planned land use, as project members have often found that they do not derive immediate benefits from contributing labour and resources to group production (CSIR 2005). Compared to collective operation of commercial farms, this is a low-risk strategy that allows poor people to produce for markets, but also to consume their produce, in the absence of other sources of income or if prices are too low. Failure to provide for and support household-based production within group projects has been a major failing in land reform plans, arising from a blind spot in policy.

Individual or household-based projects

Individual or household-based projects are less common than group projects and have the advantage of minimising or avoiding group-based conflicts. Such projects have emerged where restitution

claimants have family-based claims, but also in redistribution where applicants are better-off and able to make substantial contributions of cash, or can obtain loans, or possess assets for leveraging larger grants, thus minimising the need to expand the applicant group to make up the purchase price and related costs.

This model has been actively promoted through LRAD, as provincial offices of the DLA adopted maximum project sizes, often aiming for no more than 15 members per project (Jacobs et al. 2003). The small sizes of grants mean that this type of project is only possible where applicants have off-farm incomes (MALA 2003). Case studies of LRAD projects suggest that these projects typically involve people with urban-based incomes, usually from their own businesses rather than from full-time employment, who, therefore, do not always live on-farm (De Villiers & Van den Berg 2006; Hall 2004; Inkezo 2006a, 2006b).

Projects for *individuals* are rare, if they exist at all. This study could identify only small group projects in which all members were related to one another – often members of an extended family, all of whom apply for LRAD grants and, depending on their available resources to contribute, are able to leverage higher grants. Even for the better-off, the grant system creates a strong incentive to crowd in a number of other applicants, even if they will not be actively involved in the project, in order to reduce the grant-to-own-capital ratio. There is little reason, for instance, why an applicant would contribute more than R400 000 in own capital to leverage a R100 000 LRAD grant, when adding a further name to the application would bring a further grant from the state. In the sugar-cane growing area of Amatikulu in KwaZulu-Natal, for example, seven members of a family bought a sugar cane farm to supply the local mill, on the basis of two existing family businesses from which they were able to draw income for loan repayments. They were able to apply for a total of R620 000 in LRAD grant funding and R1.95 million in loans from a commercial bank, on the basis of R480 000 of their own capital and assets (Inkezo 2006a). Access to these substantial public resources, sufficient to establish a family-owned enterprise, was possible only on the basis of very substantial own resources.

the grant system creates a strong incentive to crowd in a number of other applicants

A second scenario in which family-based projects have been supported is in the context of state land disposal, particularly where land acquired in the past by the South African Development Trust (SADT) for homeland consolidation has been made available to black farmers on various terms of tenure, and then, in the context of land reform, has been transferred to them in full ownership or on the basis of long-term leases. Because such land does not need to be purchased, the incentive to crowd in people (that exists in other projects) is absent. As Wegerif (2004) has shown, some of these tenure upgrades for existing black farmers are being packaged as LRAD projects in Limpopo. Similarly, in the Free State, transfer of state land near the former bantustan of QwaQwa has involved the granting of 147 leases to black farmers (Aliber et al. 2006). Where redistribution is proceeding not on the basis of market transactions, but as a direct transfer or tenure upgrade on state land, then family-based production *has* been feasible.

Joint ventures, strategic partnerships and co-management

Joint ventures in the context of land reform in South Africa involve partnerships between black people acquiring land or land reform grants and commercial farmers, private companies or state institutions. These have emerged in part because of the barriers to acquiring land at market price, but also in response to the chronic shortage of operating capital faced by new landowners. Joint ventures are particularly dominant in sectors where production is capital-intensive and in geographical regions

where land prices are high, such as the Western Cape where equity schemes have emerged as a prevalent model (Kleinbooi, Lahiff & Tom 2006; Knight & Lyne 2004; Tom 2006). In the context of restitution projects where large tracts of high-value and intensively farmed land are restored to the original owners who are poor, there is a need for very substantial ongoing state support or, in the absence of this, either a change to less input-intensive production (which has been discouraged) or a strategic partnership with private sector actors who can contribute capital and expertise (Derman, Lahiff & Sjaastad 2006). The latter model has now emerged as the primary form in restitution projects on high-value farmland.

Mayson (2003) identifies five broad types of joint venture in land reform in South Africa, each of which involves partnerships between land reform beneficiaries and either state or private entities:

- contract or out-grower schemes;
- share-equity schemes involving farm workers;
- municipal commonage schemes;
- share-produce or sharecropping schemes; and
- company-supported schemes.

joint ventures
involve highly
asymmetrical
relations of social
and economic
power between
the partners

These various models are largely the outcome of the perceived need to find ways for land reform beneficiaries to fit into existing types of production – as shareholders, as workers, or, in the case of contract farming, as small-scale suppliers to larger industries. Typically, joint ventures involve highly asymmetrical relations of social and economic power between the partners, and hinge on often complex arrangements that detail how costs, risks, income and benefits (frequently in the form of employment) are to be shared. For this reason, joint ventures exhibit a great range of mechanisms for sourcing capital and distributing benefits, which has prompted a now polarised debate about the merits of such partnerships:

Proponents of [joint ventures] argue that they contribute to the transformation of the countryside by providing poor, black people with a pragmatic option for engaging in agriculture, particularly commercial agriculture. Critics argue that [joint ventures] are a new form of exploitation, a mechanism through which white commercial farmers and corporations are able to spread the risk of engaging in an increasingly complex and capital-intensive sector, while gaining market and political credibility in the process. (Mayson 2003: 1)

Controversies also arise from disputes over whether joint ventures contribute towards the objectives of land reform by, among other things, providing secure tenure rights to beneficiaries and providing independent access to capital. While commonage users may be able to secure use-rights to graze their livestock, for instance, farm workers who are shareholders through equity schemes may not be assured either of continued employment or even of their tenure – and so may still lose their jobs and homes on the farms in which they hold shares (Mayson 2003). High-risk and high-cost farming seldom declares profits, and members may have little say over the proportion that should be reinvested in production, and prefer short-term cash benefits to long-term investment – resulting in opposing interests among the shareholders (Tom 2006). In addition, because of the ways in which gender inequalities structure employment and tenure relations on farms, women may not be able to opt for alternatives to equity schemes, or to control the dividend payments that emanate (where they do) within their households. Further, until the recent emergence of ‘strategic partnerships’, many joint ventures did not detail specific plans to hand over control of operations to beneficiaries over time.

Contract farming is an important model for smallholder production, as it provides a means of bringing private sector support to resource-poor producers, in the form of access to input, credit, training and a secure market for produce. There has been substantial growth in the proportion of South Africa's sugar crop being produced by small growers, particularly through contract farming arrangements in the communal areas of KwaZulu-Natal and Mpumalanga. This now constitutes about 14% of the national cane crop, and about 15% is still produced by the milling companies, dominated by Illovo Sugar Limited and the Tongaat-Hulett Group, which over time are downscaling their involvement in primary production (see Chapter 8). Given the procurement requirements of AgriBEE, processing industries in secondary agriculture are likely to seek further opportunities to enter into contracts with black producers. While the model holds substantial promise, it is the terms of these contracts that are controversial, because, in a situation where a few major companies dominate a sector, they have substantial price-setting powers. This may mean that processors are able to push down farm-gate prices and rely on self-exploitation by small producers, particularly if these growers are not organised (Mayson 2003).

Strategic partnerships are a further type of joint venture. In most instances, these have been put in place precisely to prevent any change in production, and are fast becoming the dominant way in which restitution claims on highly commercialised agricultural land are being settled, particularly in Limpopo, Mpumalanga and, to a lesser degree, in KwaZulu-Natal (Derman et al. 2006). They involve the transfer in full ownership of claimed properties to beneficiaries, subject to an agreement that farming operations will be controlled by a company in which they will be shareholders, along with a private sector partner that will be obliged to contribute capital and expertise. In some cases, a farm worker trust is a third shareholder. Most showcased studies of successful land reform projects are strategic partnerships where land use is changed as little as possible, if at all, and where continuity in production and in levels of output are considered indicators of success. Of the seven 'success stories' studied by De Villiers and Van den Berg (2006), six involve either a joint venture with a strategic partner or wholesale lease-out of land to a commercial operating company: Zebediela citrus estate in Limpopo, Makuleke co-management agreement in the Kruger Park in Mpumalanga, Stentor sugar cane plantation and Giba banana plantation, both in Mpumalanga, and Winola Park Vinery in the Hex River Valley in the Western Cape. However, continuity of production (clearly the strength of this model) was the criterion for 'success'.

The flow of benefits to land reform beneficiaries has received less attention. Benefits from strategic partnerships are usually in the form of dividends from shareholding and rental income (both of which may be reinvested in the enterprise rather than paid out in cash to project members) and preferential access to employment (sometimes displacing existing workers). These partnerships often involve the leasing of land owned by land reform beneficiaries to an operating company in which they own shares, usually at below the going rate in the rental market (Derman et al. 2006). Because of the low levels of return to capital, profits are made on interest, and pay-outs are rare, particularly in the early years of such partnerships.

Large strategic partnerships have been concluded in the Levubu valley in Limpopo, where restitution claims have led to the transfer of extensive tracts of high-value land under intensive production of sub-tropical fruits, largely for export, including bananas, mangos and avocado pears, and macadamia nuts. The settlement of these claims has been made contingent on partnerships between the claimants, many of whom live in neighbouring Venda, and two commercial partners that effectively have taken over control of all the farms transferred as a result of these claims: Umlimi and South African Farm Management (SAFM). A forerunner of this model, Zebediela citrus estate, was also claimed through restitution in Limpopo and involved a partnership with the former owner, Henley Farm Properties (De Villiers & Van den Berg 2006), while in 2007 a major new strategic partnership

Strategic partnerships... are fast becoming the dominant way in which restitution claims on highly commercialised agricultural land are being settled

was established at Tenbosch, a 32 000 hectare sugar estate in Mpumalanga, between over 5 000 claimant households and the milling company TSB (previously Transvaal Suiker Beperk), at an initial cost of R284 million out of an expected R601 million.

A further type of joint venture is co-management between land reform beneficiaries and state institutions. Co-management models have been advanced where restitution claims have been made on protected areas, and land is nominally returned to claimants, subject to an agreement to lease it back to the state. Major examples of this model are the Makuleke claim in the Kruger Park, where claimants have entered deals with park authorities and with private developers, and in Mkambati on the Wild Coast of the Eastern Cape, where claimants have limited rights of natural resource use on the land nominally restored to them. At Dwesa-Cwebe, also on the Wild Coast, for instance, a restitution settlement agreement established a co-management arrangement between claimants and the provincial parks board that would see claimants waive most of the rights that usually come with ownership. As elsewhere where this model has been adopted, benefits may be slow to materialise and direct use of land and the resources on it by the new owners is either limited or prohibited outright. In most co-management deals, no settlement on or use of the land by the new owners is permitted, with the result that claimants have been accused of 'poaching' on their own land (Kepe 2006).

Unplanned land uses

Despite the requirement of business and land-use planning prior to project approval, *unplanned* land uses are widespread in land reform, both as a result of deviation from business plans and where non-members have settled on redistributed land. The gap between plans and what happens in practice suggests that such plans have been either unrealistic to start with or not what beneficiaries wanted. Business planning is frequently premised on a continuation of the pre-existing land use and on what the land is suitable for – in other words, planning for the land, rather than planning for the people involved.

Unplanned uses
of the land,
particularly for
settlement...
have led relevant
authorities... to
disengage from
projects

Unplanned land use is often the reason for non-disbursement of grant funding. Unplanned uses of the land, particularly for settlement, which contradict the prescriptions of business plans, have led relevant authorities – the Commission on Restitution of Land Rights (CRLR), DLA, Department of Agriculture (DoA) and municipalities – to disengage from projects, since they consider that they cannot proceed with the funding of activities that have not been planned. However, the failure of 'development' to materialise, in the form of housing and infrastructure, and delays in the disbursement of funds for implements and other production inputs, are other major reasons for people to engage in unplanned uses.

For instance, planned settlement and agricultural activities were halted at the Mavungeni restitution project in Limpopo, where, after delays in disbursement of funds, substantial unplanned settlement on the land (including by non-members) occurred, with the result that allocated funds were not disbursed to the claimants (Manenzhe 2007). Not far away, at Dikgolo, production on household plots for rain-fed vegetable and grain production was relatively successful, despite members having to commute to their land from a neighbouring communal area; but group dynamics resulted in the failure of the collectively cultivated plot. As nearly half of the project members ceased to be involved, group-based activities were downscaled while household-level production was maintained (Lahiff et al. 2008).

Commenting more broadly on land reform, where plans for commercial whole-farm solutions have *not* been adopted, or have failed, Andrew et al. (2003: 17) observe:

The use of newly acquired or restored land by resource-poor land reform beneficiaries tends to follow very conventional uses [similar to those] amongst resource-poor people in communal areas. These land uses include individual residential sites, communal grazing for individually or collectively owned livestock, small-scale low input cultivation for self provisioning (and sometimes small amounts of income), and the use of natural resources for basic household needs...Households do not subsist off these land-based livelihood strategies, but use them to supplement off-farm incomes.

Another category of unplanned land use is land occupation, including instances where claimants, impatient at the pace of land reform, have occupied the land they claim as their own. At Mahlahluvani in Limpopo, for instance, restitution claimants occupied unused portions of the land on which they have a pending claim that straddles the old bantustan border of Venda (see Box 2). This case demonstrates the potential benefits of access to land for food production by poor households *even where there is no planning* and even in the absence of any external support. However, public resources may not be forthcoming if or when the claim is settled; because claimants are using the land before the claim is settled, formal planning has been stymied.

Box 2: Land occupation and use at Mahlahluvani

In 1996, pending negotiations between the CRLR and the owners of the various portions of the 3 000 ha of farmland under claim (including a private tea estate), claimants moved onto a portion of this land, which, besides some forestry, was not being used, and they started to cultivate. More than 10 years later, 43 farmers (of whom half are women) are cultivating plots of 3 hectares or less per household, as far as possible marking out plots that coincide with the boundaries of their families' former homesteads and fields. They produce field crops and vegetables, and have established fruit orchards without any external support or regulation. In this way, they provide a substantial portion of their household food needs and sell off small quantities of maize and other produce locally, including to the local mill in exchange for maize meal. By 2006, almost all these families were able to meet their household maize consumption needs from their own production and to sell the surplus, and could meet their household requirements for vegetables for up to 10 months in the year – an impressive achievement compared to many formally planned projects. Despite opposition from wealthier members of the community claim, who are impatient to see the claim settled and a commercial project put in place, these households continue to occupy and use this land, an activity that has apparently stalled all formal processes.

Sources: Lahiff et al. (2008); Wegerif (2006a)

Reflections on existing models of land use and production

The four models discussed above may be distinguished by the different ways in which they combine factors of production – land, capital and labour. This can be considered the 'economic organisation of production'. However, they also differ in their 'social organisation of production' – the ways in which and terms on which land is held, labour and capital are supplied, and, therefore, how produce and profits are distributed. In group projects that are essentially production collectives, land and assets are co-owned, labour is pooled, capital (and debt) is co-owned and production is collectively

Business plans often aim to curb, rather than support, efforts at self-provisioning by beneficiaries

managed. In joint ventures, in contrast, ownership may be shared but labour need not be pooled (it can be bought in) and inputs of labour and management are usually separated, since management is professionalised.

It should be acknowledged up-front that different kinds and scales of production are needed in land reform to fit different needs and situations. However, what is striking from the South African experience is, on the one hand, the dominance of the group model of land ownership and use and, on the other hand, the marginalisation of individual or household options for ownership and use, except for those with substantial own resources. Business plans often aim to curb, rather than support, efforts at self-provisioning by beneficiaries, while the grant system and farm sizes impede household-based ownership and production, whether for consumption or sale.

Land use and production in turn shape the configuration of rights among members to land and related resources. Land reform has typically entailed the securing of private ownership of an outer boundary of land, by a legal entity, leaving the internal social arrangements and allocation of use rights to members, and administration of this to a CPA committee or trustees (see Chapter 4). Therefore, the patterns of production in land reform projects are determined substantially by choices made in business planning. For instance, the unit of ownership is usually the same as the unit of management and of production. While some projects involve separate business entities managing and using portions of the land, most involve 'whole farm' land use plans, in which the legal entity that holds the land is also in charge of its management and production (see Table 2.1).

The options of state or individual-level control have been marginalised. It is only in relatively few projects, usually where higher LRAD grants are accessed, that individuals or households own, manage and use land. Because land reform has been focused on the transfer of private land ownership, it is only in the context of municipal commonage that the state plays a role in ownership and management of land while allocating use rights either to individual livestock owners or to groups of small farmers. An advantage of this model is the provision of a public good on secure terms to poor land users, and a continuing public function in the maintenance of infrastructure – especially water points and fencing (Anderson & Pienaar 2003).

Settlement is also a central component of land use in agricultural land reform, particularly in restitution claims with many members, but also in redistribution projects where there are many members due to the grant system. In these contexts, the imperative to provide housing and service infrastructure on the transferred land has been addressed in three ways. Usually, it has been a *single closer settlement*, which, in theory at least, should allow for the provision of infrastructure for the delivery of services like water and sanitation, as part of the project plan. At Algeria in the Cedarberg,

Table 2.1: Patterns of ownership, management and production in land reform

	Ownership	Management	Production
State	Commonage	Commonage	
Group	Restitution LRAD low-end SLAG	Restitution LRAD low-end SLAG Commonage	Restitution LRAD low-end SLAG Commonage
Individual/household	LRAD high-end	LRAD high-end	LRAD high-end Commonage

for instance, this was taken a step further with the establishment of a small township (but this is a rare example). Less common has been a *dispersed settlement*, without provision of infrastructure and services. However, a third response to resolving the tension between settlement and agricultural use of land has been to *avoid settlement altogether* by prohibiting people from moving onto their land. Quite illogically, this has been seen in community claims in Limpopo, where the provincial DoA has instructed members not to move onto their land (Wegerif 2004). At Dikgolo, this insistence that new landowners not live on their land resulted in people having to commute to the land from their homes in communal areas (Lahiff et al. 2008). The question of settlement – or rather, non-settlement – on redistributed land has underpinned strategic partnership arrangements; such partnerships have not, to date, made provision for the owners of the land to settle on it or to use any of it for their own purposes, alongside the commercial enterprise (Derman et al. 2006).

Land reform projects, then, typically have emphasised whole-farm commercial enterprises, many of which are costly and complex, take time to deliver benefits, and are often high-risk and seldom allow for multiple uses of farmland other than those undertaken by the commercial enterprise. On the other hand, smaller household-level projects have been possible only where applicants are relatively well-off and can contribute their own resources, avoiding the need to inflate the group size to access further grant funding and, instead, registering each member of a household as a beneficiary to reduce the ratio of own-contribution to grant. Between these two models is a third possibility: small-scale production by poor households on their own land, whether held in common or not. This is a crucial gap, a model not being promoted at present, and is probably the most important area for the future of land reform, if it is to directly address the situation of poor people living in rural areas.

How land use and production is currently planned

Land reform is premised on the assumption that it will result in changes in land use and production, and it is these changes, rather than the mere transfer of a capital asset, that are intended to bring about direct benefits for ‘beneficiaries’ in the form of income, food and secure tenure (DLA 1997; World Bank 1993). Land reform also has the potential to generate wider beneficial impacts on the surrounding population and economy, in the form of increased spending and demand for local inputs and labour, as well as the supply of food and other goods to local markets or into secondary industries (World Bank 2007; see also Chapter 6). However, transfer of ownership does not necessarily lead to change in the organisation of production or the way in which benefits are distributed. As this review shows, much planning for land reform has achieved the opposite. Based on assumptions about how production and tenure regimes are to be organised, project plans have often aimed to *minimise* changes in production and to keep existing farming systems intact through the process of redistribution. But what do policy and law say about land use and production, and do these provide a guide to a transformatry agenda?

National and provincial level

Land use planning has remained very much a technocracy...[and] it has always proved difficult to impose these plans. Maybe this is just as well. (Dalal-Clayton, Dent & Dubois 2003: 45)

At the national level, there is limited planning for land use. Agriculture is recognised as an important sector of the economy, in terms of contributing to employment, supplying food for local markets, and as an earner of foreign exchange; and the Strategic Plan for Agriculture emphasises growth, competitiveness and deracialisation through support to new entrants. Nevertheless, agricultural policy contains no vision for land reform to change patterns of land use and production or to transform the agricultural sector to play a new and reinvigorated role in economic development (DoA 1995; 2002).

In contrast, from the side of land reform policy, the White Paper notes that:

smaller sized agricultural units are often farmed more intensively, and are more labour absorbing. There are over a hundred thousand small scale and subsistence farmers in South Africa who could be assisted by the land redistribution programme to expand their land resource base through purchase or lease. The land reform programme thus offers the potential for more intensive irrigated farming, for contract farming in important sectors of the agricultural economy such as cotton, timber and sugar, and the potential to intensify agricultural production in areas of high agricultural potential. (DLA 1997: 13)

In the past, the DoA used a national system of classifying agronomic regions (particularly distinguishing summer and winter rainfall areas). Now that agriculture is a concurrent competency, planning has been decentralised to provincial level, where it is based on spatial development plans and provincial growth and development strategies. While these outline the importance of the agricultural sector, they do not indicate how agricultural land should be used differently in the future.

Also at a national level, the Land Use Management Bill of 2006, in draft since 2001, has been presented to Parliament and was still under debate in 2008. Although it takes precedence over any national legislation impacting on land use regulation, this Bill is framework legislation that devolves decision-making, within certain parameters, to municipalities. Zoning is the key instrument used by governments to regulate land use, and, once this Bill is promulgated, zoning will be devolved fully to municipalities, which are obliged to develop 'land use schemes' to regulate how land is used and managed. The Bill provides intergovernmental support for the development, alignment and co-ordination of land use and spatial development plans of municipalities, and for dispute resolution between municipalities and local communities regarding land development and land use regulation. This Bill sets in place 'directive principles' for land development and land use management, including the best possible use of available land-related resources, the promotion of compact human settlements rather than low-density urban sprawl, appropriate mixed land use, and the preservation of agricultural land (especially prime and unique agricultural land) for agricultural purposes (RSA 2006).

District and local level

Internationally, there has been a thrust towards decentralisation and participation in land use planning, in order to close the gap between those drawing up plans, those who will implement them, and those who are the 'subjects' of these plans. (Dalal-Clayton et al. 2003: 45)

In 2007, the DLA adopted ABP as a new approach to planning land reform. In terms of the ABP approach, plans are to be drawn up for each district in the country, specifying which land should be acquired for redistribution and what kinds of farming and other activities are to be supported (see Chapter 3). These plans are to be aligned with spatial development plans at municipal level, and are to form part of integrated development plans (IDPs). For each district, consultants have been or are to be appointed to develop these plans, including a situational analysis, a vision and strategy, identification of projects, integration and prioritisation of plans, and approval (DLA 2006a).

ABP involves evaluating land and related resources (what is it good for?), but also requires the determination of land use for production (how should it be used?), a somewhat different question that requires consideration not only of physical resources, but of economic objectives. This is far from being a technical exercise; it represents a political choice that is often based on incomplete information about the possible social and economic outcomes of various uses.

The most important precursor to ABP was the Area Land Reform Initiative (ALRI), a joint initiative of the Makhado local municipality in the Vhembe district of Limpopo and the Nkuzi Development Association. The aim was to determine a new vision for agriculture in the area, given the density of land claims and the structural contrast of large-scale, capital-intensive commercial farming in close proximity to densely settled, impoverished communal areas (Manenzhe 2006; Wegerif 2006b). However, the ALRI initiative was limited by poor buy-in from key government agencies. More significantly:

The inability to conceptualise an alternative structure for agriculture in the area is inhibiting transfer of land and investment in marketing and supply networks that would be required to promote a new model of farming. The investigation of more appropriate farming technologies is also limited if there is no clarity on what type of new farm models may be considered in the future. (Wegerif 2006b: 14)

In the Breede River Winelands local municipality in the Western Cape, a pilot initiative aimed at participatory ABP for land reform intended to address this limitation, by exploring the land needs of local communities and considering the current structure of farming and its role in the local economy, and potential alternative farming models and what kinds of multiplier effects these may have (see Chapter 7).

In KwaZulu-Natal, the Association for Rural Advancement (AFRA) is engaged in a similar process in the Gongolo area, where a combination of restitution claims and labour tenant claims on white-owned farms adjacent to communal areas open up possibilities for pro-poor development, while a proposed nature reserve offers opportunities for investors – a situation that has directly pitted competing visions for the use of land (among current and future owners) against one another.

Each of these three civil society initiatives has emphasised that ABP must develop an alternative vision, based on participatory processes with local people and strong buy-in from local government, for a new role for agriculture that would support *more* livelihoods and, therefore, have a beneficial impact on the district's economy. ABP allows for planning beyond project level and, thus, has the potential to drive greater clarity on the kind of restructuring that is needed. However, the key limitation of ABP is that it is not taking place within a conducive context of national land use priorities. ABP presupposes that land needs, once identified, can be met internally, at a local level, within the confines of municipal or district boundaries. The limitations of this approach are that it:

**ABP must
develop an
alternative
vision**

- presupposes that there can be a neat fit between identified needs and available natural resources within a given area;
- allows only limited restructuring between communal and commercial areas; and
- provides no guide for prioritisation of land uses, tenure types, or who is to benefit.

ABP holds the potential for targeted interventions by the government, rather than the ad hoc processes of the past. While it devolves integrated planning to the local level, its decentralised approach is also its weakness. To provide new directions and coherent alternatives for agricultural land use and production, ABP needs to be undertaken within a wider vision for agrarian restructuring, and this must be provided at a national level. This remains a policy gap.

Project level

Until the introduction of ABP in 2007, land use planning had taken place only at project level in South Africa's land reform, guided by business plans developed for each project. Although applicants could prepare a plan themselves, the guidelines for business plans suggest that this option would seldom be feasible. Business plans, developed by private consultants appointed by the DLA, DoA or lending institutions, have been guided by terms of reference, the requirements of which differ across the provinces, but are generally quite demanding and technical in nature. So, nationally, there is no standard set of questions to which business plans must respond. In the Western Cape, the guidelines run to 11 pages in point form, indicating the topics to be covered in a business plan (DLA 2006b). There is also no clear differentiation in the business planning requirements between different kinds of projects. This means that the planning requirements applicable to projects for land access for household production are usually the same as those involving commercial enterprises.

Business plans involve consideration not only of agricultural potential (What is the land good for?) but also of the production environment (What kind of enterprise will work, given available markets, skills, assets and capital?). Land use planning within these business plans is informed by assessments of technical feasibility, based on topography, soil types, rainfall and water availability, among others, premised on certain types of production. Cash-flow projections informing business plans rely on a 'commercial budget' (COMBUD) for farming – the potential income from a given crop – periodically published by the DoA. The COMBUD combines expected output for a certain type of farming, varied by region, and expected prices per unit of output (i.e. gross margins). For example, in the Western Cape the provincial DoA publishes separate volumes of COMBUDs for vegetables, agronomy, pastures, livestock, fynbos and fruit.

A review of business plans and business planning requirements, undertaken for this chapter, showed that these include basic demographic information on project participants, but not a socio-economic analysis of their existing livelihoods and varied interests in land. They usually contain information about 'marginalised groups' within projects (i.e. numbers of women, youth, disabled and farm dwellers), but there is seldom any disaggregation of the different interests, resources or livelihood strategies within a group (DLA 2006b; DLA n.d.; DLA 2003).

Regulating subdivision

A major impediment to land reform, and to changing farming systems through land reform, is the difficulty involved in subdividing agricultural land (Lahiff 2007; Van den Brink et al. 2006). The Subdivision of Agricultural Land Act 70 of 1970 limits when and how this may happen, and was originally intended 'to curtail the fragmenting of agricultural land into uneconomic units' (SAPOA 2004). In effect, this Act was used for zoning purposes, as a measure to limit changes in land use and specifically to guard against the subdivision of agricultural land for residential purposes. Such restrictions are not peculiar to South Africa; throughout the settler colonies of southern Africa, colonial agricultural officials developed criteria for 'economic units' or 'viable farm sizes', differentiated according to agro-ecological zones (Zhou 2002). Their origin, however, lies not in any inherent economy of scale in production, but rather subjective and ideologically informed calculations regarding *acceptable levels of income* for commercial farmers (Van den Brink et al. 2006).

This attachment to 'viable farm size' has been challenged by evidence of an *inverse* size-productivity relationship in certain situations (Binswanger, Deininger & Feder 1995). The key argument in favour of subdivision in the international literature is that there are few intrinsic economies of scale in primary production and that, other things being equal, smaller landholdings in which there is no

there are
few intrinsic
economies of
scale in primary
production

hired labour are more efficient than large farms (Binswanger et al. 1995). However, whether or not small farms are more efficient than large ones is *contingent* on what is being produced, with what technology and for which markets. Where economies of scale in primary production *do* exist, they are largely due to the use of substantial inputs like machinery (e.g. combine harvesters) and the costs of compliance with private and public regulation – although co-operation among smallholders, with support from the government or the private sector, can overcome these barriers.

In South Africa, recognition that subdivision restrictions are based on normative, and anomalous, prescriptions for the incomes of commercial farmers led to the Subdivision of Agricultural Land Act Repeal Act 64 of 1998, which does precisely what its name suggests – repeals the Subdivision Act of 1970 (and all subsequent amendments) in its entirety. Despite being passed in September 1998, a full decade later it had still not been signed into law by the President – apparently because of the need for new land use management legislation (see discussion above on the Land Use Management Bill), although the real reason may be more political than technical, as some commercial farming interests have lobbied in favour of retaining these restrictions. Meanwhile, Section 10(3) of the Provision of Land and Assistance Act 126 of 1991 exempts land reform projects from restrictions on subdivision. For this reason, the most significant obstacles to subdivision for land reform purposes are not legal; rather, there are substantial financial, institutional and ideological obstacles. Most fundamentally, there are no state initiatives to promote subdivision, and inadequate incentives for owners to subdivide, because there is not a sufficiently large, secure market of smallholders ready to purchase land; sales contingent on grants being approved provide very little incentive to landowners to incur subdivision costs upfront.

There are two situations in which subdivision is needed for land reform purposes. The first is to divide portions of existing farms for redistribution, so as to offer a variety of land parcel sizes. This is also essential if underutilised land is to be targeted. In conjunction with a land tax, which raises the costs to landowners of retaining ownership of large tracts of unutilised or underutilised land, subdivision can assist in making land available in smaller parcels suited to the needs of potential beneficiaries. The LRAD programme anticipated that farmers themselves, or developers, would take this initiative, carrying the costs of subdivision and investing in improved infrastructure in order to sell off individual units through redistribution (MALA 2001), a scenario that has simply not materialised. The second situation is where large properties are acquired for redistribution and then divided into smaller portions for allocation to beneficiaries. The latter was the route followed in Zimbabwe during the 1980s, where the state bought large farms, often in contiguous blocks, and then subdivided these either into medium-sized farms or into smallholdings, making possible the allocation of common grazing land and the provision of required infrastructure to serve multiple properties.

Subdivision is a precondition for intensifying land use in countries with a highly skewed distribution of land ownership, such as South Africa, where underutilisation of agricultural land is considered to be substantial. The availability of small parcels of land is crucial, not only at an initial stage of redistribution, but also subsequently, to enable those who wish and are able to move into new types or larger scales of production to extend (Van den Brink et al. 2006). To determine the availability of smaller properties, LRAD proposed that 'local governments and municipalities should be requested to provide an audit of agricultural smallholdings within their boundaries' (MALA 2001: 13). However, this one mechanism to determine the availability of smaller agricultural properties – the Municipal Land Audit – has not been conducted.

While LRAD offers the 'flexibility' of grant size, there is no equivalent flexibility in land size. Thus, there is a mismatch between policy mechanisms emphasising entry at a variety of levels (ranging from food safety-net projects to small and medium-sized farms) and the actual array of properties available to would-be beneficiaries. In land reform, a 'small project' means 'little money' and,

Subdivision is
a precondition
for intensifying
land use

therefore, usually not enough to buy any farms being offered for sale. Unless there are interventions to facilitate the subdivision of agricultural land, the sizes of existing land parcels could drive a continued pattern of large group projects – one problem from the first phase of redistribution that LRAD was intended to address but, instead, has tended to perpetuate. LRAD was based on a presumption of ‘the ability of participants to subdivide existing large land units’ (MALA 2001: 12), yet a review of the programme in 2003 recognised that this had not happened, and argued that production on small farms (or subdivision of larger farms into smaller units) and less capital-intensive production should be considered:

There is a widespread tendency among officials to want to create what one official called ‘instant successful replicas of white commercial farmers’. This tendency is further reinforced by the reluctance of officials of the Department of Agriculture to sub-divide farms below what they consider to be the ‘viable’ size. The programme then often ends up with projects attempting collective commercial farming, or projects where beneficiaries hire a farm manager to run the enterprise. (MALA 2003: 12)

In practice, though, little subdivision is taking place. Interviews with provincial offices of the DLA indicate that these are very much the exception rather than the norm, and only a handful of examples could be found. In the southern Cape, a few were found, including the Friemersheim project near Groot Brakrivier where a group of livestock owners acquired separate plots on a household basis, which they preferred to group-based ownership and production, given their previous experience of working together on the commonage.

The absence of a strategy to promote subdivision in land reform has led to a great irony. While applicants are given little choice but to buy whole farms intact without dividing these into smaller units more suited to their needs, agricultural properties are being subdivided for the purposes of luxury country living for the wealthy who wish to live in an agricultural setting but have no intention of farming – so-called ‘lifestyle farming’. So, poor people accessing land are required to adapt their lives to the demand that the land must be farmed and farmed at scale, while for the rich changes have been allowed in land use and farm sizes.

There is no economic rationale for restricting the subdivision of agricultural land

There is no economic rationale for restricting the subdivision of agricultural land, yet the seemingly intractable attachment to the notion of ‘economic units’, laden with ideological and historical baggage, remains a core problem for land and agrarian reform (Hall & Williams 2003; Van den Brink et al. 2004). The concept of an ‘economic unit’ still underpins the position of the DoA, evident in officials’ apparent refusal to subdivide farms for land reform purposes (Thomas 2005, personal communication). To enable intensified land use and production, and improved impacts on livelihoods, it is essential that the Subdivision Act be removed once and for all. This is a necessary, but by no means sufficient, condition to bring about change in the structure and scale of farming. If land reform is to restructure farming, then a core challenge is to develop mechanisms to promote subdivision and, alongside this, investment in appropriate infrastructure for smallholder as well as other scales of production.

Livelihood impacts of land reform

How has land reform impacted on the livelihoods of land reform beneficiaries? Available information is neither comprehensive nor agreed on the relevant indicators.¹ The South African literature on land

reform suggests that outcomes, or indicators, of success in land reform should include:

- *improved food security*: improved nutritional status from self-provisioning or from increased disposable cash income;
- *more income*: increased amounts and regularity of income from marketed produce and wage employment, and a more egalitarian distribution of income;
- *increased well-being*: improved access to clean drinking water and to sanitation, improved housing, ownership of household items and access to fuel for cooking;
- *reduced vulnerability*: improved access to social infrastructure like schools and clinics, and increased mobility; and
- *improved sustainability*: more sustainable use of the natural resource base (Andrew et al. 2003; DLA 1997; May & Roberts 2000).

The Quality of Life (QOL) surveys conducted by the DLA have provided some limited insight into the land uses, production patterns and livelihoods of land reform beneficiaries. The QOL surveys were initially envisaged as annual surveys, later as biannual surveys, and have been published in 1998, 2000 and 2003, with a fourth survey in process during 2007 and 2008. The DLA commissioned the QOL surveys to investigate the extent to which the objectives of the land reform programme have been met, and the surveys claim to provide 'an account of the impact of land reform on the livelihoods of land reform beneficiaries' (DLA 2003: xx).

The first survey was a small study conducted internally by the DLA's Monitoring and Evaluation Directorate, and published as the 'Annual Quality of Life Report' in October 1998. This survey, conducted in 1997/8, 'was widely criticised for its limited scope, its questionable theoretical assumptions and its methodology' (Naidoo 1999). May & Roberts (2000: 5) note:

An independent assessment of the report concluded that the study was not sufficiently detailed to permit the assessment that was required by DLA. The assessment also questioned the sampling procedures that were used, and the way in which these were implemented raising the concern that the study may not be representative or sufficiently rigorous for the purposes of monitoring.

The second QOL survey also attempted to assess the impact of reform on livelihoods, though this was shortly after transfer – more than half of the projects studied had been transferred less than a year prior to the survey (May & Roberts 2000). The survey found widespread underutilisation of land, in the sense of land not being used at all, and of land that was potentially arable being used for less intensive forms of production: 'much land remains under-utilised, with neither grazing or cultivation occurring' and 'the most common form of productive use is as grazing land' (May & Roberts 2000: 8, 13).

The key findings on livelihood strategies from the second survey were that 'beneficiary households have alarmingly high levels of poverty, with 78% falling below the expenditure poverty line of R476.30 per adult equivalent per month and 47% classed as ultra poor (less than half the poverty expenditure line)' (May & Roberts 2000: 14). As with the previous QOL survey, this finding would appear to refer to the position of beneficiaries *at the time they joined the project*, rather than as a result of land reform, given that most projects surveyed were still at the inception stage. Nevertheless, it did confirm substantial variation in beneficiaries' livelihood sources and strategies and, on aggregate, very low incomes.

The survey found widespread underutilisation of land

¹ This section draws on a separate report published as Hall (2008).

The key findings of the second QOL survey on the livelihoods of land reform beneficiaries were that:

- 63% of beneficiary households receive some form of waged income;
- just under 20% of beneficiary households receive an income from both agricultural production and self-employment activities;
- only 8% of households acknowledged transfer payments, though this low figure is probably related to the virtual absence of migrant household members in the sample;
- 38% of households were deriving income either from the sale or own consumption of agriculture and livestock, while 62% were not deriving income at all, indicating that livelihood impacts may be very unequal across households, even within the same project; and
- the average household income from agricultural activities for the total sample was R1 146.00 per annum (May & Roberts 2000: 15).

most were both buying inputs and selling at least some of their produce, usually in very local markets

The most common land uses were the extension of existing livestock herds and maize production for household consumption – two important inputs into the livelihoods of poor and vulnerable households (May & Roberts 2000). Most production on redistributed land was considered to be for ‘subsistence’, but the survey found that, among those cultivating, most were both buying inputs and selling at least some of their produce, usually in very local markets, as is the norm for ‘subsistence’ producers in South Africa. The study found that land reform beneficiaries were better off than the rural population on average, but failed to demonstrate whether or not this was as a result of their improved access to land, or whether this was due to those who were better off being more likely to be able to access the programme. As a result, the data did ‘not permit a detailed impact analysis of the land reform, and only tentative conclusions can be reached at this stage’ (May & Roberts 2000: 23).

The third QOL survey, conducted in 2002 and reported in 2003, encountered serious problems and discontinuities with previous surveys. It differed from its predecessors in terms of its sample, the design of the research instruments and analysis of the data. This report was never officially released. Despite (or perhaps due to) the methodological problems encountered, it provided important recommendations for future impact analysis, as follows:

- ‘The DLA needs to integrate the collection of baseline household level information into its project cycles so that information on the quality of life of beneficiaries prior to the transfer of land is recorded. This is a basis for monitoring and evaluation. This will require improving the Landbase data system of M&E and capturing more extensive beneficiary and project information during the project approval stage.
- The DLA should produce QOL reports on an annual basis, using a standard set of survey instruments to reflect the impact of land reform over time. The reports should be extended to assessing the resources committed to the delivery of land reform, including staff capacity, capital and operating budgets, and contributions from other government departments, parastatal and local government institutions.
- The QOL survey should be extended to include a control group of rural households and communities that have not benefited from land reform. This will enable future reports to compare improvements in the quality of life of land reform participants to other rural populations.’ (DLA 2003 xxxii)

The QOL studies have shown that those in the programme are better off than the rural population as a whole. But are they better off because they are land reform beneficiaries or did they manage to

become land reform beneficiaries because they are better off? Those who are richer are more likely to have cattle, but are they richer because they have cattle or do they have cattle because they are richer? As Murray (1997) observed in the Free State, those who are best placed to participate in the land reform programme, and predominated in an early study of land reform, were those who were literate, had their own disposable resources with which to pursue their applications, and had access to telecommunications, to transport, to officialdom and to social and political networks. Redistribution policy, unlike restitution policy, is based on the presumption that the presence of an 'own contribution' can have a positive impact on projects, as a sign of commitment, but this proposition has not been empirically tested.

In the absence of baseline data (a profile of people entering the programme), subsequent surveys can provide a snapshot of people's livelihoods, but cannot explain how these have changed as a result of land reform. In addition to the 'before' and 'after' dimension, few if any studies have attempted to disentangle or even adequately conceptualise on-project livelihoods in relation to people's overall livelihood strategies (how land reform is one input into wider livelihood strategies) or to theorise the relationship between the two. As a result, impact studies, which would investigate changes over time and determine whether these can be attributed to land reform, have not been possible.

In summary, there remain both *technical and conceptual challenges* in determining livelihood impacts within the context of South Africa's land reform programme. Existing data from the QOL studies on the livelihoods of land reform beneficiaries demonstrate important correlations, but on the whole fail to demonstrate causal relations that tell us something about the impact of land reform in improving people's livelihoods and lifting them out of poverty.

An audit of land redistribution (LRAD) projects in the North West province by Kirsten and Machethe (2005) is another source of information on production patterns and livelihood outcomes in land reform. It suggests that project failure can be ascribed largely not to operational problems but to inappropriate planning and contextual factors. This review commissioned by the national DoA assessed 'the extent to which land reform projects are not meeting the agrarian reform objectives of *commercial viability*' (Kirsten & Machethe 2005: 6, emphasis added). Its key findings were that, of all the land reform projects in that province:

- one-third were locked in intractable conflict and, as a result, the majority of their members had lost interest in the project and had de facto exited;
- 55% of projects had no implements for production and 27% had inadequate implements; and
- more than a quarter of projects had not produced anything since taking ownership of their land (Kirsten & Machethe 2005:12).

Kirsten and Machete (2005:34) found that business plans were in no way a reliable predictor of actual land use in projects. In just 11% of cases did beneficiaries report that they had drawn up their own business plan; in the bulk of cases, it was a private service provider (consultant) or an official from the DoA who drew it up (Kirsten & Machethe 2005: 33). In half of the projects, leaders were aware of the contents of their business plans but only a minority had access to a copy of the business plan on the farm itself, and only 35% of projects reported that they were following the original business plan. The most striking finding of this study is that the more successful projects were *less likely* to be following the original business plan than those that were less successful. Among those considered successful, 60% were making up their own plan as they went along, and ignoring the paid-for plan, compared to 42% in the sample as a whole (Kirsten & Machethe 2005: 35).

project failure
can be ascribed
largely... to
inappropriate
planning and
contextual factors

The findings of the study draw into question the quality and appropriateness of the type of business plans that form the basis for project approval, since these are widely ignored and, even where they are implemented, correlate negatively with project success. The study found a direct relationship between provision of aftercare support and levels of production – yet nearly three-quarters of business plans did not make any provision for, or indicate the need for, aftercare to be provided (Kirsten & Machethe 2005: 35). Fewer than half of the projects reported that the DoA had provided advice to them, and just 5% indicated that they received support from the department (Kirsten & Machethe 2005: 39).

Two wider points merit attention. First, the emphasis in both the QOL and the North West studies (among others) on marketing of produce, and profits, obscures the *non-monetised* benefits that may have accrued to project members. This raises the possibility that the contribution of land reform to livelihoods may have been *underestimated* in some of these studies – including where projects may be producing benefits for members, but have ostensibly ‘failed’ in the sense that they have not realised the objectives of business plans.

Second, the reasons attributed to the underuse of land and non-operational projects have focused on failures of the project members themselves (such as conflict, lack of skills and poor management) and the absence or inadequacy of support from government institutions, most notably the DoA (such as lack of aftercare, training and extension advice). However, the studies do not question the business plans themselves, but take as given that adherence to business plans is the optimal outcome, even though, as shown in the North West study, there may in fact be a negative correlation between the two.

A further issue that merits attention is the wider economic context in which production takes place. The issue of underutilisation of redistributed land has been framed, in the public imagination and in the few review reports that have been written, predominantly as a problem of production. This has fuelled (sometimes racially) caricatured notions of the limitations of poor black people as custodians of the land (Du Toit 2004). However, concerns about underuse of redistributed land are widely shared across the political spectrum. Among official reviews, the dominant reason put forward for the failure to produce is the lack of skills, in both cultivation and management, thus laying the blame squarely on beneficiaries themselves, rather than on two other possible causes – the inappropriateness of planned land uses, and a hostile policy and economic environment (Andrew et al. 2003).

concerns about underuse of redistributed land are widely shared across the political spectrum

International experiences

For South Africa, the most relevant experiences from which to learn about restructuring farming sectors through land reform are of other settler colonies in Africa, as well as Latin America, where similar inequalities in land distribution were confronted in rather different ways (see Chapter 10). The restructuring of large-scale commercial farming sectors in conditions of great inequality has most commonly been pursued through the promotion of smallholder agriculture, either through land-to-the-tiller reforms in favour of tenants or through breaking up large estates for allocation to small farmers. Smallholder production is often conceived of as a relic of pre-capitalist production, but in much of Africa and beyond, smallholder production on a commercial basis has been widespread. Cash crops like cocoa in Ghana and Ivory Coast, coffee in Kenya, Tanzania and Ethiopia, and cotton in Uganda have been grown and exported, some for over a century. Food surpluses for growing urban

markets and for export are the norm. Specific state interventions have helped to create and support smallholder sectors, though sometimes on terms that have been distinctly extractive (Bates 1981). Such developments were curtailed in the settler colonies, sometimes by direct prohibition; however, as Bundy (1988) reminds us in the case of South Africa, in the first phase of development most of the food needs of the new mines and towns were met by African smallholders. In these countries, now including South Africa, special measures are required to overcome the particular legacies of disadvantage in order to resuscitate the potential for smallholder production. Some experiences of how this has been approached elsewhere are explored below.

How have smallholder sectors been promoted or resuscitated?

A common feature of initiatives to promote smallholder production in ex-settler colonies is a geographical focus on strategic locations, sometimes in high-rainfall areas where large farms and estates underutilise land and where substantial scope exists for intensification of production, and, at other times, within or on the borders of communal areas. As a basis for identifying areas of opportunity for smallholder production, land capability classification schemes have been used in some countries to identify soils and climatic zones suitable for similar crops requiring similar management (Dalal-Clayton et al. 2003: 35).

For instance, the five agro-ecological zones in Zimbabwe have long been used as the schema on which land use is planned, and output evaluated. In Zimbabwe's land redistribution of the 1980s, different 'models' were tailored so as to be appropriate for different zones. Four basic farm models guided subdivision and transformation of the commercial farming areas there. Although much acquisition by the state was ad hoc, there was some attempt to acquire farms adjacent to one another, to make possible planning at scale and the provision of infrastructure for markets, inputs and support for new types of production. These models included co-operatives running existing farms as single units, but the others were all based on small-scale farming, the purpose of which was to sell surplus food as well as some cash crops; one model was for 'out-growers' around plantations to utilise processing plants, and another was a formula for extending boundaries of some drier communal areas suffering a severe shortage of grazing. The predominant one (Model A) demarcated an acquired farm or a cluster of farms into small arable household holdings and a common grazing area (in drier areas, up to 80% of the land). In these resettlement areas, projected outputs and target incomes were surpassed fairly quickly (Sachikonye 2003). Years later, panel data from 400 households showed that Model A resettlement had a positive impact on the livelihoods of new smallholders relative to their previous situation and relative to a control group, even though for some of them this took at least a decade to materialise in the form of increased income, household assets and expenditure on education (Kinsey 1999).

Even the fast-track land reform process from 2000 onwards was based, in theory if not in practice, on two models. The more dominant A1 model echoed the old Model A, involving similar subdivision into smallholdings, while retaining a portion of land for common grazing. The A2 model for medium-sized commercial farmers involved dividing pre-existing large farms, typically into quarters.

Through the reform of agricultural markets, smallholders in Kenya and Zimbabwe have taken up cash crops like cotton, coffee, tea and tobacco, which previously had been the preserve of large estates, and pursued these successfully on redistributed land and in communal areas. For instance, after independence the proportion of coffee and tea produced by smallholders in Kenya rose rapidly to over 50%. A Kenya Tea Development Authority was set up when land redistribution, under the

Through the reform of agricultural markets, smallholders... have taken up cash crops... which previously had been the preserve of large estates

Million Acre Scheme, began in the early 1960s. The latter programme saw rapid gains in output and cash incomes. However, as the official scheme was put aside in later years, the politically connected bought out remaining white farms, subdivided these farms and then leased out plots, rather than pursuing large-scale farming themselves. As they became large landlords, control of land was returned to a small elite (a less racialised elite, this time), while there was also a growth in smallholders, but now as tenant farmers (Leo 1984).

Similarly, in Zimbabwe, smallholder cotton production rose from zero before 1970 to 30% of the national crop in 1980 to over 80% by 2000. Typically, smallholders were even able to produce a higher quality lint than commercial farmers through careful hand-picking and sorting. This transformation did not occur spontaneously, but resulted from training in growing and handling cotton, provided by a dedicated extension programme; the collaboration of the state Cotton Marketing Board, which provided sorting methods and transport arrangements suited to smallholders; mentoring by large-scale commercial cotton farmers; and a state role in getting smallholders involved in seed production, and providing them with access to pesticides and other input supplies (Blackie 2006). This, in turn, was made possible by the fact that, at independence in Zimbabwe, unlike in South Africa (see Chapter 5), the old marketing infrastructure was intact and provided an institutional framework to redirect towards new producers with different needs (Sachikonye 2003; Alexander 1994). Marketing boards provided subsidies for nationwide pricing, which allowed marketing agencies to extend into new areas, particularly the resettlement areas but also the communal areas (Alexander 1994).

What has enabled smallholder success?

crops
traditionally
considered to be
the preserve of
large farmers can
be successfully
adopted by small
growers

International experiences demonstrate that crops traditionally considered to be the preserve of large farmers can be successfully adopted by small growers, if the right conditions exist, or are made to exist. What then are the circumstances that have enabled success for smaller producers elsewhere, especially in settler colonies where they had previously been excluded, and what lessons can be learnt from these experiences? Four conditions for success can be isolated from the international literature on transitions to smallholder production.

First, where there is an insistence by the state on changing the structure of ownership, a state-led, co-ordinated overall plan can be successful when associated with targeting land acquisition in specific areas, acquiring land in bulk, and investing in planning and subdivision. This ideally requires a balance between a planned approach by the state, and decentralised and flexible adaptation through participatory processes at a local level (Alexander 1994).

successful land
reforms have
supported
diversified
land uses that
minimise risk

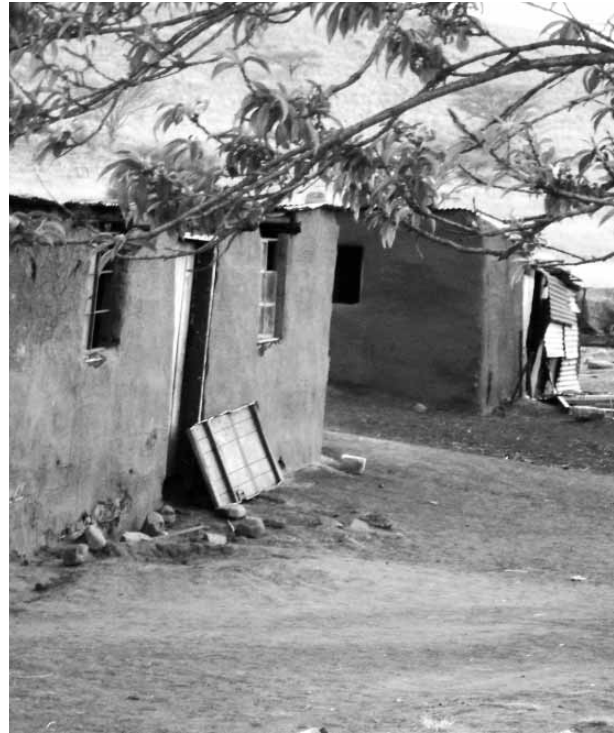
A second condition has been the promotion within redistributive land reforms of a combination of production of food crops for consumption and a surplus for sale, with cash crops for the market, along with livestock production. Rather than establishing cash croppers entirely dependent on the vagaries of product market prices and, even worse, on a single commodity, in practice (if not always in theory) successful land reforms have supported diversified land uses that minimise risk and enable smallholders to decide whether to consume or sell, depending on the harvest, prices and the state of their other sources of income and livelihood. This might extend to access to large-scale processing of products like tea, sugar and wine through contracts with private processing plants or co-operatives handling marketing and processing.

A third condition is the public provision of extension services, readily available and possibly subsidised inputs, credit (not limited to land as the only basis for security) for seasonal inputs and

improvements appropriate to smallholder production and infrastructure required by small producers. This may include extension agents dedicated to servicing a specific population of smallholders pioneering some product in an area, subsidised seed, fertiliser, implements, fencing and the provision of dipping tanks and veterinary services.

A fourth condition is the provision of a marketing environment specifically suited to small producers: the creation of incentives for private marketing agents to buy small quantities of produce, co-operatives to enable the sorting, grading and marketing of produce and, in some instances, price support for staple commodities in which smallholder producers predominate.

This brief review of international experience demonstrates that some of what is being discussed in South Africa – a restructuring of agriculture away from the large-farm model and towards a more mixed farming sector with a growing number of smallholders – is achievable, and has been achieved elsewhere in countries with more constrained public finances than South Africa's. The above constitutes an agenda for the types of support to be provided to smallholders, and for the role of the state in particular in making available this support. This is not to say that the private sector cannot, or will not, play a role. As shown in Chapter 8, several private sector initiatives in South Africa have attempted to support 'emerging farmers', but are generally not directed towards producers who operate on a small scale or whose production is not entirely for the market. Rather, what may be needed is a combination of direct state support and indirect state interventions geared to changing the behaviour of the private sector in favour of small producers.



*Labour tenant's homestead,
Amajuba district, KwaZulu-
Natal. September 2007.
Photo by Ruth Hall.*

Links with the non-farm economy

While lessons may be learnt from approaches used elsewhere to support new land uses and types of production, a growing literature suggests that thinking about a new agrarian structure must focus not on agriculture in isolation, but also on how a changed agriculture will be supported by, and in turn stimulate, the non-farm economy in rural areas.

The past two decades have seen the 'de-agrarianisation' of rural economies in sub-Saharan Africa – the movement of many people out of dependence solely on agricultural production for their livelihoods. This has been associated with an increasing concentration of economic power among fewer producers and in the hands of purchasers and retailers further up the value chain. De-agrarianisation has been accelerated by structural adjustment policies, which dramatically reduced direct and indirect state support for agriculture and liberalised markets, typically raising input costs and reducing product prices for small farmers (Bryceson 1997). In this context, access to casual farm and other employment has become crucial for rural survival, as has the growth of the rural non-farm economy, secondary towns in farming regions, and remitted incomes from family members employed elsewhere. Experiences across the continent of this diversification of sources of livelihood suggest that a crucial direction for government policy is to support complementarities between agriculture and the rural non-farm economy, particularly the growth of markets for inputs into and produce from agriculture, as well as agro-processing, in order to generate activities with benefits for both sectors

enabling
smallholders to
market at least
a portion of
their produce
is essential to
rural growth

in the rural economy. However, cross-country studies have suggested that multipliers in the rural economy are strongest from additional consumer spending by agricultural households; thus, enabling smallholders to market at least a portion of their produce is essential to rural growth (Bryceson 1997). It is also usual for those with higher levels of non-farm income to be better off than full-time farm families, and even for the former to have greater agricultural output, as off-farm income can fund investments in farming.

The new emerging orthodoxy: smallholder production

The growing interest in South Africa in alternative models of agriculture and the importance of smaller scales of production for resource-poor farmers mirrors a shift in thinking internationally, including in international financial institutions traditionally hostile to state intervention in the economy. The publication by the World Bank of its *World development report 2008: Agriculture for development* (WDR) marked a moment in the reversal of the 'anti-agriculture bias' introduced with the neo-liberal reforms of the 1980s. It makes an argument for a stronger role for the state in creating policy and economic conditions to support the growth of agriculture along a more equitable path. Agriculture, it argues, has been 'vastly underused for development', and state expenditure on agriculture generally bears little relation to its potential contribution to equitable development (World Bank 2007: 9). Governments, therefore, need to define an 'agriculture-for-development' agenda to provide pathways for the rural poor to move out of poverty, and should:

- increase access to markets and promote efficient value chains;
- enhance smallholder competitiveness and facilitate market entry;
- improve livelihoods in subsistence farming and low-skill rural occupations; and
- increase employment in agriculture and the rural non-farm economy, and enhance skills. (World Bank 2007: 24)

In order to 'make smallholder farming more productive and sustainable', states should increase the 'quantity and quality of public investment' in agriculture and improve price incentives for smallholders. They should intervene in factor and product markets, promoting targeted vouchers to enable smallholders to access crucial inputs at subsidised cost, and provide funding to distributors of inputs in new areas of production (World Bank 2007: 13–17). Subsidies for small farmers, including input subsidies, are back on the agenda for states concerned with rural poverty. The WDR argues that states should support smallholder producer organisations to guard against elite capture and exclusion of the poor, enable them to access inputs, market their produce and become a political force, and should invest in research and development geared towards smallholder producers, for low-cost production technologies less dependent on bought inputs (World Bank 2007: 18). Despite its traditional focus on the importance of land markets, the WDR explicitly emphasises the importance of land reform in changing production itself: how land is used, at what scale, and with what technology. It acknowledges that 'redistributing under-utilized large estates to settle smallholders can work if complemented by reforms to secure the competitiveness of beneficiaries – something that has been difficult to achieve' (World Bank 2007: 12). However, it does not note that its own policy advice of agricultural deregulation and trade liberalisation has contributed towards this difficulty. In fact, despite elements of new and progressive-sounding policy prescription, the WDR contains many internal contradictions, ultimately avoiding questions of the role of the state in restructuring agricultural markets, and reinforcing the Bank's pro-market prescriptions.

Even so, for urbanising economies like South Africa, the WDR proposes the following priorities:

Subsidies for
small farmers...
are back on the
agenda for states
concerned with
rural poverty

Increasing the access of smallholders to assets, particularly land, and increasing their political voice in unequal societies, can enhance the size and competitiveness of the smallholder sector. Beyond farming, territorial approaches to planning are being pursued to promote local employment through interlinked farming and rural agroindustry, and these processes need to be better understood for wider application. Agricultural growth is especially important to improve well-being in geographic pockets of poverty with good agricultural potential...[and] support to the agricultural component of the livelihoods of subsistence farmers will remain an imperative for many years. (World Bank 2007: 25)

In order to drive forward such an agenda, and to make this politically feasible, governments should recognise the trade-offs between the political interests of the agribusiness sector, processors and retailers, market-oriented smallholders, the large mass of subsistence producers with diversified livelihoods and agricultural workers and others employed in the rural non-farm economy (World Bank 2007: 346).

Towards alternative land uses, production and livelihoods

What models of land use and production should be promoted through land reform in South Africa, and what types of livelihoods are to be created or supported? This has not been adequately debated or answered in policy. As a result, land reform has proceeded without a clear vision of the intended outcome. On the one hand, the needs and interests of potential beneficiaries (as broad as this category is) must be central; on the other, the needs and interests of society as a whole must be specified. Therefore, national agrarian reform policy is needed.

This section takes a macro-perspective and asks what 'society as a whole' might consider as its objectives in land and agrarian reform, makes some suggestions for what these might be, and identifies further areas for investigation to inform this debate. Next, it reports on priorities articulated by rural people themselves at workshops held specifically to inform policy alternatives.

Macro-perspectives

If redistribution of land is to make a substantial contribution to reducing poverty, policy alternatives would need to be 'nested' at various levels:

- macroeconomic policy;
- trade policy;
- agricultural policy;
- agrarian/rural development policy;
- land reform policy;
- land use policy;
- local economic development; and
- planning for land use at farm level.

Agrarian policy
will need to
indicate where
the priority
areas are for
redistribution

Currently, the incoherence and contradictions between these various frameworks make pro-poor land reform unworkable in many instances. While land reform policy has suggested a variety of options for the types of land use and production that could be pursued, deregulation and free market agricultural policy, a liberalised trade regime, the fiscal environment, the market-based approach to land reform, reliance on grants, and the approach to implementation have mitigated against alternatives to the dominant types of farming. Planning has been focused at farm or project level, and options at this level to change land use have been rare. There are compelling reasons to plan for the uses of land and outcomes of land reform at a higher level, and we see this happening already with ABP at the district level. However, even within these ABPs, it is far from clear, beyond the 30% target, which national-level imperatives must prevail. National targets and indicators for success in land reform cannot be merely the composite of district plans, through a process of aggregation. Agrarian policy will need to indicate where the priority areas are for redistribution, who the priority people are and what their needs are, how much existing farming systems can be changed and, therefore, what types of land use and production should be promoted and supported, where and for whom.

At a national level, then, policy is still to answer questions raised in the review of LRAD in 2003:

- Who should be targeted to receive land and agricultural support?
- What should be the appropriate mix of subsistence, small-, medium- and large-scale farmers?
- What does the choice of different groups of beneficiaries mean for South Africa's national imperatives, such as poverty reduction, agricultural output, exports and employment?
- What will be the impact of various land reform scenarios on the land market (supply, demand, prices)?
- What are the fiscal cost implications of the various scenarios of reaching the 30%?
- How do the various land reform scenarios (in terms of the mix of beneficiaries) interact with the most likely international trade scenarios? (MALA 2003: 30)

The main argument put forward in South Africa *against* changing the agrarian structure, and rather merely transferring ownership of existing enterprises from one owner to another, is the supposed threat that disrupting commercial farming would pose to national food security (FW De Klerk Foundation 2007; Du Toit 2004). This has often been exaggerated by those with vested interests in the existing structure. In the past, price controls and subsidies created a net welfare transfer from urban consumers to commercial farmers. However, deregulation of agriculture has not brought benefits to consumers in the form of cheaper food. Mounting concern over rising food prices, spurred by the growth in both fuel prices and interest rates, suggests that at a national level, the priority must be an agrarian reform that extends production of food not only for self-provisioning but also for local markets, and does so through systems of production that are less capital-intensive, more labour-intensive and less reliant on loans.

Further, in many agricultural products, including staple foods, South Africa's production far exceeds consumption (see Chapter 5). The problem of food insecurity at household level arises from a complex problem of distribution and consumption entitlements, not a simple deficit in output. Even so, rapid changes in production should be expected to lead to temporary dips in output, but could also lead to increased overall output and more equitable distribution of the benefits over time, if land is more intensively used. To what extent, then, could existing types of production be disrupted, even if temporarily, in order to restructure land use and expand livelihoods? To answer this question, one needs to disaggregate agriculture by different scales of production, levels of output, profitability,

employment and debt. White commercial farming areas are often caricatured as the ‘large-scale commercial farming’ sector, but this is inaccurate in that many white- and company-owned farms are *not* large in terms of land used, production or income. Further, large farms cannot be equated with large-scale production, as farmland may be underutilised or not used for agricultural purposes at all (see Chapter 5).

One approach to assessing the social utility of land use is to examine the number of livelihoods that can be supported in different farming systems (see Chapter 6). This can be done by comparing the existing commercial farm population (workers, managers and owners) with the number of households on subdivided farms in similar settings. In Zimbabwe, the number of livelihoods per area being supported in the high-value agro-ecological regions 1–2 was probably higher (numerically) on commercial farms than on subdivided plots that formed part of resettlement schemes in the 1980s, though many of these were precarious farm worker livelihoods. In contrast, when commercial farms were acquired in agro-ecological regions 3–4, the new structure of production supported up to *four times* more people than before. In other words, in that context, it made sense to prioritise medium-quality land for redistribution and changes in farming systems, rather than the most marginal or the highest in value. Whether the same would hold true in South Africa is yet to be determined.

The ‘easy win’ in land reform is to bring unutilised and underutilised land into production, and this should be a national priority. Any net gain in the number of livelihoods is greatest where underutilised land is targeted. Similarly, the ‘crisis’ in profits in certain sectors and regions creates opportunities for changed production – though land reform should not be restricted to areas where commercial farming is failing! Land reform cannot be limited to the margins of the commercial sector; it must facilitate entry into this sector, and provide and support alternatives to it, on land that has previously been farmed commercially. Even if there is no net increase in livelihoods being supported, the redistribution of resources among the population would motivate changed land uses in the high-value and low-value farming regions. At a macro level, consideration should be given to whether South Africa should move out of sectors in long-term decline, and what national agrarian policy should say about the direction in which future agricultural growth and additional livelihoods can be promoted – how much land, which sectors and where? Three initial pointers may be useful:

The ‘easy win’ in land reform is to bring unutilised and underutilised land into production

- Agrarian reform will require moving towards a more *mixed farming sector* with a *growing smallholder sector*.
- This will require the *diversification of types, scales and technologies of production*, and increased opportunities for small-scale farming of commercial crops *and* subsistence production. *Combining subsistence and cash cropping* within the same productive unit is an appropriate option for the poor who struggle to access markets and, where they do, are faced with volatile market prices for their produce.
- Alternatives should involve identifying *priority areas for restructuring*, including sectors in decline, where land is underutilised, where there are high levels of debt, where *labour-intensification* is possible and where *labour-intensive agro-processing* opportunities exist. Livestock production and labour-intensive crop production are areas where smallholder producers have the potential to compete effectively with larger-scale producers.

The details of an alternative land and agrarian reform plan will have to be worked out for different situations and different geographical regions. At a national level, the outlines of an alternative vision based on possibilities and limits of change can be mapped as follows:

- *Natural characteristics*: categorise different potential and existing contexts across the country – agro-ecological zones or the equivalent.
- *Farming types*: categorise dominant farming types, what crops are produced and the forms of production (e.g. irrigation, mechanised, tree crops, processing requirements) and link this with infrastructure that supports these existing farming types.
- *Market environment*: categorise input and output markets and value chains that shape production and what kinds of production can be profitable given this market environment, and identify interventions in the market environment that can expand opportunities for profitable small-scale farming by the poor.
- *Need/demand*: categorise areas of greatest land need, on the basis of survey data, ABP processes, population densities in communal areas, eviction hotspots and areas with a density of farm dwellers, particularly where they are involved in some production of their own, such as in KwaZulu-Natal, Limpopo and Mpumalanga.

Different kinds of information will be needed to inform agrarian reform and monitor its impact in the future. First, what is needed is the monitoring of the contradictory trends of concentration and redistribution in land ownership – a Gini co-efficient for the distribution of agricultural land. This will require a dedicated monitoring function to link the cadastral system to the deeds registry. Second, the government should reintroduce land classification for regional planning and mapping, so that planning within political territories (districts) can be related to planning for agro-ecological zones. Third, it will be essential to capture production, land use and income data for land reform areas and the communal areas within the national agricultural statistics, and ensure that these can be extracted for separate analysis. This is essential to make visible production that has been excluded from official statistics (thereby distorting information about the agricultural sector), and in order to compare the production of smallholders and resource-poor producers with production in the established commercial farming sector. This must capture all production, not only that which is sold, since for the poor the greatest value of production may be in consumption, and the economic importance of this should not be excluded from view.

Rural people’s visions for land and agrarian reform

What is known about the land and production priorities of poor black South Africans living in rural areas? Available survey data do not address land use or production in detail, but do suggest that the vast majority of rural people indicating a need for land want small areas of land, for settlement and agricultural production, with a strong preference for land close to where they currently stay (see Chapter 3).

During this project, PLAAS co-hosted with rural NGOs a series of six consultative workshops with rural people to elicit reflections on their existing experiences and to develop a vision for what they would like to see as the outcomes of land and agrarian reform. The workshops included a wide array of poor black South Africans, including restitution claimants, farm workers, farm dwellers and labour tenants, commonage users, LRAD beneficiaries and applicants, small farmers, people living in small rural towns, residents of communal areas in the former black and ‘coloured’ ‘homelands’, people living on Transnet and forestry land, members of agricultural co-operatives, many of whom were representing formations or associations, as well as some DLA and DoA officials, mayors, municipal councillors, advice office workers, ANC constituency office staff, traditional leaders and church leaders.²

The priorities were livestock grazing and cultivation of vegetables and grains

The striking commonality across all workshop participants was a preference for multiple and diversified land uses. No participant in any of the workshops indicated a preference for only one type of land use. The priorities were livestock grazing and cultivation of vegetables and grains. This combination was widely considered to be a necessary starting point, since produce could be used flexibly either for consumption or for sale. In some cases, these were combined with an interest in cultivation of specific cash crops and with non-agricultural economic activities on-farm including processing of agricultural produce, mining and guest lodges for tourists. Participants expressed a strong preference for low-input production, with minimal dependence on bought inputs, because of problems of affordability and an aversion to types of production associated with existing commercial farming and considered unsustainable:

In terms of production, we want to produce food for our families first...We need to feed our families first, and look after their livelihood, before thinking about markets...We want to go back to the old system of using the land, not the modern system which is destroying the land. We want to create natural fertilisers ourselves to enrich the soil – not buy chemical fertilizers. (Amajuba farm dwellers)

Participants expressed strong preferences for family-based farming, on land sizes smaller than the current commercial farms in their areas, with the purpose of producing food for household consumption, as well as to sell locally, on a small scale initially, with the intention of being able to increase the proportion of marketed surplus over time. In contrast, a minority preferred group-based ownership and production, partly in order to share the costs of production but also to retain social networks. Most participants drew maps of their intended land uses, which allocated portions of land to these different uses, indicating zones for settlement, arable fields and grazing, and, in some cases, also for processing, packing and for non-farming economic activities:

The issue of distribution of land sizes must be according to the need of each family. What is important is how much livestock each family has – those with more livestock should get more land...This is what we will be able to work, to produce for our families and also will allow us to think about the market. This will be family land and will be controlled by those families. (Amajuba farm dwellers)

The overwhelming consensus across all of these workshops was that the model of land use would rely solely on family labour in the first instance, and it would only be if they were successful and able to expand production over time that employment of others would be considered. Some were uncomfortable about becoming employers, especially those who were farm workers or farm-dwellers, and preferred extending membership of projects rather than employing non-members. The only exceptions to this preference for family labour were some small farmers in the Karoo region who were better resourced and aimed to expand into small- to medium-scale commercial production, and in the Northern Cape others who envisaged a need for specialist skills for non-farming activities, such as mining.

Participants at the workshops saw settlement as central to their intended uses of land, and expressed an overwhelming preference for living on the land acquired. Those with an interest in group-based projects envisaged that the number of people settling on the land would justify the development of some basic physical and social infrastructure. However, those wanting smallholdings to be owned and operated by a single or extended household recognised that this may mean a lower level of service delivery and infrastructure. Except among restitution claimants and labour tenants, whose interest was in specific land, there was a strong preference for land close to towns and alongside major roads. The only exception to the preference for settlement on redistributed land was from some

² The workshops were as follows: (a) Free State – farm dwellers and farm workers, commonage users; LRAD beneficiaries and applicants; restitution claimants; residents of state land under communal tenure; (b) Southern Cape and Central Karoo, Western Cape – farm dwellers; restitution claimants; small farmers; residents of former ‘coloured’ reserves (Act 9 areas); residents of state and private forestry land; residents of Transnet land; (c) Cacadu and Camdeboo Districts, Eastern Cape – farm dwellers; residents of Transnet land; commonage users; residents of small towns including former farm dwellers; (d) Chris Hani District, Eastern Cape – commonage users; farmers in communal areas, including stock farmers using commonage and members of agricultural co-operatives; LRAD beneficiaries and applicants; (e) Amajuba District, KwaZulu-Natal – farm dwellers and farm workers, including restitution claimants and labour tenants; (f) Northern Cape and North West – farm dwellers; small farmers on private and state land; restitution claimants; residents of communal areas.

of those living in communal areas, such as in the Cala area, who preferred to remain in their villages, retain their social networks and instead commute to their new land.

In each workshop, participants identified a need for support in respect of inputs and marketing. It is striking that selling fresh produce to retail outlets, particularly the larger chain stores, seemed beyond the realm of possibility for many participants, who are aware that they may not be able to meet the requirements of volume and quality, or of certification. Key proposals were:

- state-supported input supply co-operatives, which would allow small farmers to buy inputs in bulk, at cheaper prices, and also provide the basis for equipment-sharing arrangements (particularly tractors);
- small farmers' markets in towns, to provide a point of sale for small quantities of fresh produce;
- secured contracts for small farmers to supply state institutions, such as hospitals and schools, with fresh produce; and
- veterinary services and support to access abattoirs and livestock auctions, and the creation of these in areas where they did not exist.

Facilitate meetings between emerging farmers and commercial farmers to ensure that we can get access to markets and overcome the discrimination in the market. Where the quality of our produce is not what is required, we must find a strategy with the support of government and the private sector to meet these standards. (Southern Cape and Central Karoo)

The priority is to produce for our families, and then government needs to open opportunities to produce for local markets like hospitals and schools, so that we can sell to those government institutions. We are not looking for big markets far away. (Amajuba farm dwellers)

We will register our farm as a co-operative so that we can get a certificate and get a supplier number so that we have access to the hospital to supply our produce. Our farm must be next to the road so that we are close to our markets. (Residents of communal areas, Chris Hani District Municipality)

In summary, elements of a vision for an alternative agrarian structure from these workshops were:

- a mixed farming sector that includes different scales and types of production;
- subdivision of commercial farms to make possible small-scale family farming;
- reliance on family labour, although there was also an interest among new 'emerging' farmers in hiring farm labour;
- a mix of tenure types to allow for more individualised rights to residential and cropping land, even in the context of group ownership, except where the vision is for 100% farm worker co-operatives;
- a strong focus on food production allotments for household consumption, as well as for sale, and expanded commonage for livestock grazing around the 'urban fringe', particularly on the edge of smaller towns, where residents of growing informal settlements (including evicted farm dwellers) struggle to eke out a living;
- co-operative arrangements to enable poor and small-scale farmers to access inputs (including equipment) and to secure a ready market for produce, but not necessarily production co-operatives;

- the development of a new layer of rural settlements, in order to receive basic services from municipalities, and to access crucial social infrastructure, notably schools; and
- combining agricultural production with value-adding in industries where small-scale agro-processing is possible, including in fruit and dairy products.

These elements of alternative policies are further detailed in Chapter 10. Here it should be noted that the proposals made at these workshops resonate strikingly with the arguments being put forward across the African continent and in international institutions that direct support for small and resource-poor producers should be a priority for countries with great inequality.

Conclusions

This review has shown the tendency in land reform projects to retain existing farm boundaries and land uses – and, therefore, the economic organisation of production – which is the outcome of business planning that tends to focus on the land rather than the people. Group-based projects are the dominant type in land reform, often because of policy constraints rather than preference, and there tends to be a conflation of the unit of ownership (the landholding entity) with the unit of land use (the production entity). Where land has been redistributed, underutilisation is widely reported, and there is substantial evidence that livelihood benefits have been very limited. Meanwhile, changes in the commercial sector have been antithetical to agrarian reform: concentration of ownership, enterprises and capital, growing vertical integration within value chains and private regulation of markets.

Problems facing land reform are: the insistence that poor people must buy land at market prices, assisted with small grants from the government, which they inevitably have to pool; reliance on owners of land to decide which land they will sell, to whom, and what price they will accept; the failure to acquire land at scale and to plan for new types of production; the failure to subdivide land to make possible smallholder production; the insistence in many cases by government officials and private consultants designing projects that commercial production must continue; and the absence of the policy and economic measures that would enable this model to succeed. Not all the limitations of land reform are due to land reform policy. Interpretation of policy and actual implementation practices have constrained the process further, and agricultural policy has not been reoriented to support new land users. Land reform has been compromised by the absence of a wider strategic approach to rural development that could support new land users and uses and, in turn, maximise the benefits for surrounding economies.

South Africa's land reform has been based on political imperatives to redress the injustice of forced removals and to broaden black ownership of land, and has been bolstered by an economic argument that small farms would be more efficient than large ones. However, experience to date has shown that land reform has tended to reproduce the large-scale model of farming, with similar forms of production being pursued, but without the state support for new land users that originally brought this model into being (as shown in Chapter 5). The economic argument in favour of land reform has been based on conditions that do not currently apply in South Africa. Not only the pace and mechanisms of delivery must be changed, then, but also the wider economic, institutional and policy environment.

land reform
has tended
to reproduce
the large-
scale model of
farming

the neglected
option of
smallholder
production for
consumption and
for the market
should be the
priority

If land reform is to address the political imperative of changing the racially skewed pattern of land ownership *and* the economic imperative of reducing poverty, it must both redistribute assets and maintain or increase production. Remarkably little attention has been given to the latter issue. What livelihoods can be created and, therefore, what land uses and production systems must be promoted? What is needed now is agrarian policy that specifies society's and the state's intentions for the restructuring of agricultural production and its role in the rural economy and, consequently, what kind of land reform is needed as one strategy to achieve this. This chapter suggests that the neglected option of smallholder production for consumption and for the market should be the priority and that, to enable success, direct support for production, as well as interventions in input supply, processing and output markets, will be needed. This will require a developmental state.

References

- Alexander, J. 1994. State, peasantry and resettlement in Zimbabwe. *Review of African Political Economy* 21(61): 325–345.
- Aliber, M., Greenberg, S., Eveleth, A., Kleinbooi, K., Lahiff, E. & Tom, B. 2006. Rural municipality case studies: Land reform, farm employment and livelihoods. Summary of research supported with funding from the National Treasury, USAID and the Human Sciences Research Council (HSRC), July.
- ANC (African National Congress). 2007. ANC National Policy Conference Report, Gallagher Estate, 27–30 June.
- Anderson, M. & Pienaar, K. 2003. *Municipal commonage*. Evaluating Land and Agrarian Reform in South Africa, No 5. Programme for Land and Agrarian Studies, University of the Western Cape.
- Andrew, M., Ainslie, A. & Shackleton, C. 2003. *Land use and livelihoods*. Evaluating Land and Agrarian Reform in South Africa Series, No 8. Programme for Land and Agrarian Studies, University of the Western Cape.
- Bates, R. 1981. *Markets and states in tropical Africa*. Berkeley: University of California Press.
- Binswanger, H.P., Deininger, K. & Feder, G. 1995. Power, distortions, revolt and reform in agricultural land relation. In Berhman, J. & Srinivasan, T. (eds) *Handbook of development economics*, Vol. 3. Amsterdam: Elsevier.
- Blackie, M. 2006. Indigenous knowledge, African voices and transformation of southern African agriculture. In Rukuni, M. & Eicher, C. (eds) *Zimbabwe's agricultural revolution revisited*. Harare: University of Zimbabwe Publications.
- Bryceson, D. 1997. Introduction. In Bryceson, D. & Jamal, V. (eds) *Farewell to farms: De-agrarianisation and employment in Africa*. London: Ashgate.
- Bundy, C. 1988. *The rise and fall of the South African peasantry*, 2nd edition. Cape Town/London: David Phillip/James Currey.
- CRLR (Commission on Restitution of Land Rights). 2006. *Report: Settled restitution claims*. Electronic Excel database, as at 31 March. Pretoria: CRLR.
- CSIR (Council for Scientific and Industrial Research). 2005. Diagnostic study into the functioning of communal property associations in land reform in South Africa. Report submitted by CSIR Environmentek to DLA Tenure Reform Implementation Systems, April.
- Dalal-Clayton, B., Dent, D. & Dubois, O. 2003. *Rural planning in developing countries: Supporting natural resource management and sustainable livelihoods*. London: Earthscan.
- De Villiers, B. & Van den Berg, M. 2006. *Land reform. Trailblazers: Seven successful case studies*. Johannesburg: Konrad Adenauer-Stiftung.
- Derman, B., Lahiff, E. & Sjaastad, E. 2006. Strategic questions for strategic partners: Challenges and pitfalls in South Africa's new model of land restitution. Paper presented at the

Conference on Land, Memory, Reconstruction and Justice: Land Restitution in South Africa. Houw Hoek Inn, 13–15 September.

- DLA (Department of Land Affairs). 1997. *White Paper on South African Land Policy*. Pretoria: DLA.
- DLA. 2003. *Monitoring and evaluating the quality of life of land reform beneficiaries 2000/2001*. Technical report prepared by Citizen Surveys for the Department of Land Affairs, Directorate Monitoring and Evaluation, January.
- DLA. 2006a. Area-based planning: Concept note. PowerPoint presentation, November.
- DLA. 2006b. Your guide to the compilation of a business plan for a land reform project. Unpublished document. Cape Town: Provincial Land Reform Office.
- DLA. 2007a. Presentation to the Select Committee on Land and Environmental Affairs: Annual Report 2005/06. Presented by Mr Glen S Thomas, Director-General to the National Council of Provinces, 19 June.
- DLA. 2007b. *Annual report 2006/07*. Pretoria: DLA.
- DLA n.d. Terms of reference for writing of a business plan. Unpublished document. Bloemfontein: Provincial Land Reform Office.
- DoA (Department of Agriculture). 1995. *White Paper on Agriculture*. Pretoria: DoA.
- DoA. 2002. *Strategic sector plan for agriculture*. Pretoria: DoA.
- Du Toit, P. 2004. *The great South African land scandal*. Centurion: Legacy Publications.
- FW De Klerk Foundation. 2007. *Land reform: A contextual analysis*. A study on land reform for the FW De Klerk Foundation by Frouwien Bosman, May.
- Hall, R. 2004. *LRAD Rapid Systematic Assessment Survey: Nine case studies in the Eastern Cape*. Narrative Report to the Department of Land Affairs. Bellville: Programme for Land and Agrarian Studies.
- Hall, R. 2008. *The impact of land restitution and land reform on livelihoods*. Research Report 36. Programme for Land and Agrarian Studies, University of the Western Cape.
- Hall, R. & Williams, G. 2003. Land reform: The South African case. In Mwesiga Baregu, M. & Landsberg, C. (eds) *From Cape to Congo: Southern Africa's evolving security challenges*. Boulder: Lynne Rienner Publishers.
- Inkezo Land Company. 2006a. Business Plan. Kwamaphumzana CC. Unpublished document, July.
- Inkezo Land Company. 2006b. Business Plan. Maveshe CC. Unpublished document, July.
- Jacobs, P., Lahiff, E. & Hall, R. 2003. *Land redistribution*. Evaluating Land and Agrarian Reform in South Africa Series, No 1. Programme for Land and Agrarian Studies, University of the Western Cape.
- Kepe, T. 2006. Land restitution and co-management of protected areas in South Africa: The case of Mkambati Nature Reserve land claim. Paper presented at the Conference on Land, Memory, Reconstruction and Justice: Land Restitution in South Africa. Houw Hoek Inn, 13–15 September.

- Kinsey, B. 1999. Land reform, growth and equity: Emerging evidence from Zimbabwe's resettlement programme. *Journal of Southern African Studies* 25(2): 173–196.
- Kirsten, J. & Machethe, C. 2005. Appraisal of land reform projects in North West Province. Report submitted to the National Department of Agriculture. Department of Agricultural Economics, Extension and Rural Development, University of Pretoria, in collaboration with At Fischer and Information Decision Systems CC, March.
- Kleinbooi, K. 2007. Ericaville and Haarlem Honeybush Growers. Unpublished document. Programme for Land and Agrarian Studies, University of the Western Cape.
- Kleinbooi, K., Lahiff, E. & Tom, B. 2006. *Land reform, farm employment and livelihoods. Western Cape case study: Theewaterskloof Local Municipality*. Cape Town: Programme for Land and Agrarian Studies/Human Sciences Research Council.
- Knight, S. & Lyne, M. 2004. *Perceptions of farm worker-share schemes in South Africa*. BASIS Collaborative Research Support Programme. Department of Agriculture and Applied Economics, University of Wisconsin-Madison.
- Lahiff, E. 2007. *State, market or worst of both? Experimenting with market-based land reform in South Africa*. Occasional Paper No 30, Programme for Land and Agrarian Studies, University of the Western Cape.
- Lahiff, E. 2008. *Business models in land reform*. Research Report No. 27. Programme for Land and Agrarian Studies, University of the Western Cape.
- Lahiff, E., Maluleke, T., Manenzhe, T. & Wegerif, M. 2008. *Land redistribution and poverty reduction in South Africa: The livelihood impacts of smallholder agriculture under land reform*. Research Report 36. Programme for Land and Agrarian Studies, University of the Western Cape.
- Leo, C. 1984. *Land and class in Kenya*. Toronto: University of Toronto Press.
- MALA (Ministry of Agriculture and Land Affairs). 2000. Policy statement by the Minister for Agriculture and Land Affairs for strategic directions on land issues. Pretoria, 11 February.
- MALA. 2001. *Land Redistribution for Agricultural Development: A sub-programme of the Land Redistribution Programme*. Pretoria: MALA.
- MALA. 2003. Review of the Land Redistribution for Agricultural Development (LRAD) Programme. Unpublished report, November.
- Manenzhe, T. 2006. Area land reform initiative (an Nkuzi initiative implemented with Makhado Municipality), Makhado, South Africa. Unpublished paper. Polokwane: Nkuzi Development Association, February.
- Manenzhe, T. 2007. *Post-settlement challenges for land reform beneficiaries: A case study of Munzhedzi, Mavungeni and Shimange Communal Property Associations*. MPhil mini-thesis in Land and Agrarian Studies, University of the Western Cape.
- May, J. & Roberts, B. 2000. Monitoring and evaluating the quality of life of land reform beneficiaries 1998/1999. Summary report prepared for the Department of Land Affairs, 19 June.

- Mayson, D. 2003. *Joint ventures*. Evaluating Land and Agrarian Reform in South Africa. No. 7. Programme for Land and Agrarian Studies, University of the Western Cape.
- Murray, C. 1997. South African land reform: Case-studies in 'demand' and 'participation' in the Free State, *African Affairs* 96: 187–214.
- Naidoo, I. 1999. *Measuring the impact of the land reform programme: Some issues for consideration*. Directorate: Monitoring & Evaluation, Department of Land Affairs, July.
- RSA. 2006. *Land Use Management Bill*. Pretoria: MALA.
- Sachikonye, L. 2003. From 'growth with equity' to 'fast-track' reform: Zimbabwe's land question. *Review of African Political Economy* 96: 227–240.
- SAPOA (South African Property Owners' Association). 2004. State must approve subdivision of farms, *Business Report*, 12 February. Available: <http://www.sapoaonline.co.za/news/article.aspx?idArticle=3400>
- Shackleton, S., Shackleton, C. & Cousins, B. 2002. The economic value of land and natural resources to rural livelihoods. In Cousins, B. (ed.) *At the crossroads: Land and agrarian reform in South Africa into the 21st Century*. Belville: Programme for Land and Agrarian Studies.
- Tom, B. 2006. Reviewing farm worker equity schemes: A case study of Saamwerk Wine Farm in the Overberg Region, Western Cape. MPhil mini-thesis in Land and Agrarian Reform, University of the Western Cape.
- Van den Brink, R., Thomas, G., Binswanger, H., Bruce, J. & Byamugisha, F. 2006. *Consensus, confusion and controversy: Selected land reform issues in sub-Saharan Africa*. Working Paper No. 71. Washington DC: World Bank.
- Wegerif, M. 2004. *A critical appraisal of South Africa's market-based land reform policy: The case of the Land Redistribution for Agricultural Development programme in Limpopo*. Research Report No 19. Programme for Land and Agrarian Studies, University of the Western Cape.
- Wegerif, M. 2006a. The right to land restitution as inspiration for mobilisation. Paper presented at the Conference on Land, Memory, Reconstruction and Justice: Land Restitution in South Africa. Houw Hoek Inn, 13–15 September.
- Wegerif, M. 2006b. Can a 'territorial' approach to land reform work in South Africa? Reflections on the experience of implementation in Makhado. Unpublished paper. Polokwane: Nkuzi Development Association, April.
- World Bank. 1993. Options for land reform and rural restructuring in South Africa. Report presented at the Land Redistribution Options Conference, Land and Agricultural Policy Centre, Johannesburg, 12–15 October.
- World Bank. 2007. *World development report 2008: Agriculture for development*. Washington DC: World Bank.
- Zhou, S. 2002. Subdivisions, a viable option for land redistribution in Zimbabwe. Paper presented at the FIG XXII International Congress, Washington DC, USA, 19–26 April.

LAND REFORM HOW, **3**
AND FOR WHOM?
LAND DEMAND, TARGETING
AND ACQUISITION

Ruth Hall



Introduction

The 'willing buyer, willing seller' (WBWS) principle places voluntary land transactions at market price at the centre of redistribution policy and leaves key strategic decisions unresolved. Which land will be acquired, how and for whom? How it will be allocated and for what purposes? A range of actors – government, social movements, non-governmental organisations (NGOs), activists and policy advisors – are now agreed on the need to expedite the redistribution of land and to search for alternatives to the current reliance on a WBWS approach. If the land reform programme is to move beyond reliance on markets, alternatives will need to be found. Already, new approaches are being explored by the government and others. However, there are few concrete proposals that can inform dialogue on policy alternatives.

This chapter is intended to support the development of alternatives, while recognising that technical fixes cannot substitute for, but will rely on, a political force of landless people and their allies mobilising around demands for land. It describes existing policy obstacles and the variations in the practice of implementing land redistribution in South Africa. Where possible, it identifies innovations that may be considered to be examples of 'best practice', which, if scaled up, could contribute towards policy solutions. In conclusion, it sets out a schematic description of how a 'proactive needs-based' approach to land reform might address a number of the problems encountered to date.

How land is currently identified and acquired

WBWS loosely describes how land is identified and acquired for redistribution, and how land prices are determined, within the current South African market-based land reform. Its core elements are: non-interference with land markets and unwillingness by the state to expropriate land for land reform

purposes or (until recently) to enter the market as a market-player; reliance on landowners to make available land for sale; self-selection of beneficiaries; and the purchase of land at market price. Related features of the market-based approach are the preference for commercial forms of production and a prominent role for the private sector in the provision of services such as credit and extension to beneficiaries (Lahiff 2007).

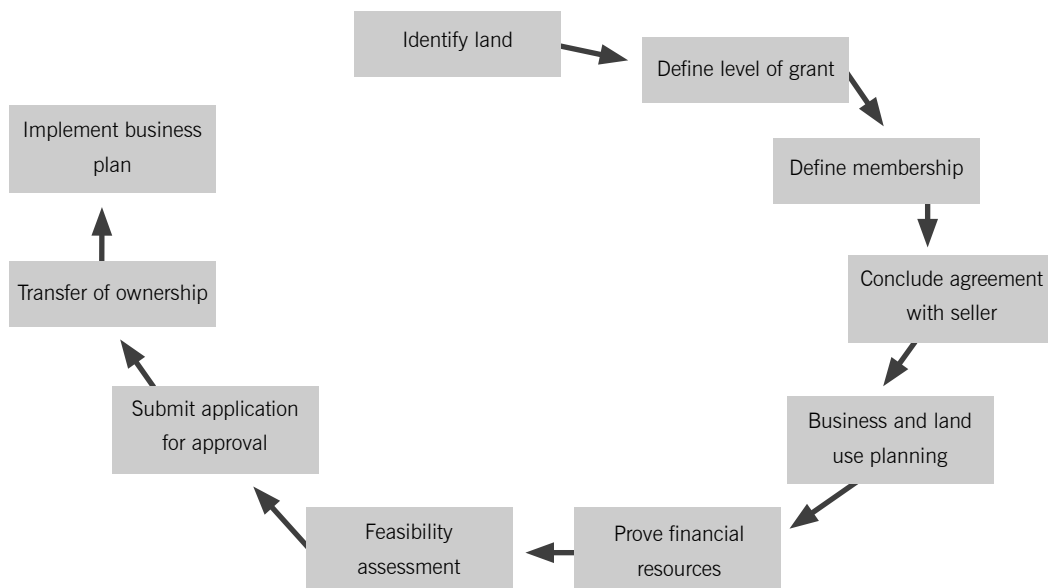
The project cycle for land redistribution, as described in the Land Redistribution for Agricultural Development (LRAD) policy, defines the responsibilities of applicants in 'procedures for implementation' (MALA 2001). This shows how the onus to identify land for sale that could meet their needs falls on applicants, although it is envisaged that they may receive help from government officials and from estate agents. Although commonage, settlement and farm dweller (Extension of Security of Tenure Act 62 of 1997) projects may have different phases, in different sequence, the cycle illustrated in Figure 3.1 can be considered the dominant official vision of how redistribution is to be implemented.

This policy approach makes redistribution contingent on the willingness of landowners to sell, and limits the choice available to applicants to land that is offered on the market at any given time. It does not ensure that suitable land is acquired, in terms of size, location and quality. Where landowners are willing to make suitable land available for sale, the main problem with the WBWS approach is a contradiction between three main elements:

- the grant structure;
- the cost of the land; and
- the limits on group size.

The problem can be stated as follows: where people are too poor to access LRAD grants above the entry level of R20 000 per person, the need to amass enough money to buy a farm offered for sale

Figure 3.1: Procedures for implementation in LRAD



prompts a 'rent-a-crowd' effect. This phenomenon was blamed for the poor performance of the previous Settlement/Land Acquisition Grant (SLAG) programme, yet the pattern persists under LRAD. The failure to increase the grants over time, while land prices have risen, has only aggravated the problem.¹ Further, there is simply no means of making available small areas of land (see also Chapter 2). The absence of a proactive mechanism to subdivide land means that, in most instances, farms must be bought in their entirety, thereby forcing people who might have wanted a small amount of land for themselves to take on a whole farm with a group of co-applicants with whom they may have little in common, leading to problems of defining rights and of co-operation in use. Recognition of problems in group dynamics has led the Department of Land Affairs (DLA) to impose limits on group size – as low as 5–10 members per project in some provinces (Jacobs, Lahiff & Hall 2003). This has meant that increasing the number of people to match the asking price for a given property is no longer allowed, effectively putting much land out of reach of would-be applicants who do not have their own capital, and mitigating against the poor being able to get access to land through land reform.

Thus, two factors – the grant structure and reliance on land being offered for sale – have led to a widely recognised mismatch between applicants' needs and the land available. This can lead either to projects not going ahead or to applicants opting for land or group sizes inappropriate for their needs. The Surplus People Project (SPP), for instance, has worked with a particular community in the Western Cape that has tried repeatedly, and failed, to acquire land. In its most recent attempt, the community attempted to buy a farm near Aurora in the Swartland region, but could not gather together sufficient applicants to make up the asking price of the whole farm and, although they did not want the whole farm, there was no mechanism to subdivide it into portions suited to their needs and capabilities (Herschelle Millford, director, Surplus People Project, 2006, personal communication). As a result, they remain landless.

While WBWS is a non-coercive and non-disruptive means of acquiring land and compensating landowners, it also imposes the logic of the market on would-be beneficiaries, who have to fit their expectations to what the market offers. Three key lessons are: the need to end the reliance on land being offered for sale, the need to end the reliance on grants (and to find alternative methods to ration resources) and the need for a mechanism to promote subdivision on a regular basis.

Which land, for whom?

Changing the way that land is acquired does not by itself lay the basis for a new approach to land reform. While the plethora of policy initiatives since the Land Summit in 2005 has focused on how land is acquired – WBWS, negotiation, expropriation – little attention has been paid to the question of who is to benefit and, therefore, how land will be identified for redistribution.

Who is to benefit?

Policy specifies certain categories of people as priority groups to be targeted, namely the four 'marginalised groups' of women, farm workers, the disabled and the youth (35 years and below) (see, for instance, all departmental plans and annual reports since DLA 2003). These are apparently a proxy for the 'poor', introduced after the removal of the income-based criterion that limited eligibility on the basis of a means test. Whether the poor in fact predominate among beneficiaries is far from

¹ For the first time since the inception of LRAD, its grant levels were increased (quite dramatically) in 2008.

clear; available data do not show whether or not this is the case. These groups might get preference in the evaluation of project proposals, but there is no differentiated strategy to seek them out and then give them priority.

More fundamentally, the focus on 'marginalised groups' is in tension with the 'own contribution' required by LRAD, which, according to policy, is intended to demonstrate (and lead to) a degree of commitment by beneficiaries to dedicate themselves to farming, which, in turn, is supposed to lead to project success (MALA 2001). These arguments, however, are more moral than empirical; they also imply that the better-off are more committed, since this is recognised in the form of own contributions of capital, assets and loans.

The requirement to submit business plans also generates exclusions. The use of income targets in some provinces requires applicants to demonstrate their anticipated profit in the first year of operation – effectively making the majority of poorer applicants ineligible (Jacobs et al. 2003). The criteria being applied in Provincial Grants Approval Committees (PGACs) might result not only in applications being rejected, but may also lead consultants and planners to encourage applicants to take out loans as one way of making the figures work on paper.

Which land is to be redistributed?

With regard to private land, there has been no spatial targeting directed from the national level. District and provincial offices have made the decisions about where resources should be prioritised. In the future, the choice of land will depend on a range of factors, such as concentrations of population. A priority now is to determine how a programme of land reform should target people and land – and match these. Therefore, differentiated land needs must be identified. Such questions will be even more crucial in any future policy based on 'need'.

Box 3.1: Western Cape LRAD study

In a Western Cape study, some of the main factors influencing failure in agricultural land reform projects were a shortfall of cash, inadequate land and infrastructure, inappropriate group size and mismatched expectations. It found that business plans are typically based on unrealistic assumptions and that there is both pressure and incentive for consultants to make unrealistically optimistic projections of profit. This study, commissioned by the Provincial Department of Agriculture (PDoA), recommended a more hands-on approach by the state to specifying the size, location and acceptability of land for redistribution. To avoid the collapse of projects due to indebtedness, it proposed that the state buy land for the use of beneficiaries, rather than relying wholly on applicant purchases of land. The scattered pattern of land redistribution projects also meant that support was dispersed and ad hoc. The report proposed that geographical clustering of projects could enable participants to share movable assets and equipment, to network with and support one another, to collaborate in marketing, buying and bargaining, and would create opportunities for more cost-effective state support, such as training and extension.

Source: Agri Africa (2005)

A further result of the market-based approach is the dispersed pattern of redistribution, in which individual properties are acquired one-by-one, requiring separate planning in each case. This

precludes economies of scale in planning for whole areas where land could be redistributed, as well as the provision of infrastructure appropriate to new land users and uses. This may be characterised as a 'mosaic' pattern of redistribution, which proceeds in an ad hoc manner. In contrast, acquiring and allocating land at scale will require moving to acquire whole blocks of properties in areas of high demand, in a 'partition' model. A combination of these may be needed, but partition approaches, or block purchases, will be particularly important in areas surrounding rural towns and around the edges of the communal areas (Aliber & Mokoena 2002). Planning for blocks of properties, as in Zimbabwe's resettlement programme of the 1980s, would reduce planning costs, including those of land surveyors and conveyancers involved with subdivision and transfer (if land is to be transferred in private title).

Privately owned land must be targeted. A common perception that there is an abundance of state land that could be redistributed is fallacious. A total of 80.4% of all land in South Africa is in private hands and, of 24 million hectares of state land, 18.5 million constitute the communal areas in former homelands, national parks, provincial parks and other protected areas. Of the remaining 5.5 million hectares of state land, the largest category is ex-South African Development Trust (SADT) land outside of the former homelands (i.e. land acquired for homeland consolidation) and land acquired for land reform purposes (DLA 2002). Other smaller categories of state land, in descending order, are public works land, provincial land, and land controlled by the government departments of water affairs and forestry, defence, and correctional services (DLA 2002).

Recognising and responding to demand

If land reform is to be driven by demand – understood as an organised, expressed need – and the people who most need land have low organisational capacity, it is doubtful whether their needs will be heard or met. (Marcus, Eales & Wildschut 1996: 200)

Land reform in South Africa is described in policy as a 'demand-led' programme. However, demand for land is not self-evident. Demand or need or desire for land is expressed in a variety of ways, many of which do not elicit effective responses from the state. This suggests that our conception of the demand for land must be problematised. How is demand expressed? How can policy respond to demand? In what ways is it, or could it be, or should it be, 'demand-led'? 'Demand', as it informs the market-based programme of redistribution, is understood in a narrow, economic sense, in terms of those who are capable of articulating their demand and steering it through market and bureaucratic hurdles. This can be contrasted with a 'needs-based' approach, where the state would play a proactive role in identifying needs and translating these into specific plans.

demand for
land is not self-
evident

Evidence reveals that articulated 'demand' is limited, due, at least in part, to lack of awareness of land reform; those who are unaware of land reform opportunities are obviously less likely to express demand by pursuing these opportunities. A study by the Human Sciences Research Council (HSRC 2005) shows that awareness is highly determined by location and class position. Awareness was strongly correlated to levels of formal education and household income: only about 3% of respondents who were farm workers, or were living in communal areas or in urban formal or informal settlements, were found to be well aware of what the land reform programme is about, compared to a 75% awareness rate among commercial farmers.

Even where 'demand' is expressed by would-be applicants approaching an office of the DLA or DoA, there are few options for the state in responding to this demand, and many who get as far as articulating demand in this way have been unsuccessful. There appears to be a range of factors that prevent people from applying, or applying successfully. The causes of fall-off between application and approval – including land offered for sale being withdrawn or sold to others after delays in grant disbursement – are widely known but have not been adequately documented. Nor do records exist to show how many, and which, applicants fall out of the system because they cannot identify suitable land to meet their needs, because they cannot sustain the costs (financial and time) involved in applications, because they lose faith in the process, or because land available for sale cannot be found to meet their needs. Early studies of the pilot programme showed that the process tended to privilege those with education, resources, transport and social networks (Murray 1997).

'Demand', then, does not necessarily lead to the supply of land to would-be beneficiaries. Moreover, in many respects, redistribution in South Africa is *not* led by demand. In some instances, the land is first earmarked and only then is an effort made to identify appropriate people to benefit from it, in sufficient numbers to make up the asking price of the land. Far from being driven by demand, most equity schemes are initiated by landowners, and in some cases the 'applicants' (usually farm workers) have even been unaware of the proposed project at the time the application was submitted to the PGAC for approval. One such example is the Buffelsjag project in the Overberg (Karin Kleinbooi, researcher, PLAAS, 2006, personal communication). Projects initiated by the state or the private sector are prevalent in some areas, as has been seen with the introduction of the Proactive Land Acquisition Strategy (PLAS) in 2006 (see below).

Contrary to policy pronouncements, then, not all projects are 'demand-led'. Instead, there appears to be a wide variety of ways in which land reform projects are initiated, including:

- landowners approaching the state;
- landowners approaching applicants;
- the state approaching landowners, and
- applicants approaching the state.

What is missing from all this is a serious effort to match the supply of land to the real needs of applicants.

What do we know about land needs?

Who wants land, how much, where and for what? There is little agreement on these core questions, which must lay the foundation for policy. The variety of land required, in what proportions and in what regions of the country is largely unknown. Instead, debates rest on assumptions, fuelled by contradictory evidence, partly because different studies have adopted different conceptions of what constitutes land demand and have employed different methodologies to test these. Attitudinal surveys have attempted to quantify the extent and nature of the demand for land, as well as providing a

profile of who wants land for what. They have different ways of framing the issue, and have surveyed different target groups. Nonetheless, their findings are instructive.

Subjective need: attitudinal surveys

In 1996, the Land and Agriculture Policy Centre (LAPC) conducted a national survey which found that 67% of respondents wanted land they could live on and use for production, but nearly half (48%) wanted one hectare or less (Marcus et al. 1996). As Marcus et al. (1996: 17) observe: 'These are extremely modest demands. But cumulatively, on a national scale, they are significant.' To indicate the potential scale: providing just one hectare per household for 48% of the black rural population today could require in the order of 3 million hectares. Combined with more substantial land demands, the total amount of land demanded was in the order of 23.5 million hectares (which, interestingly, is close to the 30% target). The study emphasised the importance of access to land as a safety net as well as a productive asset and concluded that the demand for land cannot be reduced to those wanting to farm, or those wanting to farm commercially.

nearly half...
wanted one
hectare or less

In stark contrast, some years later the Centre for Development and Enterprise (CDE) conducted a survey which found that only 9% of black South Africans have 'clear farming aspirations'. This figure was higher among farm workers, 15% of whom expressed a clear desire to produce on their own land (CDE 2005: 14). The CDE also found that employment and housing were higher priorities than land. However, this study framed the question narrowly, reportedly asking whether people would be prepared to farm even if this entailed great difficulty (the exact wording is not reported in the CDE publication). Surprisingly, the study did *not* include in its sample people who were already farming – for instance, the estimated 1.3 million small-scale farmers (and many more part-time farmers) in the former bantustans (NDA 2008: 6).

A third survey, by the HSRC (2005), found a high demand for land (over 55%) among farm dwellers and residents of urban informal settlements, and slightly lower demand among people living in urban formal settlements and in communal areas. Contrary to common perception, the demand for land was high among young people and highest in the 25–34 year age range (see also Chapter 7 in this volume, which reports a similar finding in the Breede River Winelands). The reason most cited for wanting land was to grow food, with well over half of respondents in all the surveyed areas saying this was their priority. A much smaller proportion of respondents (ranging from 13% to 21%) said they wanted land to increase their incomes, while a similar number (ranging from 15% to 34%) said they wanted land because this would provide them with a secure place to stay. Less than 1% said they wanted land as a source of collateral for credit. Land for food and security were higher priorities for women, with men more likely to say that they would use land to increase their incomes. However, this margin of difference between women and men was small. The majority of respondents said they wanted one hectare or less, and three-quarters cited less than five hectares – figures similar to the LAPC study a decade earlier and to the recent survey in the Breede River Winelands (see Chapter 7).

Contrary
to common
perception, the
demand for
land was high
among young
people

Three key issues emerge from these surveys. First, it is necessary to understand that demand, or need, is differentiated and geographically distinct – people in different areas need different types of land in differently sized parcels, for different purposes. Second, land need does not exist in isolation from demand for other assets and social goods and services, although the phrasing of survey questions can make it seem to. While some, including the CDE, argue that what most poor people want is jobs, rather than land, securing access to land and rights to remain on that land may be a route to addressing other needs, such as getting access to schools, clinics and jobs, where these exist. Third, land need does not exist in isolation from opportunities for the need to be met. In other

words, people are more likely to frame their demands in terms of land if it seems likely that this demand might be met. Articulated demand for land, therefore, may also be constrained by the very evidently limited opportunities to acquire and use land effectively under current circumstances.

While the focus of recent debate has tended to fall on how to get the land (the supply of land and the mode of acquisition), a new policy approach should take land need and the intended nature of land use as its starting point. To understand need, it is not enough to ask people: Do you want land? We should also look at the conditions in which people are living and the action they need to take to get access to land.

Objective need: actions and situations that demonstrate need

Where no application is made, this does not mean that there are no land needs. People show their need of land in a range of ways other than approaching a DLA office. They might take action to gain access to land, legally or illegally. Occupation of land, in rural or peri-urban areas, demonstrates a need expressed by people voting with their feet. Sporadic occupations of agricultural land, unsanctioned use of grazing, and widespread encroachment on public and private agricultural land, particularly in KwaZulu-Natal, also denotes a demand for land for productive as well as residential purposes. Unmet demands for land can and do lead to conflict, such as land disputes in formal and informal courts. Evidence that might imply latent demand includes the level of violence in rural areas, including murders of landowners, which suggest widespread resentment (Human Rights Watch 2001).

certain categories of people... might be considered to have an 'objective need' for land

Even where people do not demonstrate their need by occupying land, certain categories of people who are living without secure access or rights to land might be considered to have an 'objective need' for land, whether they articulate this as a demand or not. In other words, they need land because of the situations in which they find themselves. Categories of people with such an objective need include:

- evictees from farms and from other settlements;
- farm dwellers whose tenure is under threat;
- labour tenants;
- landless livestock owners;
- users of overstocked commonage land;
- residents of informal settlements and backyard shack dwellers; and
- people occupying or encroaching on public or private land.

Land need is evident, for instance, where access to land has been withdrawn, as in the case of farm worker evictions, which often lead not only to the loss of a home but also to the loss of land-based livelihoods, including access to small parcels of arable land, as well as the loss of livestock (Wegerif, Russell & Grundling 2005). In addition, there exists widespread agreement that there is heightened need among the landless or near landless in the overcrowded former bantustans for access to land in their vicinity and along the borders, and that this must be a priority area to target for proactive land reform (CDE 2005; Cousins 2006).

Society's needs

Demand has been conceived in policy as being the demand of individuals or households, but if the aim of land reform is to lift people out of poverty and to redress a political grievance, then there may be 'demand' for land reform at a wider societal level. A survey by the Institute for Justice and Reconciliation (IJR) found that among black South Africans, 57% of respondents rated the land issue as 'very important', behind unemployment at 89% and poverty at 86%. It also found that the demand for land was a widespread political demand, with 85% of black respondents agreeing that 'land must be returned to blacks in South Africa, no matter what the consequences are for the current owners and for political stability in the country' (Gibson 2001). This suggests that there is strong support for land reform, even among those who do not aim to benefit personally – in other words, there exists a societal demand as well as demand at the level of specific individuals, households and communities.

Both the state and society as a whole have an interest in land reform, yet national policy contains no clear mechanisms for prioritisation – of who should get land, which land should be redistributed, or the type of land use to be promoted – and, therefore, what role land reform plays in broader restructuring of the economy and society. Except for reserving land reform for black South Africans, current state policy is agnostic on these centrally important questions.

Innovative ways of working with needs/demands

Whether, or how, the state works with people's land needs and facilitates their expression may elicit different kinds and different levels of demand. If the real demand for land, in other words land need, is to inform a planned and proactive approach to land reform, the state, NGOs and other agencies must explore more effective ways of understanding needs and engaging with demand. New methodologies are required to assess desires and needs for land and there have been some innovations in this direction, both in South Africa and elsewhere.

The most direct way of supporting landless people to access land would be to insert a social obligations clause in the Constitution, as has been done in Brazil. This clause affirms the rights of landless people who openly occupy unused land for basic livelihood purposes. This would provide legal protection to occupiers, instead of criminalising their actions (Wegerif 2005). Although this was a resolution of the 2005 Land Summit, the government has not taken the proposal further and appears deeply reluctant to do so. The relevant clause in Brazil's Constitution reads as follows:

The individual who, not being the owner of rural or urban property, holds as his own, for five uninterrupted years, without opposition, an area of land in the rural zone, not exceeding fifty hectares, making it productive with his labour or that of his family, and having his dwelling thereon, shall acquire ownership of the land. (Constitution of the Federal Republic of Brazil, Article 191)

Alongside or pending (or in the absence of) a social obligations clause, a range of ways of recognising and responding to land need, or 'demand', will be required, and some positive examples of how this might be done are already evident. Working with the Nkuzi Development Association and the Land

Claims Commission, the Makhado Local Municipality in Limpopo has mapped restitution claims in its jurisdiction, using geographical information systems (GIS) technology (Aliber 2006; Wegerif 2006). This provides an overall picture of where people have expressed demand for land by submitting land restitution claims or labour tenant applications. Similarly, the Motheo District Municipality in the Free State has started to map out claims in its area, as a starting point for negotiating with claimant communities about long-term development needs (Buti Chakache, director, Free State Rural Development Association, 2006, personal communication).

GIS was used
to map priority
areas of need

In the case of the Karoo-Hoogland District in the Western Cape, the municipality refused to deal with individuals expressing their land needs, and so prompted people to form small-scale farmer associations consisting mostly of people who had neither land nor, in some cases, even livestock – but who used the term ‘farmer’ as an aspirational category in order to organise themselves. Membership of such an association was recognised as an expression of demand for land, and Phuhlisani Solutions was employed to work with the members to assess and report on the range of land needs and ways in which these needs could be met. GIS was used to map priority areas of need. A participatory forerunner to area-based planning (ABP), this involved identifying the farms required to meet identified needs of poor people wanting land for small-scale cultivation and grazing through to large-scale commercial farming. On this basis, the municipality is now in a position to negotiate with landowners to sell their land, and particularly to approach absentee landowners to negotiate lease and land-sharing agreements with small-scale livestock owners (David Mayson, Phuhlisani Solutions, 2006, personal communication). The outcome of this process was a strategy to acquire further commonage for those wanting land for small-scale livestock grazing and cultivation, but it also provided for people to scale up their production over time and to move from commonage onto privately owned land, which had already been identified for purchase. This is an unusual, and positive, example of a municipality working with ‘need’ as a basis for planning, identifying land for redistribution and employing a variety of methods to access or acquire land. However, the municipality has limited scope to act on its plan, since land acquisition budgets and the delegated authority to acquire land are held by provincial offices of the DLA. Institutional co-operation, or restructuring, will be needed if the plan is to be implemented.

Box 3.2: Local government

There is a widely recognised mismatch between land reform, under a national government department, and decentralised processes of local economic development (LED). While municipalities are required to address issues of land reform, settlement and agriculture in their integrated development plans (IDPs), it is clear that this seldom happens. Land gets filtered out of IDPs in favour of higher priorities, and land for urban settlement development is usually prioritised over rural and agricultural land (where municipalities have been hesitant to use their jurisdiction). Municipalities have been largely absent as players in land reform, other than in making available commonage land. However, some municipalities have taken a more proactive approach to meeting identified land needs, extending their commonage to address the land needs of their residents. For instance, in the Siyancuma Local Municipality in the Northern Cape and the Cedarberg Local Municipality in the Western Cape, municipal managers have initiated processes to acquire additional land for livestock owners on the overstocked commonage.

Sources: Hall, Isaacs & Saruchera (2007); David Mayson, co-director, Phuhlisani Solutions (2007, personal communication)

Land need assessments have been widely discussed, but methodologies for conducting such assessments are not well developed. International innovations in this area – towards ‘territorial’ development planning for land reform – have been largely ignored (Quan 2007). The ABP process currently underway, and largely outsourced by the DLA to private consultants, requires municipalities not only to co-operate but to provide the developmental framework and driving force for land reform planning in the areas under their jurisdiction. However, the early outcomes of ABP suggest that neither the government nor its service providers has found such a methodology, and that this requirement has been waived in some of the ABP processes. As Lisa del Grande, director, Association for Rural Advancement, said: ‘You can’t just have a questionnaire or have one meeting; we need to be developing a methodology for assessing demand. It is not quick and easy. And it will be difficult to disentangle the demands for land from demands for water, and so on.’ Some of the ways in which land need assessment might be pursued at a local level are: the calculation of categories of people with objective land need (as described above); participatory planning with identified groups of people needing land (e.g. small-scale farmer associations, commonage users, farm dwellers under threat of eviction); public meetings; attitudinal surveys; and local land boards to assess needs and integrate acquisition of land with allocation and provision of relevant agricultural (and non-agricultural) development services (see Chapter 7 for a case study of such participatory methodologies). Whatever the merits of assessing need, though, these methods may not capture the extent of demand, and the process is likely to remain messy and imperfect – and subject to ongoing contestation.

Box 3.3: Efforts at local needs-based options

One example of an emerging proactive needs-based approach is the grazing forum in Eden District Municipality in the Southern Cape, which includes small livestock owners, municipalities, DLA, and the Southern Cape Land Committee (SCLC). In response to the problem of livestock being impounded because their owners do not have access to grazing land, this forum is exploring opportunities to provide access to existing commonage, and proactively acquire additional commonage to meet the needs of this group.

Source: Angela Conway, director, Southern Cape Land Committee, 2006 (personal communication)

Inviting people to submit their names for land needs lists, indicating what they need land for, and where, is another way to define land needs. These needs can then be matched with land as it becomes available. Reflecting on the experience of land restitution claims, labour tenant claims, and the social housing lists, however, it is unlikely that the government would pursue this option, as it could well elicit expectations that could not be met and would inevitably lead to a backlog of applicants. However, this could be tested in a pilot, and a coherent and well-communicated policy for prioritising land needs could make this approach manageable. Land reform planning will ultimately need to be refined using maps: lists of land needs tend to indicate only the what, and the who; maps have the advantage of showing where redistribution is to happen and provide a guide for officials responsible for acquisition.

Box 3.4: NGOs develop land needs lists

An attempt by an NGO to develop a list of land needs shows both that it is feasible and that the inability of the state to respond is symptomatic of the policy blockage. As the

director of the SPP says, ‘We are setting up databases of what are the current needs, and thinking of a five-year timeframe. Let’s put the information that is there, the statistics of all the small farmer groups that we work with, and note the current land that they access, and the land that they need, because they are landless farmers. Small kraals prevent expansion of livestock herds – this prevents economic development. It is a ceiling on development. So we need to find out: what is the current land use, and livestock numbers? If we need x-amount of land for this type of land use, can commonage address it or do we need other state or private land?’

Source: Herschelle Millford, director, Surplus People Project, (2006, personal communication)

In all the above means of identifying needs, participatory processes will be required. These are not quick, easy or cheap, but hold the promise of a clear and solid basis on which to drive forward with land reform that is appropriate to local needs and which targets priority groups. A participatory methodology for land needs assessment must be sequenced to move from wish lists to realistic planning, starting from people’s current livelihoods to potential alternative land uses, required support and resources, and prioritisation of people and land in view of the above (Hall & Zamchiya 2006; see also Chapter 7). To make such planning feasible, certain challenges will need to be overcome:

- *practical challenges*: levels of staffing and skills within relevant institutions will require improvement, as will financing and facilitating input by civil society and the landless;
- *political challenges*: influence of landowners and the private sector in resisting change and in shaping priorities of local government will have to be overcome; and
- *pace of planning*: intensive, facilitated processes among the landless and the poor to identify and prioritise land needs are likely to be cumbersome and time-consuming, potentially causing delays.

Innovative ways of working with supply

Working with land needs should result not only in an abstract list of needs, but the mapping of these needs against existing physical resources, taking into account what land is good for, its topography, soil, water, infrastructure, proximity to towns and infrastructure. This map of needs constitutes an area designated as a priority for land reform. Two approaches have been used elsewhere, either of which could be the outcome of ABP:

- land meeting certain criteria in an area is prioritised, or
- specific properties are designated and owners informed that the state wishes to acquire their land (which is more similar to the restitution process).

Once either specific properties or a certain category of properties has been identified as needed for redistribution, several options exist to improve the supply of land. To meet identified needs in a given area, an important strategy is to explore what consensual methods can deliver and, where

several options exist to improve the supply of land

these do not produce results in a given timeframe, to move on to more coercive measures. Some of these options are confrontational, and could include occupation of land (by the landless) and/ or expropriation (by the state). These should be used where needed, but should be preceded and complemented by consensual options. Various means exist, beyond WBWS, by which the state can use the market and negotiate with particular landowners to address land needs, as do non-consensual methods that are not confrontational, such as land taxes, which squeeze landowners as a whole.

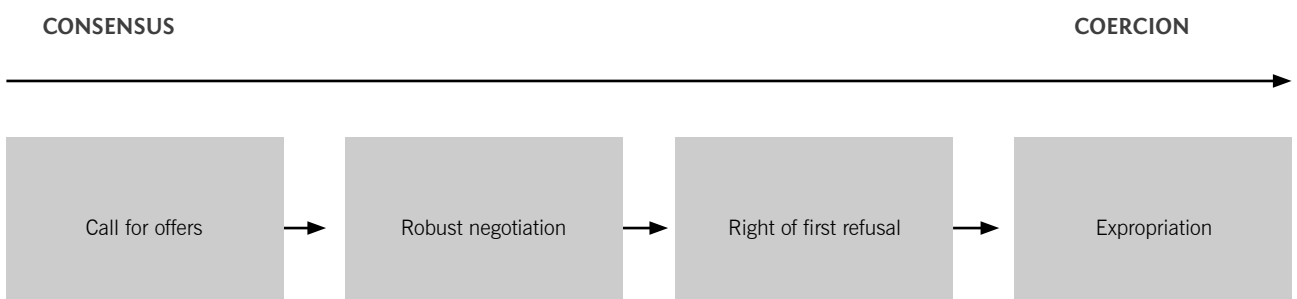
A cascading approach to acquisition, which moves from consensual to coercive methods, makes no sense unless there is a difference in price. This is the leverage that the state can use to engage seriously with owners. Consideration will have to be given to offering market prices when issuing a call to landowners to offer their land for sale, at or near market prices when instituting a right of first refusal, and offering compensation below market prices when expropriating.

Using the market

Where planning has identified which land is needed for redistribution, the state is in a position to make a public call for land to be made available, indicating what land is needed, and to invite offers from landowners. Where this fails to elicit the required land, the state would need to enter into robust negotiations with landowners for the release of land identified for redistribution in a given (for example, municipal) area. This is the basis on which to see whether any workable deal can be made between landowners as a group and the state – essentially a form of social pacting. Even the World Bank, while arguing against widespread use of expropriation, has proposed negotiated transfers, which would involve mediation, non-binding arbitration and binding arbitration in various forums from the local to the national level (Van den Brink et al. 2006). Backed with a credible threat of expropriation, focused negotiation with all landowners in an area designated for redistribution may yield substantial results.

Another option is for lists of land available for sale to be compiled and referred to when needs are identified. In order to be able to match supply and demand, there have been attempts to maintain such lists of farms, for instance by the Agri Link project funded by USAID in Cradock in the Eastern Cape. In Limpopo, the DLA invited farmers who wanted to sell their land to put their names and farm details in a database, but it seems this has not been used. Farmers in the Gariiep District in the Free State have offered to compile such a list. Lists offering farms for sale were also compiled by the

Figure 3.2: Consensus to coercion in land acquisition: a continuum of options



Commercial Farmers Union (CFU) of Zimbabwe during the 1980s. This model can obviously only work if the state is to offer market prices.

To identify land being offered for sale, and to take advantage of opportunities where they exist, the DLA and NGOs in some provinces have attempted to build relations with farmers associations and with estate agents to assist in identifying farms that could be bought, having been provided with specifications as to the quality, size and general location of land required. In Limpopo, the Nkuzi Development Association, assisting landless communities, established a relationship with an estate agent to approach farmers to find out whether they would be willing to sell certain portions of their farms, thereby not relying on land being offered for sale. Instead, they could negotiate with owners to sell, while still relying on the LRAD grant formula. By 2003, at least one provincial director of the DLA had established agreements with auctioneers to allow the department to bid at farm auctions on behalf of beneficiaries who, by definition, could not have received land grants yet, as these grants can only be disbursed once a provisional agreement of sale is concluded. Another untapped opportunity is to secure agreements with banks to make available repossessed properties, in the first instance, to potential land reform applicants.

Various opportunities also exist not only to *use* the land market, but to *shape* it. The potential benefit of a land tax on farmland is the disincentive against speculation that it creates (DLA 1999a). The conventional neo-classical economic argument for levying taxes on agricultural land is to improve efficiency by introducing a cost to retaining ownership of unutilised or underutilised land (Katz Commission 1998; Strasma 1994). If taxes are to be used in conjunction with proactive measures to promote the release of land, however, the Property Rates Act 6 of 2004 will need to be amended or regulations added to it to guide municipalities in a more prescriptive manner. At present, its aim is merely to raise revenue, rather than to release land. The current approach does not serve to leverage land for land reform. If land taxes were to serve this purpose, then the rates levied on agricultural land would need to be changed. Two options are to make these progressive (favouring small over large landowners), and/or to base rates on land utilisation (in order to punish underutilisation) (DLA 1999a). The World Bank is perhaps the most vocal advocate in South Africa of the use of land taxes to regulate markets, preferring these indirect methods of increasing the supply and reducing the price of land (MALA & World Bank 2006).

Those opposing taxes on agricultural land argue that municipalities do not deliver services on agricultural land and that, to be a disincentive for speculation, the land tax would need to be set too high, thus endangering the profitability of productive usage of agricultural land. AgriSA argues that land taxes are a 'blunt instrument' to bring about redistribution in access to land (Pienaar 2004) and that, by reducing net income, they also affect the market values of properties – which, of course, may slightly reduce the cost of land reform. However, land taxes will also affect land reform beneficiaries in the future; in terms of the Property Rates Act, they are exempted for ten years, after which they would be as affected as any other private property owner. A progressive land tax that exempts small properties from paying property rates would help smallholder farmers, but would favour all smallholdings, which are typically more expensive per hectare than larger properties and often are not farmed. At the same time, beneficiaries who obtain large properties and hold and operate these collectively will be liable for substantial taxes (MALA & World Bank 2006). It would appear that the issue of how the land is used would be an important element of regulations for land taxes. Overall, a land tax is likely to have beneficial effects, but by itself will not address the problems of a market-reliant approach to acquisition, nor will it achieve the restructuring required in agriculture. It can only be considered as one element of a more interventionist approach.

A progressive land tax that exempts small properties from paying property rates would help smallholder farmers

Overriding the market

A right of first refusal for the state is a further option that has not yet been used in South Africa. This would ensure, hypothetically, that all land offered for sale could be acquired by the state for the purposes of redistribution. While this has merit, it may impose an unwanted and unmanageable burden on the state. To avoid this, the government would need to waive this right routinely in areas where land is not needed and issue ‘certificates of no present interest’, as in Zimbabwe from the 1980s. A right of first refusal only makes sense if it is known which land is needed; therefore, priority areas would have to be designated (and these would be expanded over time, as clarity emerges over land needs). The introduction of such a mechanism need not, therefore, be too cumbersome or place unfair burdens on either the state or landowners, and would only start to be acted upon as the outcomes of land needs assessment and local planning become clear.

The state has the ultimate power to make land available to meet demand by using its power of ‘eminent domain’ and expropriating land. Using the provisions of the ‘property clause’ in the Constitution, the state is empowered to expropriate property in the public interest – including for land reform purposes. Although policy was adopted in 1999 to guide how these powers are used for the purposes of redistribution and to secure farm dwellers’ rights (DLA 1999b), this provision has not been used. The contradiction between the Expropriation Act 63 of 1975 and Section 25 of the Constitution is yet to be resolved; for now, the operating legislation still allows expropriation only for ‘public purposes’ such as public infrastructure, and not for land reform purposes, and requires market-related compensation. Although a new Expropriation Bill was tabled in Parliament in 2008, this was withdrawn but is likely to resurface after the 2009 national elections. Ultimately, however, the 1975 law will have to be amended or replaced to bring it in line with the Constitution.

the state is empowered to expropriate property in the public interest

Section 25(3) of the Constitution requires compensation that is ‘just and equitable’, taking into account five factors, namely ‘the current use of the property; the history of the acquisition and use of the property; the market value of the property; the extent of direct state investment and subsidy in the acquisition and beneficial capital improvement of the property; and the purpose of the expropriation’. Using the provisions of Section 25(3), the state can pay compensation at levels other than (and below) market prices, and so avoid a double-subsidy (i.e. paying out the improved value of properties) for those landowners who benefited directly from apartheid-era subsidies. Determining compensation for expropriated property still provides the space for the state to bring down the cost of land reform in a variety of ways. Elsewhere in the world, this has been done by:

- paying below-market compensation for expropriated properties, but also driving down prices in *negotiated* sales of land;
- using deferred payments, so that landowners are paid out compensation over a period of time; and
- paying in government bonds, which also defers to a future date the cost to the state of paying compensation.

A common reason put forward for paying below-market compensation is to save money, yet this is unlikely to reduce the cost to the state to any substantial degree. Rather, it may act as a disincentive to hold onto land that might be expropriated and so induce owners to offer property for sale and to negotiate reasonable terms. Much of the benefit of expropriation is in its demonstrative effect. This means that some land must be expropriated and compensation must be below market price – otherwise there is no credible threat. This will be strengthened if there are clearly established conditions under which the state will expropriate, for example where land is unused or underutilised,

or where refusal to sell has made a local plan for land reform unimplementable. A possible ‘unintended consequence’ of designating land for expropriation is the decay of fixed infrastructure on farms pending transfer, and even asset stripping. To address the ‘transfer gap’, the state could impose personal fines (subtracted from compensation) on owners for asset stripping or non-maintenance of fixed infrastructure. It may be difficult, but not impossible, to take this into account in determining the compensation to be paid.

While expropriation involves the compulsory purchase of property by the state, subject to the law and the requirements of fair compensation, confiscation involves compulsory acquisition of property *without* compensation. Confiscation would be possible only with a constitutional amendment, which is not likely in the current political environment.

Information about who owns what property is a precondition for these proactive methods of dealing with the supply of land for redistribution. Many municipalities have now conducted land audits to identify, in the first instance, what land they own and to clarify who is using this land on what terms. They can then review long-term leases of municipal commonage to commercial farmers. Further categories of state land have been audited, such as land owned by the provinces and by national line departments, but at a national level very little is known about parastatal land. There has been a silence, though, on the issue of private land. Private land must also be audited to clarify who owns what and how it is being used, and to identify unused and underutilised land that could be prioritised for acquisition, where it is of adequate quality. Knowing what land is owned by whom is a crucial first step towards a proactive approach. This information needs to be made publicly available at a local level both to communities who may have land needs and to municipalities.

In conclusion, then, a strategic way to deal with the supply of land identified as needed for redistribution is to open up opportunities for landowners to come to the table with their offers, while having a clear sequence of strategies to pursue where this fails. Although expropriation is widely referred to as a mechanism of ‘last resort’ in South Africa’s land reform, in practice it has never been invoked in the interests of redistribution (as opposed to restitution), and no mechanisms currently exist that would indicate which property should be expropriated, where and why and for whom. This paper proposes a clearly sequenced approach to acquiring land that both uses and overrides the market. Without a demonstrated willingness to act on a right of first refusal or to move to expropriation, other more consensual elements are unlikely to yield results.

Land prices

One of the main objections to the WBWS approach is that it is too expensive. This is true in the sense that the market price of much farmland far exceeds its productive value. But one must clarify: too expensive for whom? If it is too expensive for applicants, which it clearly is, it is a sign of an inappropriate grant structure, which provides small subsidies compared to the cost of buying and investing in land. If it is too expensive for the government, however, then ways of bringing down the cost and paying in forms other than upfront cash must be found. While the LRAD grant is ‘flexible’ in providing different levels of funding depending on what people can contribute, it is entirely *inflexible* in responding to different land prices across the country, effectively excluding the landless from the programme in high-value farming zones. Land prices are a major obstacle in terms of the existing grant approach and, unless brought down, will similarly limit any proactive approach in which the state purchases land for beneficiaries.

Land prices have risen rapidly since 1999, due to declining interest rates and increased non-agricultural interests in land (e.g. for tourism purposes). On the other hand, volatile and declining commodity prices in some sectors have had the opposite effect, pushing prices downwards. When adjusted for inflation, the rise in land prices between 1994 and 2003 was an average of 14% per year, although this obscures much more stark price rises in certain regions of the country. For instance, in 2003, farmland reached R28 000 per hectare in some registration divisions in the Western Cape, and some equity schemes involved prices of up to R150 000 and even R165 000 per hectare (though these factor in the value of the operating enterprise as well as the land). By 2007, the DLA was buying sugar cane land for about R35 000 a hectare and up to R55 000 in parts of Mpumalanga (Tozi Gwanya, Chief Land Claims Commissioner, 2007, personal communication). About 4.6 million hectares (5.5%) of farmland was transacted each year, well over the total land redistributed through land reform during this entire period (DLA & HSRC 2005). Table 3.1 compares the average price per hectare across all farm sizes in 1994 and in 2003, in real terms (i.e. adjusted for inflation).

Yet this breakdown is not entirely helpful, since most variation in land prices is within, rather than between, provinces: between different sectors, different regions and different sized properties. Nevertheless, it illustrates the stark variation in land prices. Underlying the variation are not only differences in the quality and productive potential of land but also other factors, including non-agricultural interests in land.

Land reform costs will need to be justified in terms of the Accelerated and Shared Growth Initiative for South Africa (ASGISA). This requires demonstration of the contribution of land reform to a 6% GDP growth rate, and to the aim of one million jobs for the 'poorest of the poor' in five years. The World Bank's estimate in the early 1990s that land reform would cost R35 000 per livelihood suggested that 600 000 households could benefit at a total cost of between R1.5 and R1.7 billion per year. This presumed low and static land prices and minimal operational costs. Over a longer time frame, to 2014, this works out to between R22 and R26 billion (Van den Brink et al. 2006). This should be compared with a total of about R15 billion spent on all aspects of land reform up to the financial year 2008/09 (National Treasury 1999–2008), which bought just a fraction of the land target and has supported many fewer livelihoods than anticipated. In addition, the non-capital cost has been severely underestimated.

Table 3.1: Average price per hectare by province, inflation adjusted, 1994 and 2003

Province	Rands (1994)	Rands (2003)
National (RSA)	766	1 517
Eastern Cape	520	1 100
Free State	615	1 388
Gauteng	2 668	4 532
KwaZulu-Natal	1 624	2 473
Limpopo	916	2 329
Mpumalanga	1 256	2 784
Northern Cape	151	335
North West	779	1 925
Western Cape	912	1 964

Source: DLA & HSRC (2005: 5)

Is it worthwhile and feasible for the state to bring down land prices? The state needs to consider the trade-off between the *fiscal cost* of major budget increments, and the *political cost* of either allowing the slow pace to continue or of taking steps to reduce the cost to the state (for instance, by paying below market price compensation). It is to be expected that, as well as wanting to bring down prices in order to implement land reforms, the state has a contrary and overriding interest to maintain price levels and to see growth in land prices, both because this is a measure of economic growth, and also because it is in the interests of two powerful constituencies: landowners and banks. A political economy perspective should make one sceptical about the proclaimed desire of the state to put in place measures that will lead to falling land prices.

Towards alternatives

There are many possible alternatives to the current version of the WBWS approach pursued in South Africa. Any attempt to compile an alternative set of options for land policy must be informed by the arguments and resolutions of the 2005 Land Summit. These revolved around three key principles:

- *people-driven*: new policy must create opportunities for landless people to shape the direction of land reform as part of local participatory processes to prioritise land needs and to inform proactive strategies by the state, perhaps alongside occupation of land by landless people;
- *state-supported*: new policy requires a developmental state, informed by local needs assessments and a partnership with the landless, to plan and implement land reforms, to regulate land markets and, where needed, to override them to make land available; and
- *agrarian reform*: new policy requires changes in land use management, prioritisation of small-scale farming and provision of appropriate extension support, training, credit, infrastructure and market conditions for new, poor and disadvantaged farmers.

A key challenge is to increase the extent of state involvement in acquiring land and supporting land use – there are calls for more state intervention and for a ‘developmental state’. A strategic and appropriate state role will need to be both proactive and responsive. State-driven planning by itself may be inappropriate. Instead, the idea of a people-driven approach that is actively supported by the state suggests the need to find a new balance between agency by the landless and from the side of the state, and new ways to link mobilisation with planning. This depends upon the political possibilities of a ‘developmental state’.

Box 3.5: Policy buffet – or *à la carte*?

In the emerging debate on alternatives to ‘willing buyer, willing seller’, many policy options have been proposed. At the Land Summit, a long list of policy options was compiled. This has contributed to the view that implementation can be pursued in an ad hoc way, drawing from different mixes of these approaches, as if it were a buffet. However, the options may be in tension with one another; for instance, the Summit called for the establishment of a specific class of non-evictable farm occupiers, as well as a blanket moratorium on all farm evictions. Policy instruments need an overarching framework. Specifically, this framework would need to link the issue of land acquisition with land use.

The dominant WBWS approach to date could be described as a reactive, demand-led approach. First, the state has responded to demand only when it has presented itself (i.e. it has been *unresponsive* to other needs, and has not actively sought to understand these). Second, demand could only be met if supply became available (i.e. it has been *market-dependent*). Third, it has had no mechanism to exploit opportunities as they arose (i.e. it has been *un-opportunistic*). This pattern has changed somewhat with the introduction of proactive land reform, one variant of which is being implemented currently and is described below.

Supply-led: land first, people later

Several interpretations of 'proactive land acquisition' have now emerged, with the DLA pursuing supply-led approaches in which the state purchases land upfront from private landowners (willing sellers) and later identifies beneficiaries to whom this land can be either leased or transferred in private ownership (DLA 2006; Buti Chakache, Free State Rural Development Association, Star Motswege, DLA Ermelo, Mduduzi Shabane, DLA Pietermaritzburg, Chris Williams, director, the Rural Action Committee, 2006, personal communications). This is part of a Proactive Land Acquisition Strategy (PLAS), a national programme by the DLA. Under the Provision of Land and Assistance Act 126 of 1993, PLAS gives far-reaching discretionary powers to DLA officials to purchase land directly, rather than by disbursing grants to enable beneficiaries to purchase land; officials may determine which land should be acquired by the state, whether it should be transferred or leased, and if so, to whom and on what terms.

PLAS gives far-reaching discretionary powers to DLA officials to purchase land directly

The Bester's project in the Ladysmith area of KwaZulu-Natal was the first initiative towards a proactive strategy. Here, in 2006, and in a context of outstanding labour tenant applications, farmers and agro-processing businesses proposed and secured a partnership with claimants that saw the expansion of existing enterprises and their consolidation into a larger project. Also in KwaZulu-Natal, the DLA proceeded by purchasing a sugar cane farm with 300 hectares under irrigation, using LRAD funds, to be leased out for five years (with an option to purchase) to a legal entity consisting of the 73 farm workers already employed there. They were to pay a rental set at a concessionary rate and calculated on the basis of their anticipated profit from the standing crop. The terms on which the state would sell the land on to the beneficiaries (if they invoked their option to purchase) have not been decided – whether the state will ultimately sell at market price (realising a return on its investment) or fix the price at the level at which the land was purchased, and whether the beneficiaries will be required to apply for grants and then pay these back to the state, as the seller, or whether the grant system will fall away entirely. This 'proactive' purchase is part of a wider agreement between the DLA and the sugar industry for the latter to help identify both land and 'qualified and successful' small-scale producers in communal areas and to enable 'people who have farmed for the past 15–20 years to become medium and large-scale farmers' (Shabane 2006, personal communication; see also Chapter 8).

In the Free State, a committee established by the DLA in 2005 to oversee a pilot proactive land acquisition initiative included representatives from agriculture, commercial farmers, NGOs, the Land Bank and private banks. In the first year, the DLA bought one farm after being approached by the owner, to be held in trust until applicants could be identified and the land allocated. Participants in the committee were unclear whether this would involve a lease arrangement or transfer of title, in which case the applicants would need to apply to the DLA for grants (Chakache 2006, personal communication).

In Mpumalanga, PLAS has been vigorously pursued and has focused on acquiring land for labour tenants, as an alternative approach to the process outlined in the Land Reform (Labour Tenants)

Act 3 of 1996. The DLA issued a call for land in the province and engaged with farmers' unions (AgriSA, NAFU and TAU) and estate agents to identify land for sale, and decided to prioritise the ASGISA development corridor along the N17; in this way it managed to buy an unspecified number of properties from private owners, as well as repossessed properties from the Land Bank. The DLA's plan was to acquire farms at scale, and over time to move towards individual title on residential plots, with grazing land being held communally.

In September 2005, the DLA met with landowners and called for land to be offered for sale; on transfer, these farms became state property. Although the DLA has not yet defined the criteria for how beneficiaries will be identified, it has indicated that it will give preference to those labour tenants who are considered to be 'real farmers', such as people who have more than 60 head of cattle, equating wealth with a commitment to farming (Motswege 2006, personal communication). The DLA has engaged with agriculture, municipalities, farmer associations and banks to decide how to proceed, but is yet to decide *who* will get the land; whether it will simply be transferred to them (as in restitution) or whether they will have to apply for grants with which to buy it; whether farms will be subdivided into smaller portions, or whether agri-villages will be established for residential purposes and grazing land kept separate (Motswege, Williams 2006, personal communications). Pending the identification of beneficiaries and planning processes, two models were adopted for managing the land: some farms were leased back to the previous owners (or someone else) and the rental accrued to the state; some farms were placed under 'caretakership' arrangements, in terms of which the state paid farmers to harvest standing crops, maintain infrastructure and so on. It is unclear what rationale determined which model was pursued.

Box 6: Proactive land acquisition in Mpumalanga

In Msukaligwa local municipality in the Ermelo area of the Gert Sibande district, PLAS has been used to acquire large areas of land for labour tenants. Here, a large number of black residents on white-owned farms had lodged applications in terms of the Land Reform (Labour Tenants) Act, and the DLA had run up against two problems: in most instances, farmers would reject claims, leading to legal confrontation; and where farmers were willing to sell, the LRAD grants were insufficient for labour tenants to buy the land they already used. There was a mismatch between the grants available and the labour tenants' rights that were to be secured. The DLA, therefore, opted for proactive acquisition as a way to get around the straitjacket of the grant structure, and, by late 2006, had bought 25 farms in the Msukaligwa local municipality. On investigation, it turned out these had all been bought from just two former owners.

On one such farm outside the town of Breyton, the tensions inherent in the PLAS model became evident. An elderly couple, their children and grandchildren – with an outstanding labour tenant claim – had been the only people resident on the farm for some years, where they kept a small herd of cattle and poultry and cultivated maize and vegetables for their own use; only the old man was employed. When the farm was acquired, they were told they would be joined by people living and working on all the former owner's other farms. They would have to farm together, and the foreman selected which households would join together, prioritising those whom he considered 'business-minded' and who did *not* have many cattle.

The immediate outcome of PLAS in this case was that all the farm workers and labour tenants lost their employment and cash incomes from the moment the farms were transferred into state ownership. Some got casual work elsewhere; none could find

permanent jobs. A second outcome was that labour tenants were expected to pay rent for grazing land that they had previously accessed for free. After a 5-year trial period, all, some or none of the farm dwellers may have the option to buy this land, but it is unclear how this will be decided. None of the labour tenants was aware that the land was not going to be transferred to them in full ownership; they were not aware that they would have to pay rent for the land they had previously accessed for free; and they were not aware that over time they would be expected to buy the land, and would probably need to take out loans to do so. As one man observed, 'Because we need the farm, we are prepared to pay, but we wouldn't be happy because we don't have money. It depends on what the rental is.'

A key benefit of PLAS is the opportunistic use of market opportunities as they arise. As the provincial director of the DLA in Mpumalanga observed, under PLAS, 'We are not under pressure. We can buy now, plan later' (Archary 2006, personal communication). These examples of a 'supply led' approach constitute a break from past practices, as the state is now actively using market opportunities where they arise, and in some instances is approaching landowners to sell. These initiatives are in their early stages and could hold some promise; however, they also are problematic in major respects.

First, PLAS is a supply-led initiative and, in this case, it was not clear that it was the right land for these people; it was bought primarily because it was offered. Second, grants remain a basic problem; PLAS defers the problem rather than solves it. It perpetuates the 'rent-a-crowd' pattern of the past. As the provincial director of the DLA observed, 'There remains a mismatch between LRAD grants and the value of land for the second transfer – or we need another way of rationing resources' (Archary 2006, personal communication). Third, the requirement to pay rent and to purchase land with grants continues the pattern of forcing people – with different resources, aspirations and histories – to share land, fuelling the potential for conflict among new landowning groups, and the dominance of wealthier cattle owners. Fourth, PLAS may negatively affect the rights of farm dwellers and labour tenants, as it is being used inappropriately to substitute for the (stalled) rights-based programmes for labour tenants and other farm dwellers. Fifth, predictable problems of relying on a supply-led approach (inappropriate acquisitions, delays and a failure to prioritise) have arisen. To avoid these in future, it will be important to provide a clear framework within which decisions will be made about where land will be bought, and for whom.

PLAS addresses the question of how to get the land, but leaves unresolved the core questions of which land should be bought and who it is being bought for. Potential dangers of this approach are the purchase of land inappropriate to the needs of potential beneficiaries (especially land that is far away from where they live and have established livelihoods and social networks); problems of caretakership of land by the state pending land use planning, beneficiary identification, development planning and settlement; and potential abuse of these weaknesses in the process by landowners, state officials and/or local elites. Proactive acquisition can form part of a wider strategy for acquisition – and can certainly help to address the problem of underspending – but giving discretion to civil servants to disburse funds cannot substitute for policy. A fundamental missing link in PLAS, as it has been practiced, is any methodology to engage in participatory ways with rural people to identify their land needs.

PLAS... leaves unresolved the core questions of which land should be bought and who it is being bought for

Proactive needs-based acquisition: finding land to meet people's needs

An alternative to the WBWS approach should be not only opportunistic but also planned. At present, it is often neither. Alternatives to the WBWS approach could be proactive in the sense that they are

planned, but also responsive and opportunistic. As we have seen with the experience of PLAS, the danger is to take proactive and opportunistic steps – for instance by adopting supply-led approaches – without having a framework of planning or being responsive to existing needs. Before confronting the problem of how to get the land, there must be a clear strategy to work out *which land* is to be redistributed, *for whom*, and how it is to be *used*. Once this is clear, a wide range of options can be used to get the land that is needed.

In considering alternative policy options, it is not enough to draw lessons from existing experiments. It requires a leap of imagination. Taking the theme of needs as a starting point, the features of one kind of proactive land redistribution programme might include:

- participatory needs assessment at district level;
- prioritisation of women and the poor;
- mass-driven land audits to identify land to meet this demand;
- designation of priority areas for redistribution for a range of land uses;
- a right of first refusal for the state in designated areas;
- integration into local economic development and spatial planning;
- negotiated sales and expropriation as methods of land acquisition; and
- substantially increased institutional capacity and co-ordination.

This proactive needs-based approach would differ from the version of WBWS implemented to date in South Africa in the ways identified in Table 3.2.

redistribution of contiguous land parcels could also have the benefit of bringing about economies of scale... in planning, provision of agricultural support, marketing and infrastructure

Demarcation of priority areas, like zoning, would allow long-term forward planning without the necessity of acquiring all the land initially, and can be expected to impact on land prices. Planned redistribution of contiguous land parcels could also have the benefit of bringing about economies of scale, not in primary production but in planning, provision of agricultural support, marketing and infrastructure, as well as making possible equipment sharing and mutual support among neighbours (Aliber & Mokoena 2002).

Local, spatially based plans for redistribution of land will need to set out a vision of an endpoint by answering the question: What would the outcome of land reform in this area look like? This would involve making decisions about a pattern of alternative land use, reconfiguring boundaries and putting in place new infrastructure. Crucially, these plans would need to consider, on the basis of the new intended uses and users of land, whether farming units should be kept intact or whether subdivision should be used to create fairly uniform small or medium-sized plots, or to retain the core of farming operations and create small plots adjacent to these. Such plans would need to take into account the potential of resources (land and water in particular). Some areas, such as the wine industry, may have little scope for structural transformation under current conditions; a new institutional environment would be needed to make small-scale production of high-value crops feasible – as has been done in other parts of the world. Estate agriculture in the sugar and timber industries might lend itself to contract farming, while mixed farming areas might be more suited to subdivision into cultivated smallholdings and commonage for livestock (on these land use alternatives, see Chapter 2).

International experience corroborates the argument that land needs assessment is a crucial basis for land reform planning. In many other land reforms, identification and prioritisation of beneficiaries has

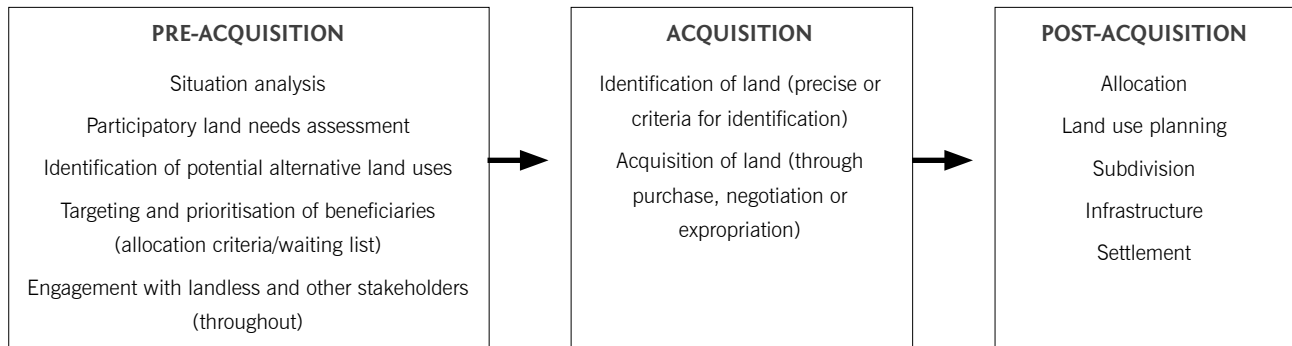
been left out of pre-acquisition planning; instead, allocation is a post-acquisition issue. A proactive, needs-based approach requires that these planning processes be brought forward, and happen prior to transfer, as shown in Figure 3.3.

On the basis of such a plan, a range of methods could be employed to acquire the land; the state could institute a right of first refusal and purchase properties offered for sale, systematically approach landowners to negotiate transfers, and, where these do not yield results, expropriate. A credible threat of expropriation would enable the state to set new norms around pricing, using the scope provided in Section 25(3) of the Constitution to pay compensation based on criteria including market value.

Table 3.2: Proactive needs-based versus WBWS models of land reform

Aspect of land reform	Willing buyer, willing seller	Proactive needs-based
Project initiation	Participants initiate (or sometimes landowners do) if aware of opportunities	Participants initiate, but are assisted in formulating their demands within a wider district-based development strategy
Land identification	Participants and the DLA, on the basis of publicly available information on land for sale	Participants and various state agencies, on the basis of identified needs
Acquisition	Contingent on willingness of owners to sell at prices offered; bureaucratic delays sometimes lead to withdrawal of sellers	Determined by planned priorities, targets and identified needs, and supported by public calls for offers for sale and a right of first refusal on land sales within designated areas; not contingent on owners but negotiated where possible, with the option of expropriation being clearly communicated
Transfer of title	Directly from seller to beneficiary	Could be directly from owner to beneficiary, or a state or parastatal institution may hold title either in a transitional period, pending a second transfer, or on a more permanent basis, as a public good
Size of landholdings	No incentives or mechanisms to promote subdivision of land; size distribution unchanged	Proactive subdivision to make appropriate parcels available to match needs
Land use and business planning	Outsourced business planning of individual projects, based on inappropriate assumptions of large-scale farming as the model	Based on participatory needs assessment and aspirations, supportive of small-scale farming and facilitated through revamped state agricultural institutions
Pricing	Based on market valuations but negotiated with sellers	Co-ordinated and aggressive negotiating in order to meet identified and agreed targets
Spatial impact	Ad hoc and spatially scattered pattern of redistribution	Large-scale redistribution in designated priority areas; spatially coherent
Post-transfer support	No consolidated approach possible; limited resources and ad hoc interventions by a range of agencies, leading to inadequate but also uneven levels of support and isolation from local development planning	Integrated pre- and post-transfer support planning initiated from time of designation, allowing timely provision of required support; improved resourcing for agricultural and settlement support, including subsidies for production, and co-ordination of agencies through a one-stop shop at district level

Figure 3.3: Pre-acquisition, acquisition and post-acquisition phases



Institutional implications

land reform
must be driven
locally. Yet
it should not
be left up to
municipalities

A shift in policy from WBWS to a proactive needs-based approach would mean that land reform must be driven locally. Yet it should not be left up to municipalities, which are already overburdened and largely have failed to incorporate land reform or agrarian restructuring into their IDPs (Hall et al. 2007). A decision will be needed on whether or not a new, dedicated institution is needed at a local level to drive land reform. It would need to work with landless people, and ‘stakeholders’, to make and implement a district-based land reform plan. The proactive approach outlined above may require an agrarian agency, perhaps at district level and housed within the municipality, that works with citizens to assess and specify land needs, conducts public and private land audits, designates land required for redistribution, negotiates with landowners, identifies land for expropriation, oversees transfers, manages leases and contracts on state (including commonage) land, engages in land use planning and co-ordinates agricultural extension and infrastructural support. It would need to be serviced by provincial and national bodies providing training, research and evaluation.

While the government is now supporting the vision of ‘agricultural one-stop shops’ within municipalities, current proposals are to use these only to align different sources of funding at local level (LRAD, CASP and AgriBEE) rather than to drive a proactive strategy, emphasising that there should be no new institution and that this service should consist of staff from relevant line departments and spheres of government. More thought will be needed on the potential merits and pitfalls of extending this model into a single dedicated agency, how it would be financed, and its lines of accountability to local, provincial and national government. A related possibility is combining the core functions of the DLA and DoA in a single department at national level.

Box 7: Double transfer?

Should the state acquire land and then allocate it? This PLAS model involves a ‘double transfer’ of land: from the current owner to the state, and then from the state to identified beneficiaries. The state, as the new owner, can determine the nature of the second transfer. One option would be to donate the land (a complete subsidy), as in restitution, where the state subsidy is not rationed; it merely pays for the land that is then directly transferred to the claimants. A second option is to sell it at a reduced price (a partial subsidy), which could be defined in terms of a grant. A third option is to sell it at market price, though this

would undermine the benefits of state-driven acquisition in the first place. A fourth option is for the state to retain ultimate title and simply issue ‘permits to occupy’ or ‘permits to use’, as in Zimbabwe, which obviates the need for a further transfer of title, but leads to insecure tenure. Although there is a widespread aversion to landownership by the state, this is very likely to be needed and attention should focus on how the state might become more effective in managing and allocating land, and how delays in settlement on the land can be minimised.

Following the shelving of the proposed special purpose vehicle, which would have served as a land acquisition and management body, the Presidency has announced that project management units are to be established in each province and charged with fast-tracking land reform. More recently, from early 2008, the Land and Agrarian Reform Project (LARP) initiative proposes a land acquisition and management agency with private sector partnership, to source and disburse funding from different institutions, for land acquisition and production support, and to source private service providers. It is to conclude service-level agreements, with private sector partners becoming implementing agents on behalf of the state and acquiring land proactively (i.e. not necessarily for identified beneficiaries), planning for its use, and disposing of it through a second transfer of ownership. Instead of an institution to acquire and dispose of land, these units are to take on the planning and implementation functions of existing DLA offices, and manage contracts with agribusinesses, commodity organisations and other private sector institutions on the state’s behalf. The units are to adopt a new implementation approach that will focus on ‘hubs and nodes’ in order to scale up delivery towards the target set by the LARP charter, as one of 24 ‘apex priorities’ identified by the Presidency. The target includes transferring five million hectares to 10 000 new agricultural producers and providing support to this group (RSA 2008). This impetus towards ambitious targets (far beyond what has been achieved thus far) will render the government reliant on ready-packaged projects. Given the limited capacity of rural people to develop plans in the formats required by the government, it is likely that commodity sector organisations and other private entities will take the lead, packaging major plans and large projects involving strategic partnerships.

How these units will operate, how they will relate to existing institutions mandated with these tasks, and what they will do differently, is not yet clear. The three differences from existing practice seem to be the increasingly central role of the private sector and agribusiness, in particular, in implementing land reform, a focus on geographical nodes or corridors, and a focus on transferring more land to fewer people than in the past.

Conclusion

Based on experience to date, and as now publicly acknowledged by the Director-General of Land Affairs, it is highly unlikely that South Africa’s land reform will meet the 30% target by 2014. There is a need for a detailed strategy reformulation, major institutional reform and significant budget adjustments (ANC 2007: 4). However, there is no need to apply the 30% target evenly to each district of the country, as is being done in the ABP process. The target is quite arbitrary in itself and was intended only as an interim target for the first five years of a longer programme. It was a minimum rather than a maximum. Further, the demand for land may well not correlate with this – it certainly seems higher in the communal areas and in farming districts where there have been many

evictions, while it may be less pronounced in other areas; and, of course, it depends on whose needs are being recognised.

The land purchase subsidy is a defining characteristic of the WBWS approach in South Africa. A proactive approach that takes 'needs' as its starting point cannot, logically, rely on a grant formula. Grants put an arbitrary ceiling on which needs can be met. In practice, the South African land reform programme has already accepted an approach of *not* rationing resources in the restitution programme, which is not grant-based. Another method of rationing public resources may need to be identified. Limiting the area of land is one possibility, albeit similarly crude. In Zimbabwe in the 1980s, for instance, uniform-sized farm plots were made available on the basis of 'permits to use' and extended to designated commonage for grazing.

while 'using the market' may yield results... it needs to be done on the basis of an existing plan

The focus on an 'alternative' to WBWS has stressed how land is acquired, rather than the processes that inform the acquisition. Proactive land purchase, negotiated sales and expropriation all presuppose that the state and the landless (the potential beneficiaries) are agreed on which land is to be acquired. PLAS demonstrates the problems of using the market without having an overall assessment of needs, prioritising these, and placing acquisition in a wider strategy for restructuring. The government is now challenged with trying to fit people to the land acquired. So, while 'using the market' may yield results, and could be tried before more coercive measures, it needs to be done on the basis of an existing plan. If the future of land reform is to respond to a range of needs, then locally driven assessments of who has what land needs – what kind of land, where and for what – will be needed to form the basis for any acquisition strategy.

So, which should come first – identified needs or identified land? While many land reform programmes internationally have involved acquisition of land ahead of allocation, the South African programme has relied on a 'demand-led' approach based on self-selection by beneficiaries, but has been hamstrung to meet the demand and has ignored needs that are not expressed in the ways required. While proactive measures have been undertaken through PLAS, it is argued here that we have misunderstood the meaning of 'demand-led', and need to reconceptualise 'demand', focus instead on 'needs', work with landless and land-hungry people to clarify land needs, and find effective ways of making land available through a combination of consensual and coercive methods ranging from buying up land offered for sale, through to negotiation with landowners, and expropriation. This will require mapping needs and identifying land. The outlines of an alternative approach to targeting people and identifying and acquiring land – what here is referred to as a proactive needs-based approach – requires engagement between landless people and the state at a local level, as well as national strategic priorities for low, medium and high quality land to be acquired. Instead of the highly discretionary policy guiding redistribution to date, this will require clear political priorities concerning whose needs (and, therefore, what land) are to be prioritised.

References

- Agri Africa. 2005. Assessment of agricultural land reform projects in the Western Cape. Report to the Western Cape Department of Agriculture, November.
- Aliber, M. 2006. Overview of economic considerations for land reform in Makhado. Unpublished paper. Pretoria: Human Sciences Research Council.
- Aliber, M. & Mokoena, R. 2002. *The interaction between the land redistribution programme and the land market in South Africa: A perspective on the willing-buyer/willing-seller approach*. Land Reform and Agrarian Change in Southern Africa Occasional Paper, No. 21. Programme for Land and Agrarian Studies, University of the Western Cape.
- CDE (Centre for Development and Enterprise). 2005. *Land reform in South Africa: A 21st century perspective*. Research Report No. 14, June. Johannesburg: CDE.
- Cousins, B. 2007. Agrarian transformation and the 'two economies': Transforming South Africa's countryside. In Ntsebeza, L. & Hall, R. (eds) *The land question in South Africa: The challenge of redistribution and transformation*. Cape Town: Human Sciences Research Council.
- DLA (Department of Land Affairs). 1999a. Background paper on the rural property tax issue. Unpublished discussion paper, September.
- DLA. 1999b. Policy and procedures for expropriation of land in terms of Act 126 and ESTA. Land Reform Policy Committee PC Doc. 48/1999. Submitted by Directorate: Redistribution Policy and Systems. Pretoria: DLA.
- DLA. 2002. State land. Directorate: Public Land Support Services. Unpublished electronic data, 31 December. Pretoria: DLA.
- DLA. 2003. *Medium-term strategic and operational plan 2003–2004*. Pretoria: DLA.
- DLA. 2006. *The implementation framework for the Proactive Land Acquisition Strategy: 2006–2014*. Pretoria: DLA.
- DLA & HSRC (Human Sciences Research Council). 2005. *Farm price trends in South Africa, 1994–2003*. Monitoring and Evaluation Directorate, DLA and Integrated Rural and Regional Development, HSRC, July.
- Gibson, JL. 2001. The land question in South Africa: Clouds on the horizon. Cape Town: Institute for Justice and Reconciliation. Available: www.ijr.org.za/art_pgs/art23.html
- Hall, R. & Zamchiya, P. 2006. *Policy options: Towards a methodology for land needs assessment*. Discussion Paper 3, Policy Options for Land and Agrarian Reform Project, Programme for Land and Agrarian Studies, University of the Western Cape.
- Hall, R., Isaacs, M. & Saruchera, M. 2007. *Land and agrarian reform in integrated development plans (IDPs)*. Research Report No. 23, Programme for Land and Agrarian Studies, University of the Western Cape.

- HSRC (Human Sciences Research Council). 2005. *Who wants land reform? Preliminary results of a survey study*. Pretoria: HSRC.
- Human Rights Watch. 2001. *Unequal protection: The state response to violent crime on South African farms*. New York: Human Rights Watch.
- Jacobs, P., Lahiff, E. & Hall, R. 2003. *Land redistribution*. Evaluating Land and Agrarian Reform in South Africa Series, No 1. Programme for Land and Agrarian Studies, University of the Western Cape.
- Katz Commission. 1998. *Eighth interim report of the commission of inquiry into certain aspects of the tax structure of South Africa: The implications of introducing a land tax in South Africa*. Pretoria: Republic of South Africa.
- Lahiff, E. 2007. *State, market or worst of both? Experimenting with market-based land reform in South Africa*. Occasional Paper No. 30, Programme for Land and Agrarian Studies, University of the Western Cape.
- MALA (Ministry of Agriculture and Land Affairs). 2001. *Land Redistribution for Agricultural Development: A sub-programme of the Land Redistribution Programme*. Pretoria: MALA.
- MALA & World Bank. 2006. An agricultural land tax for South Africa: International experiences and policy options. Draft discussion paper, August.
- Marcus, T., Eales, K. & Wildschut, A. 1996. *Land demand in the new South Africa*. Johannesburg: Land and Agricultural Policy Centre.
- Murray, C. 1997. South African land reform: Case-studies in 'demand' and 'participation' in the Free State. *African Affairs* 96: 187–214.
- NDA (National Department of Agriculture). 2008. *Abstract of agricultural statistics*. Pretoria: NDA.
- National Treasury. 1999–2008. *Estimates of National Expenditure*. Pretoria: National Treasury.
- Pienaar, J. 2004. Testing the land-tax pudding. *Mail & Guardian*, 2–7 April.
- Quan, J. 2007. *Challenges in the transformation of land. Unequal local economies: From land reform to territorial development?* Research Paper for DFID Central Research Department (Project R8736). Land Access and Participatory Territorial Development. Land and Territory Research Paper No. 8, Natural Resources Institute, University of Greenwich.
- RSA (Republic of South Africa). 2008. Land and Agrarian Reform Project (LARP): Project charter, 18 January. No publication details.
- Strasma, J. 1994. International experience with market-based measures, including land taxes, for land redistribution. In *LAPC Land redistribution options conference proceedings, 12–15 October 1993*. Braamfontein: Land and Agriculture Policy Centre.
- Van den Brink, R., Thomas, G., Binswanger, H., Bruce, J. & Byamugisha, F. 2006. *Consensus, confusion and controversy: Selected land reform issues in sub-Saharan Africa*. World Bank Working Paper No. 71.
- Wegerif, M. 2005. Give constitutional protection to land occupiers. *Umrabulo* 24.

- Wegerif, M. 2006. Can a 'territorial' approach to land reform work in South Africa? Reflections on the experience of implementation in Makhado. Unpublished paper. Polokwane: Nkuzi Development Association.
- Wegerif, M., Russell, B. & Grundling, I. 2005. *Still searching for security: Farm dweller evictions in South Africa*. Pretoria/Johannesburg: Nkuzi Development Association/Social Surveys Africa.



**WITH WHAT
LAND RIGHTS? 4
TENURE
ARRANGEMENTS
AND SUPPORT**

Edward Lahiff

Introduction: the challenge of tenure reform in South Africa

This chapter provides an overview of land tenure and tenure reform in South Africa since the transition to democracy in 1994, focusing on rural land. It begins by outlining the main elements and achievements of the land reform programme (of which tenure reform is a part) and the debates surrounding them. Particular emphasis is given to tenure reform in the context of land redistribution – that is, land rights acquired as part of the state’s redistribution and farm dwellers’ programmes. Given the paucity of information available on the official tenure reform programme, however, this paper does not attempt to provide a detailed account of its performance and achievements.

South Africa’s land reform programme is designed to redress the racial imbalance in landholding and to secure the land rights of historically disadvantaged people. The Constitution of the Republic of South Africa sets out the legal basis for land reform, particularly in the Bill of Rights, which places a clear responsibility on the state to carry out land and related reforms, and grants specific rights to victims of past discrimination.

While tenure reform is generally understood, in the South African context, to refer to policies that seek to strengthen the property rights of those who already occupy land under various relatively insecure forms of tenure, notably in the communal areas and on commercial farms, it also has relevance for those who obtain land under the redistribution and restitution programmes. As a matter of policy, all land allocated under these programmes, whether state-owned or private to begin with, is transferred in freehold title to individuals or, more commonly, to corporate structures representing groups of beneficiaries – either trusts or communal property associations (CPAs). Together, these tend to be referred to as communal property institutions (CPIs) or, more colloquially, ‘legal entities’. This ‘upgrading’ of tenure is itself potentially problematic – assuming, as it does, that freehold is the optimal solution in all cases – but has received little critical attention from either policy-makers or land activists to date.

Box 4.1: Resettlement

In line with international usage, the term ‘resettlement’ is used here to indicate ‘new’ land to which people gain access and/or ownership. It is intended to distinguish such land from tenure upgrades or other *in situ* changes to land that people already occupy. The term is somewhat problematic in the South African context, however, for two reasons. First, ‘settlement’ is often used to indicate residential developments. In many land reform cases, people do not take up residence on the new land, but rather commute there from their existing homes (although the available data do not reveal the extent of this). Second, some land, particularly under restitution, is not used directly by new (or restored) owners, either for agriculture or for residence, because it is leased to a third party as a commercial farm, forest or nature reserve. Thus, ‘resettlement’ here refers to all land transferred under the official restitution and redistribution programmes, regardless of actual use.

the securing
of individual
rights... could
be said to
require a distinct
programme of
tenure reform

Several recent studies have identified a general failure to address the tenure needs of individuals within group *resettlement* projects – that is, the failure to identify clearly the rights and responsibilities of individual members *vis-à-vis* the group to which they belong, and the failure to establish effective systems for allocation of plots, sharing of costs and benefits, democratic and transparent decision-making and holding leaders to account. In effect, the tenure needs of the beneficiaries of redistributive land reform (including restitution) are deemed *a priori* to be secured through the granting of freehold title to the group, whereas the securing of individual rights and the creation of functional and sustainable group systems could be said to require a distinct programme of tenure reform that has barely been contemplated to date.

With its many different aspects, tenure reform in South Africa tends not to be seen, either by policy-makers or by analysts, as a single, coherent programme. Policy is informed by broad principles, drawn from the Constitution and the White Paper on South African Land Policy, but these tend to be modified by the various social, political and economic conditions that prevail across the diverse categories of communal tenure, farm tenure and resettlement. To date, most policy debate has focused on communal tenure, due to factors such as the large areas of land and numbers of people affected, high-profile tensions around the role of traditional leaders in local government, and the inherent difficulties of reconciling long-established systems of communal landholding with modern notions of private property and individual rights (see Cousins 2007; Wisborg & Rohde 2004; Claassens 2003; Ntsebeza 2006). Farm tenure has received some attention, largely due to widely reported evictions and violent incidents on farms, and the main focus of debate has been on addressing the impact of evictions rather than on achieving long-term and secure rights to land within the commercial agricultural zone (see Hall 2003a; Nkuzi & Social Surveys 2005; Lewis 2006; SAHRC 2003). Least attention has been paid to tenure conditions with resettlement (see Box 4.1) arising from the official redistribution or restitution programmes, where the overwhelming focus of policy and debate has been on the acquisition of land.

In so far as there is a guiding paradigm for tenure reform in South Africa, it is that of private ownership, which is undoubtedly the dominant system within South African law and society:

Over most of the national territory, the system of individual private property predominates, supported by an impressive array of state and private-sector services...A central deeds registry and associated cadastral information service provides high-quality, detailed and up-to-date information in a variety of formats to owners, developers, planners and others, serving

as the basis for a wide range of commercial and public administration activities. (Lahiff 2006: 104)

While private property rights were enjoyed mostly by the white population under apartheid, a variety of 'lesser' forms of tenure were imposed on the majority black population – including various permit systems and trustee arrangements. For Van der Walt (1999), these were an integral part of the race-based system of oppression and exploitation, and it is not surprising that they enjoy little support today from either reforming officials or the rural population in general. Van der Walt (1999: 2) argues that, historically, 'the South African system of land rights has always privileged the institution of ownership', and that this has largely continued into the era of land reform. Carey Miller (2000: 48) takes a similar position, arguing that the historic importance of registration has continued in the reform era, which seeks to replace lesser, permit-based rights with rights of ownership and to create a single system of land rights that can be contained within a single land registration system.

This emphasis on a unified system of property rights, based on the dominant private ownership model is endorsed by the White Paper on South African Land Policy (DLA 1997):

All land which is redistributed, restored or awarded to beneficiaries must be registered in one or other form of ownership (4.19),

and

The Department acknowledges the importance of a unitary land registration system (6.15.4).

Although much of the tenure reform legislation introduced since 1994 has a progressive and pluralistic appearance, in that it seeks to protect a variety of tenure rights without necessarily conferring ownership, this is having little impact in practice, as discussed below. Across the spectrum of land types and land reform programmes, formal ownership receives most attention and tends to prevail when it comes to disputes between different categories of rights holders. The excessive concern with ownership applies not only to the systems of landholding imposed as part of the land reform programme, but also to the extreme reluctance of the state to use its constitutional powers of expropriation, even in cases where landowners are blocking valid restitution claims or abusing the rights of farm dwellers (Lahiff 2007).

formal
ownership... tends
to prevail when it
comes to disputes
between different
categories of
rights holders

It is argued here that excessive attention is being paid to formal (or nominal) land ownership, and insufficient to the ways in which people actually gain access to, and hold, land. This, as Kingwill (2004) suggests, represents a crude extension of the dominant freehold system to a diverse range of situations. A peculiar feature of the South African land reform, however, given the general emphasis on private property, is the relative neglect of individual rights, in terms of either individualisation of property (i.e. subdivision) or the rights of individuals within group (collective) systems. A pervasive emphasis on the concept of 'community' across South Africa's land reform programme has given rise to an approach that combines elements of a modern (capitalist) private property regime (represented by freehold title) with notions of communalism rooted in (pre-capitalist) African tradition (represented by group occupation). To the outsider – be it a neighbouring landowner, a government department or a potential investor – the land parcel that results has the appearance of private property, with a named (institutional) owner, clearly demarcated boundaries and a title deed recorded in the national deeds registry.

Inside the boundary, however, may be hundreds or even thousands of 'natural persons' whose land tenure may be subject to complex and often ill-defined and contested processes. Such collective solutions have dominated land reform in South Africa to date, and there appears to be little support – from policy-makers or organisations representing the rural poor and landless – for a more

individualised approach. A possible exception to this pattern is the small minority of better-off black farmers and business people wishing to become farmers, including those represented by the National African Farmers Union (NAFU) who certainly favour individual over group ownership of land, but have not been publicly vocal on the issue. Such people are likely to be prime beneficiaries of the trend towards more 'commercially viable' (i.e. larger and better-resourced) land reform projects, as exemplified by the shift to the Land Redistribution for Agricultural Development (LRAD) programme since 2000 (Wegerif 2004a; Hall 2004a), and the Land and Agrarian Reform Project (LARP) in 2007. Better-off individual farmers on relatively large holdings are also likely to be the principal targets of AgriBEE. This has been described as a replacement (or 'de-racialising') approach, whereby individual black farmers replace individual white farmers, with little or no restructuring of the agrarian economy and little or no impact on rural poverty; although it has not been endorsed by policy-makers publicly in these terms, it would appear to be the direction in which redistributive land reform is heading (Lahiff 2007).

the tenure challenges... are about securing the land rights of households... not just within 'vertical' power relations... but also within 'horizontal' relationships

Given the predominance of the collective approach to land reform in South Africa, the tenure challenges facing the country are about securing the land rights of households (or individuals) not just within 'vertical' power relations (i.e. with hostile landlords, although this is often important, especially in the case of farm dwellers), but also within 'horizontal' relationships between groups of peers (where land rights and land administration are shared to a substantial degree). This is the case in most resettlement schemes, in the reform of communal tenure under both the Transformation of Certain Rural Areas Act 94 of 1998 and the Communal Land Rights Act 11 of 2004, and even among resettled farm dwellers under the Extension of Security of Tenure Act 62 of 1997 and the Land Reform (Labour Tenants) Act 3 of 1996, in so far as they gain access to agricultural land.

What is argued for here is not a more individualised approach in the sense of formal subdivision of land or registration of individual titles, but rather a more balanced approach to group and individual rights, which would pay less attention to formal ownership by the group and more to the means by which individual users and occupiers gain secure access to land – surely the essence of tenure reform. It is argued further that an uncritical acceptance of the ownership paradigm, and attempts to accommodate land reform largely within the existing legal edifice is inherently problematic and is failing in practice, and that a more flexible approach is required.

Three pressing problems arising from this approach that prioritises private property in collective ownership can be highlighted:

- a general failure to conceptualise group resettlement projects as including a tenure dimension beyond transfer of formal title to the group, leading to widespread conflict and dysfunctionality, compounded by a lack of official support for those grappling with the allocation and enforcement of rights and responsibilities;
- a general failure to equate the rights of long-term occupiers of commercial farms, including labour tenants, with the rights of formal owners, so that conflicts are almost invariably resolved in favour of the formal owner (typically with the eviction, legal or otherwise, of the occupier); and
- current proposals for reform of communal tenure that focus on the transfer of ownership of land to local institutions on behalf of large groups, with relatively little attention paid to how the rights of individual occupiers will be secured and advanced.

The sections that follow examine two of these areas – resettlement projects and farm dwellers – in order to identify critical tenure issues that have emerged since 1994 and changes in policy for

redistributive land reform that may be required. The issue of tenure in the communal areas of the former bantustans is not addressed here.

Tenure issues in resettlement: redistribution and restitution

The official restitution and redistribution programmes both aim to transfer land to previously disadvantaged people as a means of redressing specific instances of dispossession and of shifting the racial imbalance in landholding more generally. While these programmes are open to groups and individuals, in practice most land has been transferred to groups, many comprising hundreds (or even thousands) of households. As noted above, virtually all land transferred to groups is registered in freehold title in the name of a 'legal entity' created especially for this purpose, usually either a CPA or a trust. Other possible legal entities for groups are companies (regulated under the Companies Act 61 of 1973), close corporations (small 'companies' without share capital, regulated by the Close Corporations Act 69 of 1984) and so-called 'Section 21' companies (not-for-profit companies as defined by Section 21 of the Companies Act), but none of these has been widely used for land ownership under the land reform programme. Of course, land transferred to individuals can be registered in the name of a natural person.

virtually all land transferred to groups is registered in freehold title in the name of a 'legal entity'

Trusts are a long-established institution (governed by the Trust Property Control Act 57 of 1988) and have been set up for many resettlement projects, but often they are considered unsuitable for land reform projects because they vest ownership in non-beneficiaries (the trustees) who are not democratically accountable to the beneficiaries (DLA 1997; CSIR 2005). Trusts can be regulated only by the Master of the High Court and, therefore, are not open to interventions by agencies such as the Department of Land Affairs (DLA) should they experience difficulties.

For these reasons, the DLA developed a new model of collective land ownership, the CPA, to be governed by the provisions of the Communal Property Associations Act 28 of 1996, and specifically aimed at communities obtaining land under the land reform programme. The CPA Act sought 'to enable communities to form juristic persons to be known as communal property associations, in order to acquire, hold and manage property on a basis agreed to by members of a community in terms of a written constitution' (Communal Property Act 1996: Preamble). Section 9 of the Act prescribes principles to be included in every constitution (which echo the principles contained in the Constitution of South Africa). These principles are:

- fair and inclusive decision-making;
- equity of membership;
- democratic processes;
- fair access to property;
- accountability and transparency;
- security of tenure;
- sustainability; and

- compliance with legislation and the Constitution.

In addition, the schedule of the Act specifies the matters that must be included in any CPA constitution for it to be officially recognised and registered: a definition of membership and of members' rights, a definition of the property concerned and the procedures for decision-making (Cousins & Hornby 2002: 3). In practice, most CPAs have failed to live up to this ideal, and trusts, although governed by different regulations, would appear to suffer many of the same problems. While the promulgation of the CPA Act can be seen as evidence of the state's commitment to addressing tenure issues with resettlement schemes, the prolonged failure to implement the monitoring and regulatory aspects of the Act, along with a general failure to provide support to CPAs or their members, has effectively reduced the CPA to just another form of ownership – collective freehold.

By July 2006, a total of 2.2 million hectares of land had been transferred under the redistribution programme and the disposal of state land, in approximately one thousand projects. A further one million hectares has been transferred under restitution. However, much of the land transferred (or 'delivered', to use the official term) under the restitution programme has been transferred in nominal ownership only, as it remains incorporated into nature reserves and state forests and, in terms of the restitution agreements, is not accessible for direct use by the restored owners.

Where land is transferred to a group, there is often an expectation that the land will be worked collectively by all the members (or beneficiaries) and that the benefits will be shared equally amongst them. Indeed, this is commonly made a condition of transfer that is enforced by state agencies such as the DLA's Provincial Land Reform Offices and the Regional Land Claims Commissioners. Although Section 2(4) of the Provision of Land and Assistance Act 123 of 1993 waives the applicability of the Subdivision Act 70 of 1970 in the case of land reform projects, there appears to be no practical, accessible mechanism whereby groups can formally subdivide their land among their members after transfer to the group, and no example of such subdivision has been reported (see Lahiff 2007; Van den Brink et al. 2006).

Some examples of informal de facto subdivision are to be found, but tend to be associated with the collapse of collective institutions (legal entities) and highly inequitable outcomes – although some examples of a more orderly and egalitarian allocation of individual plots have been reported (Manenzhe 2007; PLAAS 2006). Collective ownership of land and attempts at collective production – encouraged by state policies, but with little practical guidance or support to make them work – create conditions whereby access to land and related resources, and an equitable share in benefits, may be subject to complex institutional processes. Particularly problematic is the position of women, who are often represented by households 'heads' who overwhelmingly tend to be male, leading to the exclusion of women and other household members from decision-making processes (Cousins & Hornby 2002; Walker 2003).

The available evidence suggests that most, if not all, group projects are confronted by major challenges regarding the use and benefits of resources, which can properly be termed tenure or land administration matters (PLAAS 2006). Most groups appear ill-prepared for the task of land administration, and difficulties are greatly compounded where attempts are made to engage in collective production or, as is increasingly the case, commercial deals with external bodies (see Mayson 2003; Derman, Lahiff & Sjaastad 2006). Thus, added to tenure issues are questions of group dynamics, organisational development and commercial management, which present major challenges to large groups dominated by relatively poor and poorly educated people. Generic CPA constitutions generally provide inadequate guidance on how CPAs might function in practice, and little or no organisational support is provided to such institutions by official agencies after transfer of land.

Most groups appear ill-prepared for the task of land administration

Information of the performance of CPAs and trusts is found in a variety of case studies (mostly in the grey literature) and reviews (see Mayson, Barry & Cronwright 1998; Cousins & Hornby 2002; CSIR 2005; PLAAS 2006; Everingham & Jannecke 2006; Maisela 2007; Manenzhe 2007). The general picture that emerges is of a major mismatch between the ideals of the CPA Act (and the constitutions of the various CPAs) and the reality on the ground. Recurring problems include a failure to define clear criteria for membership of the CPA or the rights and responsibilities of members, a lack of capacity for dealing with business and administrative issues, and a lack of democracy both in procedural matters and in terms of access to benefits. These problems tend to be greatly compounded where the CPA is involved in commercial or productive activities on behalf of its members in addition to the usual activities of land administration. A general lack of oversight and support from the DLA – which, in terms of the CPA Act, is responsible for the monitoring of CPAs and the maintenance of the public register of CPAs – means that problems within CPAs are not easily uncovered and, if they are, few remedies are available.

The multiple problems confronting CPAs and other forms of group landholding are captured in the following extracts from the two most substantial studies of the subject to date:

[T]he process for allocation of substantive rights is generally not documented in the constitution and varies from formalised to totally informal or self allocation in practice... In some CPIs the intention is to farm 'communally' as a collective farm, i.e. a single entity sharing profit and labour. In this instance labour input and profit sharing was found to be poorly defined. It was found that insecure tenure for individuals (in particular women) is prevalent in cases where membership vests in the household (which is usually represented by the head who is usually male)...The majority of CPIs are partly functional from an institutional perspective but are largely or totally dysfunctional in terms of allocation of individual resources and the defining of clear usage rights, responsibilities, powers and procedures for members and the decision making body. Transparency and accountability is also often below what is required. (CSIR 2005: Executive summary)

The present institutional context in which CPIs are established is plagued by a number of problems. Firstly, the DLA does not provide support to CPIs once they have taken transfer of land. This is because it has no legal authority to do so in the case of trusts, and inadequate human resources to undertake its legal obligations in terms of the CPA Act. Secondly, the DLA has not created the institutional support for managing CPI records and/or registration of individual household land holdings and rights, and thus has no basis for intervention in rights disputes...[M]any communities have disregarded their constitutions and have adapted or created local institutional support for themselves. As a result of this, there is concern that multiple allocatory and adjudicatory procedures will create overlapping de facto rights that elude both official and legal resolution, creating fundamental insecurity of tenure. (Cousins & Hornby 2002: 17)

Thus, while specific problems of disorganisation or abuse can be identified in many CPIs, it would appear that these are merely symptoms of wider weaknesses that have their origins in the way that CPIs in general are designed, regulated and supported.

CPAs are required to register with a central Registrar of CPAs, based in the Tenure Directorate of the DLA in Pretoria, where the constitution of each association is lodged, along with a list of members and details of property owned. In practice, the process for registration has been poorly developed to date and the quality of information available on CPAs is questionable. The CPA register consists of one-page summary information on each CPA, including beneficiary information, property description, postal and physical addresses, date of adoption of constitution, and the policy programme under

which the CPA acquired land. Many recently established CPAs do not appear on the register, and among those that do, there are major gaps in information, as well as inconsistencies in what information is captured. From this partial information it is not possible to determine how many CPAs have been registered or, for those CPAs appearing on the register, in which districts or provinces they are located, how many hectares they own or how many members they have. There is insufficient information in the CPA register to correlate it with land reform project lists at a national or provincial level, and it seems not to be possible to determine which CPAs were established in which land reform projects (Hall 2003b). The lack of an accurate and accessible CPA register makes it virtually impossible to verify details of a CPA's membership or regulations in the case of a dispute, but also indicates the failure to put in place any effective regulatory framework.

The review of CPIs by the CSIR (2005: 58) made the following observations on the role of the DLA:

DLA has an obligation to monitor and evaluate CPA functions. Section 11 of the Act requires that CPAs furnish prescribed documents. Regulation 8 says that this must be done annually within two months of the AGM. Section 11 also makes provision for the Director-General to access CPA information for inspection purposes. Forcing the CPAs to be accountable to an outside body is also very beneficial to the CPA members as it can help prevent illegal activities of committee members, and ensures that the committee maintains its accountability to its members. DLA also has a responsibility under section 17 of the Act for the DG to submit an annual report to the minister on the functioning of CPAs in regard to the extent to which the objectives of the Act are being achieved. To meet this obligation the DLA will have to monitor individual CPA performances.

According to the CSIR, however, this responsibility is being neglected by the DLA:

No annual reporting on CPA functioning in general as envisaged under section 17 is currently taking place. No annual monitoring of CPAs as specified under section 11 and regulation 8 is currently taking place...DLA is not requesting, nor are CPAs providing the information as specified in the regulation...the norm is that there is poor internal accountability and transparency. (CSIR 2005: 55)

weak or
dysfunctional
CPIs are often
incapable
of ensuring
equitable access
to land and other
resources by their
members

Perhaps, dysfunctional CPIs would not be a major cause of concern if the situation was temporary (while the CPI became more established) or if CPIs rapidly shed responsibilities – if there were a rapid transition to de facto individual landholding and its duties were reduced to the bare bones of nominal land ownership. The reality, however, appears to be that CPIs are not becoming more functional over time and that this has major negative implications for the tenure security and livelihoods of their members. Firstly, weak or dysfunctional CPIs are often incapable of ensuring equitable access to land and other resources by their members, or of protecting the property from use or damage by non-members. In some instances – for example, in the settled restitution cases of eMpangisweni and Klipgat – this is leading to monopolisation of resources by group leaders or other relatively powerful individuals (PLAAS 2006; see also CSIR 2005). Secondly, it is hampering development, as individual members are reluctant to invest their efforts and resources in an uncertain environment and, without effective leadership and procedures, groups are incapable of brokering support from external agencies, including the state agencies specifically tasked with providing such support (PLAAS 2006). Notable examples include the Shimange restitution case in Limpopo province (Manenzhe 2007) and the LRAD projects on the Vaalharts Irrigation Scheme in the Northern Cape (Maisela 2007). The net result in many cases is underutilisation of resources and minimal benefits for group members. In a review of the available literature on group projects under restitution, PLAAS (2006) identified widespread problems of inadequate and inappropriate planning of resettlement projects, a chronic lack of support from state agencies and a general failure to make effective use of

land for the benefit of group members. With regard to six detailed studies of restitution projects on agricultural land, the PLAAS study highlighted the lack of material benefits to members of community restitution claims:

The most striking finding from the case studies is that the majority of beneficiaries across all the restitution projects have received no material benefit whatsoever from restitution, whether in the form of cash income or access to land. (PLAAS 2006: 16)

The CSIR review, which focused mainly on redistribution projects, found similar problems, and emphasised the inability of CPIs to manage their own affairs without external support:

CPIs do not have the capacity to undertake sound land management. A high number of CPI members are not receiving tangible benefits from CPI membership and this has and will lead to disillusionment with CPIs... A major concern of this study is that DLA seem to have no long-term commitment to assist communities in tenure management and consider their job completed once land is transferred to the CPI. (CSIR 2005: Executive summary)

Such findings signal a systemic failure to adequately conceptualise tenure within group resettlement schemes. The provision of land in freehold title to a CPI is seen by policy-makers as sufficient in itself, without regard to the means by which individual members might gain access to such land, safeguard their land rights over time and create functional institutions for the administration of common property. As shown by numerous studies, failure to give meaningful content to the rights and responsibilities of both individuals and the groups to which they belong leads not only to tenure insecurity but also to a loss of the opportunities and material benefits that land reform participants anticipate. As Cousins and Hornby (2002: 1–2) argue:

Securing tenure of individual members of CPIs, rests upon the clarity and accessibility of procedures for the assertion and justification of property rights and institutional mechanisms for realising and enforcing these rights.

Without such procedures, there is likely to be little tenure security and, as the studies cited here demonstrate, little or no material benefit either. There is clearly a need to revisit the policy framework for group resettlement, with particular attention to the means by which members gain secure access to land and its benefits, the type of development that is encouraged (be it household, collective or joint ventures with external partners) and the institutional arrangements for the provision of external support in the areas of both land administration and production.

There is clearly a need to revisit the policy framework for group resettlement

The specific tenure challenges within resettlement schemes must be seen within the wider context of how such schemes are designed and implemented – that is, how resettlement is conceptualised in its entirety. As argued elsewhere (Lahiff 2007), the ideology of ‘willing buyer, willing seller’ and ‘demand-led’ reform based on the market not only absolves the state of responsibility for the outcomes of the land reform programmes, but also effectively pre-empts key questions about the design of resettlement schemes that ought to have been answered at the outset, notable among them being the model of agriculture to be promoted – individual versus collective, ‘commercial’ versus ‘subsistence’. At the same time, major implications have flowed from interventions such as the imposition of orthodox but debased models of farm planning, the de facto prohibition on subdivision of land, and the failure to develop a comprehensive system of support to resettled farmers. Within this bewildering mix of state and market, individual and communal, tenure is deemed to have been secured by the granting of freehold title to legal entities representing groups of resettled farmers. The available evidence, however, suggests that the effective elements of tenure security – how individuals access and hold land – remain largely unresolved, whereas additional elements not generally

considered as part of tenure reform have been introduced, notably the challenge of collective production and of holding community leaders accountable.

It is unlikely that adequate tenure rights can be secured within the existing quasi-collectivist models that have been established in the form of CPAs and trusts. If the form of tenure is to follow its intended function, achieving tenure security must begin with a reappraisal of how the beneficiaries of resettlement wish to use and hold land. The formation of groups may well play a useful role in the initial acquisition of land, as collective action can potentially strengthen the hand of the poor in negotiations with landowners and state officials. It also appears that there is considerable popular support for ongoing 'public' or 'community' involvement in the allocation of land and the mediation of disputes between neighbours or within families – as demonstrated by the communal areas today. What there appears to be little or no popular support for is collective forms of production. Collective forms of production have effectively been imposed by the implementation model as applied by land reform officials, rather than arising as a spontaneous desire by intended beneficiaries themselves. Where collective production has been attempted, it has largely failed or has occurred in situations that do not actually involve collective use of land and can better be seen as joint business ventures.

Thus, resettlement should commence with an assumption that land use will be individualised. Collectivisation of agriculture need not be ruled out, but should emerge only from a clear desire on the part of the beneficiaries, rather than being imposed as a norm or as a condition of receiving land or supplementary grants. While groups may have their use in the initial acquisition of land, it has to be asked whether they have an ongoing role once the initial allocation has taken place, especially if collective land use is eliminated. Clearly, CPAs have a potential role in the management of communal resources, such as communal grazing lands, woodlots and the like, as they do in the older communal areas, but this does not necessarily imply collective forms of production. A second question that arises is whether the group that is formed in order to acquire land (which is typically shaped by the size and cost of the particular farm that is available for purchase, at least under the redistribution programme, and may lack any organic unity) is in the best position to manage such communal resources. Although the concept of community is prevalent across much of South African life, when it comes to the administration of land it coexists with other levels of authority associated with the state. While this has many negative connotations (e.g. 'decentralised despotism' and 'top-down' control), the idea that communities in publicly funded resettlement schemes should be left entirely to their own devices does not appear reasonable, and does not appear to be what is demanded by most beneficiaries. The challenge, therefore, is to find a suitable balance between three levels – individual (or household), group and state – in a way that secures tenure and promotes sustainable development, which may imply a greater role for the state in the demarcation and allocation of individual plots, and in the administration of resettlement schemes over an extended period. This was the case in Zimbabwe from 1980 at least up to 2000, where the state retained ultimate ownership of land on resettlement schemes, and responsibility for group infrastructure lay with local officials, although agricultural production was in the hands of individual plot-holders.

The CPI review carried out by the CSIR contained many useful recommendations, mainly connected with the need to formally specify the rights of members within group schemes and the provision of ongoing support by the DLA:

DLA's core business cannot be only transferring land, but if it intends to achieve secure tenure rights for individual within CPAs, then an ongoing departmental function must be about supporting group tenure systems and land administration. (CSIR 2005: Executive summary)

The CSIR report also calls for changes to the way resettlement projects are implemented, including changes to the grant size, subdivision of land, smaller groups, and separation of business entities

the idea that communities in publicly funded resettlement schemes should be left entirely to their own devices does not appear reasonable

from landholding entities. I would go somewhat further, and suggest that the basic principle of acquiring and managing land as a group should be critically re-examined, and treated as one possibility rather than the normal way in which poor people gain access to land. Specific recommendations in this regard are set out below (see Chapter 11).

Tenure security of farm dwellers

Large-scale commercial farms account for approximately 65% of the territory of South Africa and are home to an estimated three million farm dwellers (Hall 2004a: 37). Here, the term ‘farm dwellers’ refers to farm workers, ex-workers and other residents on farms of which they are not the owners (or relatives of owners). Landowners in this area are overwhelmingly white, whereas farm dwellers are almost exclusively black. Many farm dwellers are long-term residents, tracing their occupation back through generations, and many know no other home. Under apartheid, farm workers (and farm dwellers more generally) were tied, by law, into highly subservient relationships with white landowners, severely restricting their rights to change jobs or move off a farm, or to organise for better working or living conditions. Landowners generally provided rudimentary services for their farm dwellers, often with the help of subsidies from the state, although in many cases farm dwellers built their own houses.

In the early decades of the twentieth century, many farm dwellers entered into a variety of tenancy arrangements with cash-strapped white landowners, including cash tenancy, share-cropping and labour tenancy. The system of labour tenancy was particularly widespread, under which black tenants on white farms were provided with agricultural land, often on an annual contract, in return for which they (or a member of their family) provided the landowner with three to six months of unpaid labour. Over the course of the century, most farm dwellers were deprived of access to agricultural land, leaving them with only basic accommodation and possibly a small garden plot. The Natives’ Land Act 27 of 1913 was the first attempt to outlaw labour tenancy in areas such as the Orange Free State, and this was intensified and expanded following the introduction of the Native Trust and Land Act 18 of 1936 (Morris 1976: 334). In one region, comprising northern KwaZulu-Natal and southern Mpumalanga, however, substantial numbers of labour tenants managed to survive on farms up to the present day, although their rights to land for cropping and grazing are often contested by landowners.

substantial numbers of labour tenants managed to survive on farms up to the present day

The tenure rights of farm dwellers are protected under South African law, including the Bill of Rights in the Constitution, which provides for a right to basic services such as water, a right to shelter, a right to a family life, protection from arbitrary eviction and the right to practice one’s culture. Section 26(3) of the Constitution is quite specific in the protection it offers against arbitrary eviction:

No-one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions.

However, this protection must be seen within the context of the competing rights of landowners and employers. In terms of the White Paper on South African Land Policy, farm dwellers are viewed as a vulnerable group whose property rights need to be protected and strengthened.

A major cause of instability in rural areas are the millions of people who live in insecure arrangements on land belonging to other people. They had and have simply no alternative

place to live and no alternative means of survival. The evicted have nowhere else to go and suffer terrible hardships. The victims swell the ranks of the absolute landless and the destitute. They find themselves at the mercy of other landowners for refuge. (DLA 1997: 33)

The principal policy measures that have been taken to secure the tenure rights of farm dwellers are the introduction of the Extension of Security of Tenure Act (ESTA) and the Land Reform (Labour Tenants) Act (LTA). ESTA was intended to have two main functions: to regulate relations between landowner and occupiers, including procedures to be followed in the event of an eviction, and to provide a means of upgrading the rights of occupiers to full ownership. In theory, stronger protection is offered to occupiers over 60 years of age, who have been on the land for ten years or more or who were in occupation prior to the enactment of the Act in 1997. The provisions of ESTA apply to all people who live on rural land with the permission of the owner, regardless of whether they are employed by the owner or not.

ESTA has been an abject failure

In both of its key areas – regulation of evictions and promotion of long-term tenure security – ESTA has been an abject failure. This point has been made repeatedly by land activists and has been effectively conceded by successive Ministers of Agriculture and Land Affairs and senior officials.

As early as 1999 (and especially in the Ministerial Directive of 2000), there was talk of ‘consolidating’ ESTA and the LTA (Turner & Ibsen 2000: 44). Further examples of the largely fruitless rhetoric that surrounds ESTA are contained in the annual report of the DLA for 2002/03 (DLA 2003: 53), which spoke of a Consolidated ESTA/Labour Tenants Bill that would be gazetted by the end of 2003. Turner and Ibsen (2000: 44) quote the Minister of Agriculture and Land Affairs and the Director-General of the DLA in 2000 resolving to give ‘primary focus’ to the developmental (i.e. redistributive) element of ESTA, and threatening landowners with expropriation and with intervention by the security forces to combat illegal evictions. Calls for the overhaul of ESTA and the LTA were led by the Minister of Land Affairs at both the National Land Tenure Conference of 2001 and the National Land Summit of July 2005. In July 2006, the new Minister of Land Affairs publicly, and controversially, denounced the eviction and mistreatment of farm workers. In September 2007, the Deputy Minister of Land Affairs went a step further when he threatened farmers who evict farm dwellers illegally with expropriation (quoted in the *Mail & Guardian Online*, 12 September 2007). Despite the calls for its review or replacement, ESTA remains in place, with only minor amendments over the years. No substantial review of the impact of ESTA has been carried out to date, nor is more energetic enforcement in evidence.

The most detailed information on evictions and the general status of farm dwellers is contained in the work of the Nkuzi Development Association and Social Surveys Africa, which conducted a major national survey in 2004. The most important finding of the survey was the vast scale of evictions, far greater than had been estimated previously by most sources:

It was found that almost 1.7 million people were evicted from farms in the last 21 years and a total of 3.7 million people were displaced from farms. The number of people displaced from farms includes those evicted and others who left out of their own choice. Many of those found in this study to have left of their own choice made this choice due to difficult circumstance on the farm; however these are not counted as evictees. People were only considered evicted if there was some direct action of the owner or person in charge that forced the farm dweller to leave the farm against their will. (Nkuzi & Social Surveys 2005: 7)

As shown in Table 4.1, both the number of evictions and the total number of people displaced from farms was greater in the period 1994–2004 (the first decade of democracy) than in the last decade of apartheid. The introduction of legislation such as ESTA (in 1997) would appear to have brought

Table 4.1: Total number of people displaced and evicted from farms, 1984–2004

	Displaced	Evicted
1984 to end 1993	1 832 341	737 114
1994 to end 2004	2 351 086	942 303
Total	4 183 427	1 679 417
Now on other farms	467 808	93 060
Permanently off farms	3 715 619	1 586 357

Source: Nkuzi & Social Surveys (2005: 7)

no respite. Indeed, 2003 was the third worst year for evictions over the 20-year period, exceeded only by 1984 and 1992, both years of exceptional drought that impacted severely on the agricultural sector. Two-thirds of evictions were work-related, with the others arising from disputes between owners and occupiers. Other common problems leading to eviction were death of a primary occupier or the sale of a farm (Nkuzi & Social Surveys 2005: 14). Worryingly, almost half of all those evicted were children, with a high proportion of women as well: 23% of evictees were found to be men, 28% women and 49% children (Nkuzi & Social Surveys 2005: 10; see also Lewis 2006: 18).

In terms of the law (both ESTA and the Constitution), no occupier can be evicted without a court order, and a court order cannot be issued without consideration of a range of factors, including the age of the occupier, the length of time they were on the land and the availability of alternative accommodation.

The problems identified with ESTA, and the reasons why its provisions are thought to have had minimal impact, are twofold. Firstly, where landowners apply for an eviction order, it is almost invariably approved by the court, regardless of the circumstances. It is widely perceived that the magistrates' courts either do not apply ESTA in all cases where they are legally obliged to do so, or ignore important aspects that are designed to protect the rights of occupiers. An inquiry by the South African Human Rights Commission (SAHRC 2003: 177) found 'widespread non-compliance' with ESTA at all levels of the justice system:

There is a lack of compliance with ESTA provisions that regulate eviction proceedings. There is complete lack of compliance with the legislative provisions of ESTA in some court proceedings, resulting in farm dwellers being denied their ESTA rights and being evicted in terms of common law. (SAHRC 2003: 177)

In the landmark judgement of *Nkuzi Development Association v Government of the Republic of South Africa and the Legal Aid Board* (LCC 10/01), the Land Claims Court made a declaratory order that people who have a right to security of tenure under ESTA or the LTA, and whose security of tenure is threatened or has been breached, have a right to legal representation or legal aid at state expense if substantial injustice would otherwise result and if they cannot reasonably afford the cost of legal representation from their own resources. The state is under a duty to provide this legal representation or legal aid through mechanisms selected by it. Despite this ruling, it would appear that most occupiers who come before the courts do not have the benefit of legal representation, which undoubtedly prejudices their cases. Nkuzi and Social Surveys (2005: 15) give an example from the Worcester Magistrates' Court where seven eviction orders were granted in the first four months of 2005 (and confirmed on review by the LCC), of which six were undefended (i.e. default) judgments.

most occupiers who come before the courts do not have the benefit of legal representation

While many eviction orders are being upheld by the LCC, the systematic failure of the lower courts to interpret and apply the law correctly is revealed in the high proportion of cases (estimated to be 25%) overturned on review by the higher court:

By the end of 2004, the LCC had reviewed 645 magistrates' court eviction orders since it was established. The LCC set aside approximately 25% of the eviction orders and confirmed about 75%. (Nkuzi and Social Surveys 2005: 15; see also SAHRC 2003: 177)

the vast majority
of evictions do
not involve a
court order – that
is, they are carried
out illegally

Secondly, and much more significantly, it would appear that the vast majority of evictions do not involve a court order – that is, they are carried out illegally. The SAHRC (2003: 179) reported 'a high rate of illegal evictions with a lack of law enforcement and prosecution of offenders'. The National Evictions Survey estimated that only 1% of evictions involved any sort of legal process (Nkuzi & Social Surveys 2005: 15; see also Xaba 2004). Section 23(3) of ESTA makes it a criminal offence to evict an occupier without a court order; yet, few convictions have been secured in this respect to date. There have been reports of one, possibly two, convictions since the law was passed, but it has not been possible to obtain details of these. This is generally attributed to a widespread refusal of the South African Police Service to open cases on behalf of farm dwellers who report such cases, or the failure to respond to reports of evictions, the refusal of public prosecutors to refer eviction cases to court, and the failure of magistrates to apply the law as intended to protect the rights of occupiers.

The following description of the (non-)implementation of ESTA in Limpopo province in 1999 would appear to be relevant still in 2007:

The constitutional and legal rights of farm dwellers are being violated daily due to their ignorance of the law and their inability to access the legal system. The public institutions ranged against farm workers would appear to include the police, the state prosecution service, magistrates, the Legal Aid Board, the Department of Home Affairs and virtually all practising advocates in the province, not to mention farmers and their extensive support network. Against this formidable opposition, the protection provided by ESTA, as implemented by PDLA [Provincial office of the DLA], is of little benefit. (Lahiff 2000: 97)

Xaba (2004) provides a similar account of the failure of police and justice officials to protect farm dwellers in KwaZulu-Natal, and Lewis (2006: 18) observes the following of the same province:

There are examples of transformation of policing management and practice, but at the same time there are also still police stations where station commanders side with land owners, where officers refuse to take statements or open dockets when cases of abuse are reported to them by farm dwellers, and where dockets recording cases of abuse are 'lost' or just not attended to.

Similar views on the national picture were expressed in 2001 by the Director-General of the DLA:

Eviction of farm residents is carried out with alarming regularity, often without a court order and without farm owners following the procedures required by law... Farm residents faced with threatened or real eviction are routinely turned away from certain police stations when they seek assistance or attempt to open criminal charges against owners. The DLA routinely hears of cases from around the country where police, prosecutors and magistrates refuse to acknowledge the existence of the ESTA or to acknowledge that farm dwellers or occupiers (other than the owner) have any real rights to be on the land. Despite hundreds of evictions since the introduction of ESTA, it is still a rare occurrence for a landowner to apply for a court order to carry out an eviction and only one case of unlawful eviction has been successfully prosecuted in the courts. (Mayende 2004: 49)



According to the SAHRC, the general failure to implement the provisions of ESTA amounts to a denial of the human rights of occupiers and contributes to a climate where avoidance of the law is widespread:

Farm workers, Levubu valley Limpopo, September 2008. Photo by Ruth Hall.

The failure by the State to adequately train its officials to implement legislation promulgated in terms of the Constitution amounts to a disregard of the importance of such legislation. It also indirectly contributes towards the denial of the rights of farm dwellers, as perpetrators know that they can evict farm dwellers with impunity. (SAHRC 2003: 179)

In 2001, the Rural Legal Trust (RLT) was established to provide legal services to rural dwellers throughout the country. The RLT aimed to fill the gap in the services provided by the Legal Aid Board (LAB) by identifying organisations that were dealing with land issues in provinces and entering into co-operation agreements with them to establish and support legal teams on the LAB's behalf. The RLT and its partners also work closely with a network of paralegal associations and advice offices throughout the country. Such legal teams have been giving priority to ESTA cases, but it is not known what impact this has had to date. According to the DLA (2007: 62), an interim agreement has been reached between the Department, the RLT and the national Department of Justice to conduct evictions monitoring and to provide legal assistance to farm dwellers. By 2008, a new Land Rights Management Facility had been set up, and a private law firm contracted to retain services of private legal practitioners to represent farm dwellers, on a 'judicare' model similar to that employed by the LAB, but had not yet come into operation.

Securing long-term tenure under ESTA

In addition to regulating evictions, ESTA (Section 4) makes provision for farm dwellers to apply for grants for 'on-farm' or 'off-farm' land or development (e.g. housing), and Section 26 specifically

legal provision
exists to
implement a
programme
that gives farm
dwellers long-
term security of
tenure

allows for expropriation for 'purposes of any development in terms of this Act', but the first of these measures has been applied in few cases and the latter not at all. Wegerif (2004b: 231) argues that while the legal provision exists to implement a programme that gives farm dwellers long-term security of tenure, this remains dependent on the willingness of the Minister to use his or her powers to design and implement such a programme, and there is effectively no right under the legislation for a farm dweller to claim security of tenure if the state should fail to provide it: 'The extent of implementation of Section 4 of ESTA reflects either extreme weakness of the Act or a lack of commitment on the part of government to give farm dwellers long-term tenure security' (Wegerif 2004b: 231).

A total of 103 800 hectares of land have been provided to people under all aspects of the tenure reform programme since 1994. This includes farm dwellers (especially labour tenants) and residents of communal areas (DLA 2008). Where developmental assistance (i.e. grants) has been provided under ESTA, it has usually involved people moving off farms and being provided with a residential plot and house in a public housing ('RDP') scheme, rather than agricultural land of their own or secure accommodation on farms where they have lived or worked. Little information is provided by the DLA on land transferred (or land rights secured) under ESTA, and the few mentions that are made tend to be aggregated with other information on eviction or LTA cases. For example, the DLA's annual report for 2002/03 includes just a single ESTA case in a list of hundreds of land reform projects implemented that year: this was in the Western Cape (Buffeljags housing project) and involved just two beneficiaries on 1 763 m² of ground (DLA 2003: 62). The same report (DLA 2003: 77) mentions that 23 'ESTA occupiers' benefited from LRAD in the Limpopo province, but no land area is mentioned and it appears unlikely to be 'on-farm'. Other so-called ESTA occupiers may be included in general redistribution projects, but this is almost certainly on 'new' land rather than on the land on which they enjoyed ESTA rights. Using unpublished data from the DLA, Hall (2004a: 42) estimates that 56 ESTA projects had been implemented countrywide in the seven years since the Act was introduced, providing 58 751 hectares of land to 5 089 beneficiaries. Again, it is not known how many of these were 'on-farm' or 'off-farm' and, Hall argues, it is likely that additional farm dwellers were assisted under the general redistribution programme. In this regard, such beneficiaries are merely availing themselves of opportunities open to all black South Africans, rather than exercising their specific rights under ESTA (which they effectively forfeit by leaving the farm). In this sense, redistribution tends to substitute for tenure reform, instead of complementing it as might be expected. In the few cases where occupiers have obtained long-term security of tenure 'on-farm' (as on the farm of the Molteno Brother's Trust in Grabouw, in the Western Cape) it tends to be as a result of philanthropic gestures by landowners, rather than of official policy, and again tends to be limited to houses and gardens and to exclude agricultural land (Kleinbooi, Lahiff & Tom 2006).

Labour tenants

In theory, labour tenants have acquired stronger legal rights than other farm dwellers. The LTA aims to protect labour tenants from eviction and gives them the right to acquire ownership not only of their residential sites but also of the agricultural land they have historically used. Thus, like ESTA, the LTA combines a tenure reform element, securing the land rights of labour tenants and specifying the conditions under which they may legally be evicted, with a land redistribution element providing for labour tenants to gain title to the land they have used under labour tenancy agreements.

By the extended deadline of March 2001, a total of 19 416 claims had been lodged under the Act, mostly in KwaZulu-Natal and Mpumalanga; it is not known what proportion of the total number of labour tenants this represents. The processing of these claims has proven to be extremely slow and

bureaucratic, with officials seemingly reluctant to inform landowners of the claims on their land or to intervene either to prevent evictions or to ensure the long-term tenure security of labour tenants (SAHRC 2003; Xaba 2004; AFRA 2006):

Labour tenants currently residing on land and awaiting the outcome of their application process to obtain land ownership are in a vulnerable position. With the possibility that the landowner will lose rights in land, albeit compensated therefore, privileges and rights are being withdrawn from labour tenants. (SAHRC 2003: 108)

Hall (2004a: 44) reports that by 2004 approximately 200 labour tenant projects had been approved by the DLA and 80 000 hectares had been transferred, but estimates that this represents only a small proportion of the total claims on file. Del Grande (2007: 10) estimates that by 2007 no more than one-third of claims had been settled.

It would appear that a high proportion of labour tenant claims have been resolved by removing tenants from the farms they occupied and resettling them, often in groups, on land purchased on their behalf by the state. In other cases, labour tenants have had to bring in outsiders in order to raise sufficient grant funding to purchase land they already occupy and use, thereby reducing their access to land while upgrading their tenure. This arises because of the policy of settling labour tenant applications through the use of redistribution grants, rather than developing specific mechanisms tailored to the needs of labour tenants. Ironically, land acquired on behalf of labour tenants has generally not been formally subdivided, with the result that labour tenants who were individual (or household) tenants on privately owned farms now find themselves as members of a group that holds (and is expected to use) land collectively. As with other group resettlement schemes described above, this is nominally a tenure 'upgrade', as the group now holds the land (collectively) in freehold title, but the tenure rights of the occupiers remain largely undefined and therefore potentially insecure.

Farm tenure: ways forward

A comprehensive farm dweller tenure programme would require stronger legal protection for occupiers as well as the development of policy instruments that would allow occupiers to achieve long-term security of tenure through assistance with purchasing their plots or, more realistically, through intervention by the state using its legally sanctioned powers of expropriation. The use of expropriation is recommended not in order to reduce the price of land (although this may also be a factor for consideration) but to overcome landowner resistance – i.e. as a compulsory purchase at a 'just and equitable' price rather than confiscation. In practice, however, no such programme has been implemented, with the result that ESTA has been reduced to a passive mechanism for the regulation of evictions, with the role of officials (in the minority of cases where they become involved) effectively being limited to informing owners and occupiers of their rights and responsibilities. The opportunity offered by the LTA to secure the rights of tenant farmers and convert them into owner-occupiers appears to have been squandered, as officials lack either the legal instruments or the political leadership to confront the entrenched power of white landowners.

The opportunity offered by the LTA to secure the rights of tenant farmers... appears to have been squandered

Part of the problem is that the content of farm dwellers' rights – how long they have lived on a farm, what terms have been agreed with the land owner, the boundaries of land allocated for their use, and other customs and practices established over time – are typically known only to them and to the landowner. Where written agreements exist between owners and dwellers, these typically relate only to matters of employment, with a general reference to housing or other benefits. Land rights *per se* are almost never recorded in writing. The great inequality between farm owners and farm dwellers, in terms of both the enforceability of their land rights and their wider socio-economic status, determines

Local
government...
generally
treats private
commercial farms
as no-go areas

the views and responses of outsiders, including government agencies. The DLA and provincial departments of agriculture maintain no registers of farm dwellers or their rights, and typically have no information on their living conditions or even the pattern of evictions in their areas of operation. Local government, with responsibility for the provision of basic services to all citizens, generally treats private commercial farms as no-go areas and excludes farm dwellers from their planning and services (Hall, Isaacs & Saruchera 2007). In this context, the general absence of land tenure data with respect to farm dwellers is both a symptom of and a contributing factor to the ongoing marginalisation of this socially vulnerable but numerically large group.

The lack of provision of effective protection for the tenure rights of farm dwellers clearly represents a major policy failure, not to mention a crisis for those directly affected. There are many dimensions to this problem, including the nature of the legislation that has been introduced to give effect to the protection promised in the Constitution, the strategies developed for the implementation of that legislation, and the extreme vulnerability of farm dwellers in the face of determined action by landowners. In theory, ESTA and LTA extend legal protection to land rights established through use and custom, and create possibilities for enhanced tenure security, but this depends heavily on the willingness of the state to provide assistance. Particularly problematic is the requirement for farm occupiers to access the courts in order to protect their rights, as highlighted by the SAHRC (2003 173):

It is of concern that in fulfilling constitutional obligations to ensure tenure security, a system was created that relies on access to justice to enforce ESTA rights and that very little has been done to assist farm dwellers to enjoy the constitutional protections enshrined in the legislation.

While numerous calls have been made for the overhaul of ESTA and the LTA, few concrete proposals have been put forward, and it is difficult to see what difference changing the law would make when the majority of evictions occur outside the law.

Whatever the strengths and weaknesses of the current legislation, the principal problem appears to lie in system-wide failure to implement it. The DLA has put minimal resources into monitoring conditions on farms or responding to reports of evictions, while the responsible minister (of Land Affairs) has failed, until recently, to adequately communicate the importance of this legislation to other ministries, particularly those responsible for the administration of the justice system (the Minister of Justice) and the police (national and provincial Ministers of Safety and Security), although in the past year there has been discussion between Land Affairs and Justice around co-operation in the enforcement of ESTA. To date, the police and justice systems have clearly failed to deliver on their constitutional mandates with regard to the protection of farm dwellers. Over and above any reforms within the DLA, it is essential that these organs of state are transformed and begin to play a more positive role in this field.

Such failure can only conceivably occur in the context of a political system that is not entirely comfortable with the sometimes-radical implications of the Constitution and other legislation. This is clearly observable in two key areas – the outright refusal of police in most areas of the country to open, or follow up on, charges of eviction or other abuses by farm owners against farm dwellers; and the refusal of the DLA (or the minister) to contemplate expropriation in order to safeguard the tenure rights of occupiers. Further examples of this system-wide failure can be found in the refusal of many labour inspectors to enter farms without prior arrangement with the owner, the failure of many rural municipalities to include farm dwellers in their development plans and the often-heard claim by officials at all levels of government that what happens on privately owned farms is a ‘private’ matter.

This suggests that, at a fundamental level, the government has not yet arrived at a point where it accepts that the rights of owners and occupiers are of equal value, or where it can contemplate real change in the social and economic order within the commercial farming belt. According to this mindset, commercial farms must not be fragmented or have their commercial operations compromised by granting secure land rights to occupiers of such properties. This systematic refusal to contemplate permanent 'on-farm' settlements for farm occupiers corresponds closely with the refusal to contemplate subdivision within the land reform programme more broadly. Where the rights of the parties conflict – or even where owners simply wish to clear their land of occupiers – the rights of owners must prevail, and the most that can be expected in terms of legal protection is an orderly eviction and the opportunity to compete with millions of other South Africans for access to discretionary redistribution grants or RDP houses. Evidence from the Caledon and Grabouw areas of the Western Cape – with one of the highest incidences of evictions in the country – suggests that farm workers rarely qualify as 'beneficiaries' of redistribution and, once evicted, are most likely to end up living in squatter camps around the nearest town (Kleinbooi et al. 2006). Hall et al. (2007) demonstrate the general neglect of farm dwellers (and land reform generally) within municipal planning. With few exceptions, criminal cases by occupiers against owners cannot be entertained, as to do so would be to challenge the established hierarchy and constitute an unwarranted interference with the time-honoured 'rights' of owners to assert their authority within the 'private' space of a commercial farm.

The persistent failure by the state to take decisive action to either implement or amend the current legislation suggests that the rights of farm occupiers are even less of a political priority than when ESTA and the LTA were introduced over a decade ago. Under these conditions, new legislation, as called for at the National Land Summit of 2005, is unlikely to be much of an improvement, from the farm dweller point of view, and may be considerably worse if, as seems to be the case, the state sees its role as limited to regulating the eviction of farm dwellers, securing the property rights of owners and optimising conditions for commercial agriculture.

Various proposals have been put forward for addressing the crisis of tenure insecurity among farm dwellers. Nkuzi and Social Surveys (2005: 22) propose a useful strategy that addresses three critical areas:

- *Tighten up legislation by, amongst other things, creating substantive rights in land for occupiers;*
- *Implement a well-resourced programme of information dissemination, support to farm dwellers and enforcement of the tenure laws; and*
- *Proactively create new, sustainable settlements in farming areas.*

Legislative reform has long been proposed but no major campaign for such reform has materialised and, in its absence, there appears to be little political support for pursuing such amendments. Moreover, the general reluctance to impinge on the rights of property owners across the broader land reform programme, and official indifference to the flood of farm dwellers into informal settlements across the country over a period that spans the transition to democracy, suggest that the state is resistant to changes that would strengthen the rights of occupiers on commercial farms.

Certainly, the creation of new settlements, while not as desirable for some as securing existing tenure rights, would be an important part of a revised strategy if it could provide secure accommodation, ideally close to places of employment, and, for those who desire it, access to agricultural land of their own. Such an approach would require developments in two areas that run counter to the broad thrust of land reform policy to date: project planning and land acquisition. The first of these would require

the state is resistant to changes that would strengthen the rights of occupiers on commercial farms

a more proactive strategy for identifying the needs of farm dwellers in particular areas and facilitating a process whereby they could participate fully in planning and implementing solutions to their problems. This implies a break with the 'demand-led' approach that has dominated land reform up to now and a switch, not to a 'supply-led' approach driven by the state in a top-down manner, but to a people-driven process whereby the state uses its unique advantages to identify potential problems and propose solutions.

The second challenge lies in the related area of land acquisition. In redistribution, the combination of 'demand-led' and 'willing buyer, willing seller' policies has meant that would-be beneficiaries of land reform are themselves responsible for identifying land, and depend on the willingness of current owners to transact with them. In the heartland of commercial agricultural, for both social and economic reasons, farm dwellers will undoubtedly face severe difficulties in acquiring suitable land: farm dwellers are unlikely to be able to afford to buy land without subdivision of large commercial units (to which current policy, and landowners themselves, are strongly antagonistic), and many owners will undoubtedly be reluctant to sell land for the settlement of workers and former workers adjacent to their property. This makes a strong argument for more forcible intervention by the state, using its power of expropriation, in order to acquire land on behalf of farm dwellers. Thus, the securing of tenure for farm dwellers needs to be seen in the wider context of resettlement, in terms of which intervention by the state, working closely with intended beneficiaries, is required over an extended period to acquire appropriate land and provide support to beneficiaries in order to achieve sustainable development and to alleviate poverty.

It is difficult to see where the momentum for such changes is going to come from, other than from farm dwellers themselves, who remain largely unorganised and marginalised, cut off from state agencies and the services of legal practitioners and NGOs. Several high-profile protest actions have been carried out with support from the Landless Peoples Movement and NGOs such as the Association for Rural Advancement, the Nkuzi Development Association, the Women on Farms Project and the Trust for Community Outreach and Education in a number of provinces, but to date this has had little impact on official policy or on the behaviour of landowners. Legal activism, such as in the Grootboom and Modderklip cases before the Constitutional Court, or the Nkuzi case before the Land Claims Court, would also appear to have had minimal practical impact to date, largely due to the indifference of state agencies to these judgments. More creative approaches will be required to draw public attention to the plight of farm dwellers and build a campaign for change at the political level. Steps in this direction have been taken by projects funded by Atlantic Philanthropies and by an emerging coalition in the Cape winelands but, as the general lack of momentum in the wake of the National Land Summit demonstrates, these have not really impinged on policy-makers. New strategies are required that will bring pressure at the farm level (i.e. on landowners) and on all three spheres of government to minimise evictions and provide long-term tenure security. It seems appropriate that the technical procedures for securing long-term tenure security for farm dwellers be worked out only after the current flood of evictions has abated and farm dwellers themselves are brought centre-stage in negotiations around their future.

More creative approaches will be required to draw public attention to the plight of farm dwellers

Conclusion

Tenure reform in South Africa, at the time of the transition to democracy, was a response to decades, if not centuries, of dispossession, insecurity and inferior rights for the black majority. It was clear

that simply cementing the racialised pattern of landholding inherited from apartheid would not be sufficient, given the vast scale of dispossession and social engineering that continued until the eve of democracy (and in some respects, still continues). In common with other areas of reform, the vision that informed tenure reform was far-reaching and no doubt idealistic, based more on notions of historical redress rather than the political and economic realities of the 1990s. This vision was long in gestation and influenced by various schools of thought, among them what might loosely be referred to as nationalism, socialism, populism and *ubuntu*. With the dawn of democracy, the historical process of injustice, it was hoped, would come to a halt and in so far as possible be reversed: farm workers would no longer be mistreated or evicted; they would be able to extend their access to land and upgrade their rights to land they already occupied; tenants would become landowners in their own right; the racial inequality in landholding would be eliminated over time. The central actor in all of this, at least in the popular mind, would be a new democratic and developmental state, founded on a progressive and transformative constitution.

The period since 1994 has seen the gradual unravelling of that vision in the light of broader political and economic realities, including the power of conservative landowners, the macro policy choices made by the new state and, perhaps, the contradictions inherent in the vision in the first place. The government's abandonment of socialist ideals, its embrace of private property and the free market and acceptance of a very limited role for the state in the economy have greatly reduced the possibility of a radical tenure reform. Increasingly, the ideals of the Constitution appear to be at odds with the policies adopted by the state, or are greatly constrained by them.

Obviously, major reform programmes are shaped not only by issues of technical design and effective implementation, but also by the prevailing political and economic environment, and it is to this environment that we must look for the underlying causes of the fundamental failures of tenure reform policy identified in this chapter.

One potential explanation that can quickly be disposed of is the direct costs of tenure reform. Land reform budgets have increased dramatically since 1994, and, at times, have been substantially underspent, although the allocations to tenure reform have been miserly in the extreme (Hall & Lahiff 2004). Moreover, obvious measures that might reduce the cost of land reform – careful targeting of beneficiaries, collective negotiations with landowners, use of powers of expropriation contained in the Constitution, and incentives to beneficiaries to mobilise and play a greater role in the design and implementation of their own projects – have been ignored consistently.

The legislative framework also appears not to be the main source of the problem, although the discussion above suggests that it is problematic in some respects – most notably, the need for occupiers to access the courts in order to defend their rights under ESTA and the ease with which landowners can obtain eviction orders. While no body of legislation could be expected to be perfect, an argument can certainly be made that the current legislation is not the primary cause of the lacklustre performance of the tenure reform programme. First and most important is the simple refusal by the state to implement many of the provisions of existing legislation. Most notable in this regard is the failure to use the power of expropriation granted by the Constitution, but also the failure to implement Section 4 of ESTA, the failure to apply the safeguards against eviction, and the inexplicable delays around the implementation of the LTA. While some minor amendments have been made to this body of legislation, the limited evidence of attempts to enforce rights already enshrined in law reinforces the impression that the state has little stomach for tenure reform and is retreating from the laws passed in the 1990s. Particularly striking is the failure to introduce any legislation in the critical area of land redistribution, which still effectively operates on the basis of an apartheid-era law that simply grants powers to the minister of land affairs to provide people with land. An effective

the state has
little stomach for
tenure reform

law in the area of redistribution would be expected to set out the objectives of redistribution, the rights of people seeking land and the obligations of the state, as already is the case in areas such as housing and water, and to make these provisions subject to scrutiny by the legislature rather than the subject of ministerial discretion as they are at present.

Tenure reform is unlikely to advance in the absence of a wider rethink of land reform, its objectives and its methods. What are needed now are options to secure rights and ensure democratic processes *within* group landholding systems, practical mechanisms to enable people to obtain secure rights at an individual or household level where these are demanded, and low-cost methods of registering rights as a step towards effectively defending them. These are required in the context of both redistribution and resettlement, and for farm occupiers on land owned by others. Such alternatives will require both the abandonment of private ownership as the prime model of landholding in land reform, and a much greater role for the state in land ownership and land rights administration.

References

- AFRA (Association for Rural Advancement). 2006. *Farm dwellers take action against government lack of delivery: Protest sit-in at the RLCC offices in Pietermaritzburg, KZN*. Association for Rural Advancement, Pietermaritzburg Media Statement, 14 June.
- Carey Miller, D.L. with Anne Pope. 2000. *Land title in South Africa*. Kenwyn: Juta.
- Claassens, A. 2003. *Community views on the Communal Land Rights Bill*. Research Report No. 15. Programme for Land and Agrarian Studies, University of the Western Cape.
- Cousins, B. 2007. More than socially embedded: The distinctive character of 'communal tenure' regimes in South Africa and its implications for land policy. *Journal of Agrarian Change* 7(3): 281–315.
- Cousins, T. & Hornby, D. 2002. *Leaping the fissures: Bridging the gap between paper and real practice in setting up common property institutions in land reform in South Africa*. Occasional Paper No. 19. Programme for Land and Agrarian Studies, University of the Western Cape.
- CSIR (Council for Scientific and Industrial Research). 2005. *Review of communal property institutions*. Pretoria: CSIR.
- Del Grande, L. 2006. 'Farms came to the people.' Where have all the farm dwellers gone? Paper presented at the Living on the Margins Conference, Stellenbosch 26–28 March.
- DLA (Department of Land Affairs). 1997. *White Paper on South African Land Policy*. Pretoria: DLA.
- DLA. 2003. *Annual Report: 2002–2003*. Pretoria: DLA.
- DLA. 2007. *Annual Report: 1 April 2006–31 March 2007*. Pretoria: DLA.
- DLA. 2008. *Strategic Plan 2008–2011*. Pretoria: DLA.
- Derman, B., Lahiff, E. & Sjaastad, E. 2006. Strategic questions about strategic partners: Challenges and pitfalls in South Africa's new model of land restitution. Paper presented at the conference 'Land, Memory, Reconstruction and Justice'. Cape Town, 13–15 September.
- Everingham, M. & Jannecke, C. 2006. Land restitution and democratic citizenship in South Africa. *Journal of Southern African Studies* 32: 545–562.
- Hall, R. 2003a. *Farm tenure*. Evaluating Land and Agrarian Reform in South Africa Series No. 3. Programme for Land and Agrarian Studies, University of the Western Cape.
- Hall, R. 2003b. Notes on the CPA Register, 25 May 2003. Unpublished document, Programme for Land and Agrarian Studies, University of the Western Cape.
- Hall, R. 2004a. *Land and agrarian reform in South Africa: A status report 2004*. Cape Town: Programme for Land and Agrarian Studies, University of the Western Cape.
- Hall, R., Isaacs, M. & Saruchera, M. 2007. *Land and agrarian reform in integrated development plans*. Research Report No. 23. Programme for Land and Agrarian Studies, University of the Western Cape.

- Hall, R. & Lahiff, E. 2004. *Budgeting for land reform*. Policy Brief No. 13. Programme for Land and Agrarian Studies, University of the Western Cape.
- Kingwill, R. 2004. Square pegs for round holes? Some questions relating to the emerging land management frameworks in South Africa. Paper presented at the symposium on 'Aligning development planning with communal tenure arrangements in the context of changing legislation in South Africa'. Durban, 9 September.
- Kleinbooi, K., Lahiff, E. & Boyce, T. 2006. *Land reform, farm employment and livelihoods. Western Cape case study: Theewaterskloof Local Municipality*. Cape Town: Programme for Land and Agrarian Studies, University of the Western Cape.
- Lahiff, E. 2000. The impact of land reform policy in the Northern Province, in Cousins, B. (ed.) *At the crossroads: Land and agrarian reform in South Africa into the 21st century*. Cape Town/Johannesburg: Programme for Land and Agrarian Studies, University of the Western Cape/National Land Committee.
- Lahiff, E. 2006. Land tenure data in agriculture and rural development: A critical review of dualism in South Africa. *Land Reform, Land Settlement and Co-operatives*, 2006/1.
- Lahiff, E. 2007. 'Willing buyer, willing seller': South Africa's failed experiment in market-led agrarian reform. *Third World Quarterly* 28(2).
- Lewis, D. 2006. Land: A contended space, in *AFRA News* No. 60, May 2006.
- Maisela, R.J. 2007. Realizing agricultural potential in land reform: The case of Vaalharts irrigation scheme in the Northern Cape province. Unpublished M.Phil thesis, Programme for Land and Agrarian Studies, University of the Western Cape.
- Manenzhe, T. 2007. Post settlement challenges for land reform beneficiaries: Three case studies from Limpopo Province. Unpublished M.Phil thesis, Programme for Land and Agrarian Studies, University of the Western Cape.
- Mayende, G. 2004. The challenge of land tenure reform in South Africa: Issues, problems and prospects, in Roth, M., Sibanda, S., Nxasana, V. & Yates, T. (eds) *Finding solutions, securing rights: Papers and perspectives from the National Land Tenure Conference, ICC, Durban, South Africa*. Pretoria: DLA.
- Mayson, D. 2003. *Joint ventures*. Cape Town: Programme for Land and Agrarian Studies, University of the Western Cape.
- Mayson, D., Barry, M. & Cronwright, R. 1998. Elands-kloof land restitution: Establishing membership of a communal property association. *Proceedings of the International Conference on Land Tenure in the Developing World with a Focus on Southern Africa*. University of Cape Town, 27–29 January.
- Morris, M.L. 1976. The development of capitalism in South African agriculture: Class struggle in the countryside. *Economy and Society* 5(3).
- Nkuzi & Social Surveys (Nkuzi Development Association & Social Surveys Africa. 2005). *Summary of key findings from the national evictions survey*. Polokwane: Nkuzi Development Association. (Full reports published as Wegerif, M., Russell, B. & Grundling, I. 2005. *Still searching for security: The reality of farm dweller evictions in South Africa*. Polokwane: Nkuzi Development Association.)

- Ntsebeza, L. 2006. *Democracy compromised: Chiefs and the politics of the land in South Africa*. Pretoria: HSRC Press.
- PLAAS (Programme for Land and Agrarian Studies). 2006. The impact of land restitution and land reform on livelihoods. Unpublished paper for the Sustainable Development Consortium. Programme for Land and Agrarian Studies, University of the Western Cape.
- SAHRC (South African Human Rights Commission). 2003. *Final Report on the Inquiry into Human Rights Violations in Farming Communities*. Johannesburg: SAHRC.
- Turner, S. & Ibsen, H. 2000. *Land and agrarian reform in South Africa: A status report*. Research Report No. 6. Programme for Land and Agrarian Studies, University of the Western Cape.
- Van den Brink, R., Binswanger, H., Bruce, J. & Byamugisha, F. 2006. *Consensus, confusion, and controversy: Selected land reform issues in sub-Saharan Africa*. World Bank Working Paper 71. Washington DC: World Bank Publications.
- Van der Walt, A.J. 1999. Property rights and hierarchies of power: A critical evaluation of land reform policy in South Africa. *Koers* 2&3(64).
- Walker, C. 2003. Piety in the sky? Gender policy and land reform in South Africa. *Journal of Agrarian Change* 3(1–2).
- Wegerif, M. 2004a. *A critical appraisal of South Africa's market-based land reform policy: The case of the Land Redistribution for Agricultural Development (LRAD) programme in Limpopo*. Research Report No. 19. Programme for Land and Agrarian Studies, University of the Western Cape.
- Wegerif, M. 2004b. Creating long-term tenure security for farm dwellers', in Roth, M., Sibanda, S., Nxasana, V. & Yates, T. (eds) *Finding solutions, securing rights: Papers and perspectives from the National Land Tenure Conference, ICC, Durban, South Africa*. Pretoria: DLA.
- Wisborg, P. & Rohde, R. 2004. *Contested land tenure reform in South Africa: The Namaqualand experience*. Occasional Paper No. 26. Programme for Land and Agrarian Studies, University of the Western Cape.
- Xaba, Z. 2004. *Living in the shadow of democracy*. AFRA News No. 57 May 2004. <http://www.afra.co.za/default.asp?id=1015>

PART 2

ECONOMIC AND POLITICAL
CONSIDERATIONS

DYNAMICS IN 5 THE COMMERCIAL FARMING SECTOR

Ruth Hall



Introduction

Commercial agriculture remains important to the South African economy. In 2007, primary agriculture contributed just under 3% of South Africa's gross domestic product (GDP) (NDA 2008). When taken together with its contributions to upstream industries that provide inputs into agriculture, and downstream industries involved in processing, packaging, distribution and retail, its true economic significance is more substantial. The combined contribution of the agro-industrial sector has been estimated at about 13% (Vink & Kirsten 2003). While the share of GDP from agriculture may be low, primary agriculture remains important to the economy: it provides markets for agricultural inputs; it provides agribusinesses with products for processing; it employs a significant portion of the labour force; it earns foreign exchange; and it ensures that in most years South Africa is a net exporter of agricultural products. All these attributes make commercial agriculture an important part of an export-oriented economic policy.

When considering options for land reform, and whether and where commercial models should be followed, a critical investigation is needed of the policy and economic environment in which farming takes place. While the dynamics of farming by resource-poor farmers in the communal areas has been analysed elsewhere (see Andrew, Ainslie & Shackleton 2003; see also Chapter 6), one must consider what opportunities exist in the commercial sector for redistributive land reform. This chapter considers what is happening in the commercial sector, what opportunities this offers for people entering into (or expanding in) agriculture through land reform, and what systems exist to support new and disadvantaged farmers.

Rapid deregulation

After the dramatic rise in state support for white farmers from the 1930s and 1940s, the commercial farming sector that was built through extensive state interventions in land, credit, input and output

markets went into decline in the 1970s, along with other sectors of the economy. By the late 1980s, agriculture was in serious trouble, with net income and exports in decline, while farming debt had quadrupled in less than a decade. This was not merely an expected 'sectoral decline' in agriculture relative to the rest of the economy, but was also a response to the removal of state support during the 1980s, which resulted in the economic contribution of agriculture declining to 4.6% of GDP in 1990. The estimated 1.3–3.5 million small-scale farmers in the former 'homelands' were excluded from national agricultural statistics (NDA 2008; see also Chapter 6). The White Paper on Agriculture noted that:

The present structure of agriculture and rural communities is characterised...by a very uneven income distribution. This problem can be addressed by broadening access to agriculture via land reform and bringing small-scale farmers into the mainstream of the Government's technical and financial assistance to agriculture. (RSA 1995)

the 1990s saw the elaborate architecture of support... being rapidly dismantled

However, with the advent of democracy, and the need to end state transfers to the already highly privileged white farming sector, the 1990s saw the elaborate architecture of support that had been built up over decades being rapidly dismantled. This involved the reduction in or removal of subsidies, subsidised credit and bail-out programmes, state marketing boards, trade protection, and other related reforms including water and labour regulation. Maize subsidies were abolished by 1993; by 1997, interest rate subsidies and export subsidies had also been brought to an end; and by the time of writing in 2008, price support remained in place only in the sugar industry. By 1998, agriculture's producer support estimate (PSE) was 4%, the lowest in the world after New Zealand and, by 2001, the total annual state spending on agriculture stood at R2.5 billion – just 45% of 1998 levels (Vink & Kirsten 2003).

Marketing of agricultural products, regulated through 22 marketing control boards in a 'single channel', fixed-price monopsony was also brought to an end. While elsewhere in the world, marketing boards have been used to keep producer prices down in order to ensure cheap supply of food and downstream agricultural products and, where possible, to increase state revenue from agriculture, in South Africa they had served the opposite purpose – to redistribute resources from the rest of the economy to the commercial farming sector. Through the 1980s, state price control that maintained high maize prices meant a net welfare transfer from lower-end black consumers to white farmers producing maize (Van Schalkwyk, Groenewald & Jooste 2003). Despite the benefits accruing to farmers, deregulation of marketing was supported by better-off farmers and agribusinesses involved in secondary agriculture, who lobbied to be able to market freely at the end of the sanctions era; this resulted in the 1992 Kassier Commission of Inquiry into agricultural marketing, which affirmed continued trade liberalisation and deregulation, while advocating the retention of state monopolies in certain commodities. The Marketing of Agricultural Products Act 47 of 1996 further confirmed the deregulation of marketing and established the National Agricultural Marketing Council (NAMC) to advise on statutory measures to regulate agricultural marketing. The NAMC has some powers of intervention, including the authority to fix prices and control imports, but has been disinclined to use them. By 1998, all control boards had been privatised, and the new marketing environment saw a proliferation of private marketing and export agents.

In the place of price control, the South African Futures Exchange (SAFEX) was established in 1988 as a futures market for key grain staples: white and yellow maize, wheat, soya, sunflower seeds, and so on. This is the key 'price discovery mechanism' for certain commodities in the post-marketing control era, to provide 'price risk management' and to stabilise prices. However, the Food Price Monitoring Committee found that it contributed to price volatility and overshooting on the basis of perceptions, allowed large players to manipulate prices, was inaccessible to small producers and millers, and was likely to lead to concentration in the medium to long term (NDA 2003).

Outcomes of deregulation

The commercial sector emerging from this era of deregulation is now a mixed picture. Certain commodity sectors, including maize, are in crisis, but there is increased efficiency (narrowly defined) through vertical integration and elaboration of privatised value chains – from production to marketing, processing and packaging, distribution and retail. As a result, agribusiness has thrived at the cost of smaller and poorer farmers, who are unable to take advantage of economies of scale *outside* of primary production. This has changed the dynamics of vested interests in agriculture. Previously, it was assumed (not least by the ANC and its agricultural advisors) that black farmers and consumers would have common interests, but a growing alliance in organised agriculture, through the Presidential Working Group on Agriculture, has forged closer relations between agribusiness, white and black established farmers, and the increasingly important commercial banks (Hall 2004).

Growth in output, incomes and exports

As a result of both the process of deregulation and the liberalisation of the international trade in agricultural goods, major changes have taken place in all areas of agriculture. Total agricultural output grew by 27% between 1995 and 2002. Nationally, South Africa is self-sufficient in field crops and horticulture and nearly so (97%) in livestock. Producer prices grew by 79% in real terms in this period, but input costs grew faster, bringing about a ‘cost-price squeeze’ in some sectors. On the whole, however, agriculture is doing well: gross farming income was R42 billion in 2002 and net income rose from R7 billion in 1994/95 to R23 billion in 2002/03. Capital formation has *doubled* since 1994, and the contribution of agriculture to GDP has increased slightly from 3.2% in 2002. The rapid growth in exports outstripped the growth in imports from 1994 to 2002, with imports rising from R5 billion to R15 billion, and exports rising from R8 billion to R25 billion (NDA 2005, 2008).

Growing inequalities

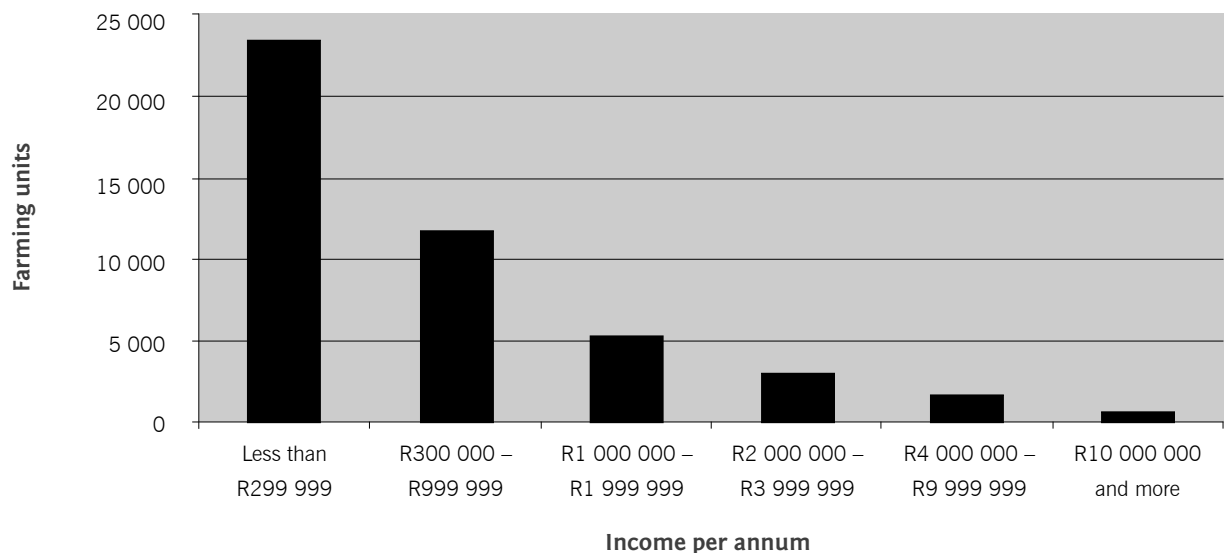
Aggregate agricultural growth, though, masks rising inequalities *within* the commercial farming sector. The distribution of income has grown more unequal, with 51% of all farms earning a gross income below R300 000 a year (see Figure 5.1), while just eight agribusiness companies have a turnover above R1 billion a year (Vink, personal communication).

Consolidation of landholdings and capital

A key trend showing rising inequality since 1994 is the consolidation of ownership of farm land into fewer hands. The number of farming units declined from just over 60 000 to 45 000 in the six years from 1996 to 2002 (NDA 2005, 2008), and it appears that the trend has continued, although updated data are not available. This trend is largely due to consolidation of landholdings into larger units of ownership and production, as farms are acquired by neighbours and become part of a larger farming enterprise, or as larger agribusinesses buy up farms in an area. These farming units may consist of separate farms that are operated as a single unit; in many instances, a single owner (whether an individual or a company) owns more than one farming unit. For this reason, one should expect that the number of commercial farming units exceeds the number of commercial farmers. Although consolidation is antithetical to land reform, it is also ironically the result of restitution

Aggregate agricultural growth, though, masks rising inequalities *within* the commercial farming sector

Figure 5.1: Distribution of income by farming units, 2002



Source: NDA (2005)

production has become more capital-intensive and less labour-intensive

claims involving strategic partnerships taking over multiple farms and putting these under single management, as in the Levubu Valley in Limpopo (Derman, Lahiff & Sjaastad 2006). Alongside this consolidation of land parcels, another process of consolidation appears to be underway in the distribution of agricultural capital in primary production and upstream and downstream industries. In addition, input trends have changed as production has become more capital-intensive and less labour-intensive. Across the horticulture, field-crop and livestock sectors, high-cost forms of agriculture are continuing, with ongoing mechanisation and heavy reliance on pesticides and fertilisers (NDA 2008).

Employment

Employment has declined substantially. The long-term trend, accentuated during the 1990s, has been towards a smaller labour force and an inversion of the proportion of regular to seasonal and casual labour (NDA 2008; Vink & Kirsten 2003). Between 1993 and 2002, total employment declined by 14%, regular employment declined by 26% and total remuneration to employees in agriculture grew by 7% (NDA 2005). During the same period, agriculture shed 150 000 jobs, and dropped from 10.5% to 7.5% of total formal employment between 2001 and 2005. At the same time, skilled employment in agriculture was also in decline (NDA 2008).

Land utilisation

Between 1994/95 and 2002/03 there was a 10% *decline* in the area farmed (NDA 2008). While there is disagreement on the degree of non-utilisation or underutilisation of commercial farmland in South Africa and how to measure this, it does appear that arable land in particular is underutilised, mostly due to being used for grazing rather than cultivation (Aliber 2007, personal communication). Although nationally, 91% of arable land is considered fully utilised, this figure varies substantially by

province: 46% of potentially arable land in Limpopo and 52% in the Northern Cape is reported to be unused (NDA 2008). Further, the past decade has seen the contraction of farming, as more land is taken out of agricultural production altogether to make way for non-agricultural land uses, through conversion to game farms (a trend noted in most provinces of the country), golf courses (specifically on the Southern Cape and KwaZulu-Natal coastlines), and, in similar areas, for housing and holiday estates.

Cheap credit led to heavy borrowing and 'over-mechanisation' in the 1970s and 1980s, at times resulting in negative real interest rates (i.e. it was actually profitable for farmers to be in debt). By 1997, the Agricultural Credit Board, which had bailed out bankrupt white farmers, was disbanded. In 2002, farmers paid nearly R3 billion in interest to debtors, for a total farming debt of approximately R30 billion, which rose to R36.7 billion by 2006. Commercial banks have emerged as dominant creditors in agriculture (R12.2 billion), followed by private persons (R6.2 billion), the Land Bank (R5.4 billion), co-operatives (R3.3 billion) and government departments (R371 million) (NDA 2005). The share of this debt is highest among those farms generating less than R300 000 gross income a year (see Figure 5.2). This supports the view that smaller owner-operated enterprises, while still prevalent, are being squeezed out of the sector in favour of larger corporate entities.

smaller owner-operated enterprises... are being squeezed out of the sector

Because the majority of farms have an income below R300 000, these are also the farms where the bulk of agricultural employment is located, even though they employ fewer workers per farm than the larger enterprises with higher incomes (see Table 5.1).

Sectoral trends

Within this broad picture, sectoral changes (in the field-crop, horticultural and livestock sectors) are also significant.

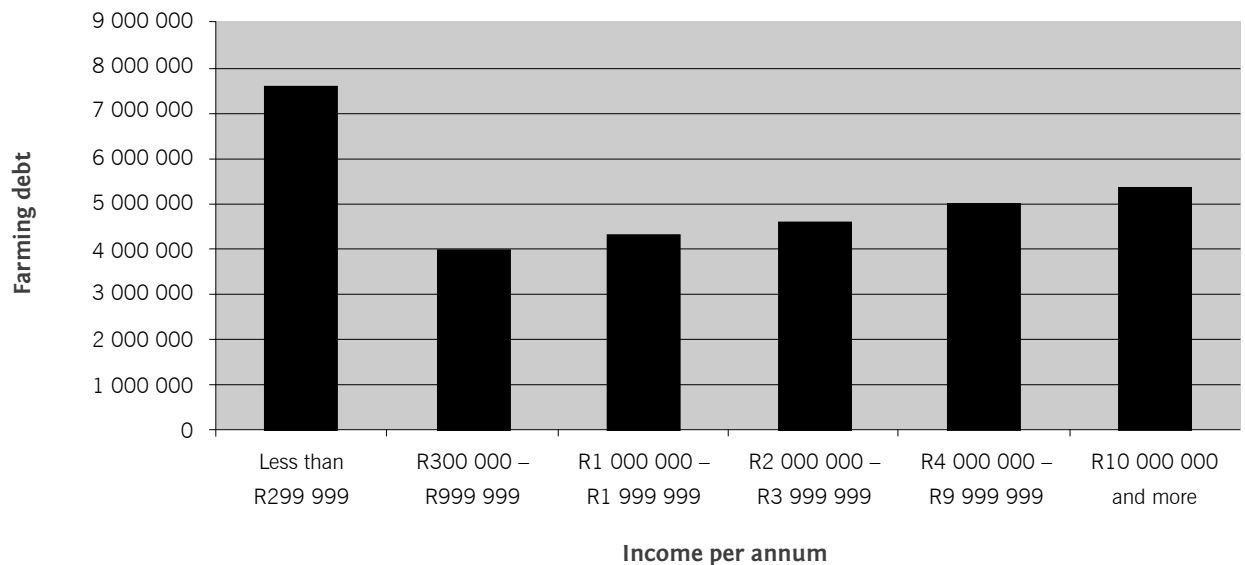
Field crops

In the field-crop sector, real gross income increased by 66% between 1993 and 2002 (NDA 2005) and is expected to continue its rise in output and area planted, including sugar cane, sunflower and soya (not least due to the growing demand for crops for biofuel production). At the same time, the areas planted to maize and wheat declined by 31% and 24%, respectively, between 1993/94 and 2004/05; yet South Africa typically has a surplus of maize at a national level (amounting to 3 million tonnes in 2008), with production exceeding domestic consumption by people and animals by about 50% each year. Other sectors in decline in terms of area planted are grain sorghum, groundnuts, rye, cotton and tobacco.

Horticulture

In the horticultural sector, gross income increased by 53% in real terms between 1993 and 2002. Key shifts here have been the rising output and increases in the value of production in apples, apricots, grapes, pears, peaches, plums, figs and strawberries over this decade. Within the sector, a major shift has been from other fruit to wine grapes, and growth in value-adding on-farm in the form of wine cellars. Substantial growth in the volume of output in certain vegetables in response both to

Figure 5.2: Distribution of farming debt by income, 2002



Source: NDA (2005: 10)

Table 5.1: Employment and debt by income category

Income per annum	Employees	Farming units	Average employment per farming unit	Farming debt (rands)
Less than R299 999	241 124	23 428	10.29	7 627 781
R300 000–R999 999	137 028	11 805	11.61	3 984 586
R1 000 000–R1 999 999	128 835	5 214	24.71	4 323 896
R2 000 000–R3 999 999	124 956	3 041	41.09	4 567 368
R4 000 000–R9 999 999	148 366	1 657	89.54	5 024 005
R10 000 000 and more	160 511	673	238.50	5 330 225

Source: NDA (2005: 10).

growing domestic demand and new export markets saw new areas planted to horticulture and rising producer prices (NDA 2008).

Livestock

In the livestock sector, gross income rose only slightly by 10% between 1993 and 2002 (NDA 2005). Cattle numbers rose by 10% between 1994 and 2004 in the commercial areas, where slaughtering also increased, and the unknown cattle numbers in communal areas are also understood to be growing substantially (Andrew et al. 2003). Despite increased production, South Africa imports

nearly 10% of the beef it consumes. Similarly, the poultry industry (both meat and eggs) is growing, but South Africa has rapidly become a net importer of white meat, as consumption grew 71% in the 10 years since 1994. Sheep and goats, though, are in gradual decline, as are wool products (although the proportion produced by black farmers is growing). These data do not reflect, however, the substantial and growing production, slaughter and sale of sheep and goats in the informal market, none of which is captured in national agricultural data.

Support for new or poor farmers

An anomaly of state policy currently is that, while non-market options for moving ahead with land reform are under discussion, the economic and policy environment into which new farmers enter is not undergoing the same degree of critical discussion (see, however, Chapter 9 on some movement in this direction). Despite the apparent about-face in agricultural policy, continuities underlie these changes, specifically the approach to supporting small farmers. Having privatised the systems that created privilege, state intervention in favour of small-scale and resource-poor farmers has tended to be on a 'project' basis rather than intervening in markets.

The state has taken a number of initiatives to support land reform beneficiaries, among other 'emerging' farmers and small farmers in communal areas, all of which have been seriously underfunded. The Broadening Access to Agriculture Thrust (BATAT) of the mid-1990s, including farmer support and production loans, failed to materialise, and the Farmer Settlement Programme (FSP) responsible for post-transfer agricultural support had no dedicated national capital budget until 2004, although in some provinces infrastructure grants were provided (Jacobs 2003). The FSP has now risen to 18% of the national budget for agriculture and, despite being redefined and renamed 'Livelihoods Development Support', remains a farmer settlement system, with limited reach, rather than a mechanism for restructuring the economic and market environment for new entrants (National Treasury 2007).

The key framework for providing agricultural support to new farmers is now the Comprehensive Agricultural Support Programme (CASP), established in 2004 for 'emerging farmers' and allocated R750 million over the three-year medium-term expenditure framework (MTEF). A recent review of CASP found that, in most regions, infrastructure was the only form of support provided, co-ordination with the land reform process was inadequate and, despite high levels of demand, there was underspending due to bureaucratic procurement procedures (DoA 2007). Support in the form of technical advice, training, marketing, production inputs and risk management had been largely ignored by implementers, and while some land reform beneficiaries had access to CASP funds, in other areas officials directed these away from land reform towards emerging farmers considered to be more commercially oriented (DoA 2007). Contrary to its name, then, CASP is far from comprehensive, both in the types of support made available and in its reach. The review identified some of the inherent limitations of the grant-based model of support, which appears to be based on the Land Redistribution for Agricultural Development (LRAD) programme. It concluded that CASP would need to be revised and would need to be 'couched within a common vision of land and agrarian reform that is shared by agriculture and land affairs (nationally and provincially)' (DoA 2007: 2).

state intervention in favour of small-scale and resource-poor farmers has tended to be on a 'project' basis rather than intervening in markets

less than one
in twenty
land reform
beneficiaries has
access to either
of these facilities

A further area in which support has been somewhat reintroduced is credit. As the Land Bank was restructured to become self-financing, albeit with a 'development mandate', it introduced market-related interest rates and now provides preferential lending only on the slightly discounted Special Mortgage Bond (SMB). It also administers the Micro Agricultural Finance Institutions of South Africa (MAFISA), for which it *does* receive budgetary transfers. MAFISA, presented as a new version of the Agricultural Credit Board, was capitalised with nearly R1 billion over the MTEF in 2005/06, and is available only to black South Africans with gross off-farm monthly incomes below R20 000 (DoA 2005). By 2007, 900 applications had been approved, and CASP had supported 19 518 land reform beneficiaries (National Treasury 2007). At the most generous estimate, this suggests that certainly less than one in twenty land reform beneficiaries has access to either of these facilities, and by 2007, while CASP funding was projected to rise, other crucial budget lines for the DoA were in decline (see Table 5.2).

State-supported co-operatives in input-supply, marketing and value-adding were mechanisms that had considerable success in supporting white farmers in the past. While these have been privatised, and some closed down, the model is an important one for disadvantaged producers who face substantial obstacles to selling their produce on reasonable terms, or to extending into processing and value-adding. While production co-operatives may be appropriate in some contexts within land reform, it is these other co-operatives that have the greatest potential to enable small farmers to overcome market barriers related to scale, and which may also create a basis for organisation and the building of political voice. Co-operatives are now an element of the ANC's strategy for economic transformation, featured in a resolution it adopted at its national conference in Polokwane in December 2007; and the government has adopted legislation with the intention of supporting those co-operatives in which poor and disadvantaged people come together to engage in economic activities (see Box 5.1).

Box 5.1: The Co-operatives Act 14 of 2005

The Co-operatives Act signalled the government's intention to support the emergence of co-operatives, an initiative driven by the Department of Trade and Industry (DTI) as a means of galvanising resources for broad-based and pro-poor development. The aims of the Co-operatives Act are, *inter alia*, to 'promote equity and greater participation by black persons, especially those in rural areas, women, persons with disability and youth in the formation of, and management of, co-operatives' and to 'ensure the design and implementation of the co-operative support measures across all spheres of government'

Table 5.2: Budget allocations to selected programmes of the NDA, 2007/08–2009/10

	2007/08	2008/09	2009/10
Livelihoods Development Support	731	753	704
CASP	415	435	478
Land Bank (MAFISA)	248	247	146
Agricultural Research Council (Current)	409	428	456
Agricultural Research Council (Capital)	80	87	67

Source: National Treasury (2007:483–485)

(Section 2(d), 2(h)). Five categories of people qualify for state support: black, women, youth, disabled, rural areas (Section 8(2)(c)).

It has been in the private sector, sometimes with state support, that specific steps have been taken to improve market access for new small farmers, as well as those who are already established in the communal areas but face many of the same problems as land reform beneficiaries. Private sector initiatives are largely commodity-specific, led by the commodity sector organisations affiliated to AgriSA and, in some cases, to the National African Farmers' Union (NAFU). In particular, the wine, fruit, sugar, wool, grain and red meat sectors, among others, have programmes to support 'emerging' farmers, and these differ greatly in terms of both the extent of their reach and the scale of their support. An initiative in the wool industry, jointly driven by the private sector and the state, provides an important model for co-ordinated support for production and co-operation among smallholders (see Chapter 8).

Recently, the government has recognised the need for land acquisition, settlement support and production support to be integrated and delivered in a coherent manner. Until now, acquisition of land through LRAD, for instance, has been disconnected from provision of support through CASP. Though applicants may apply for both, these systems have not been connected, meaning that people getting land may or may not receive support through CASP, and, if they do, the timing may not be aligned. This fragmented approach, delivered through different institutions and application processes, with different planning and priority frameworks and budgeting systems, is now a central obstacle to improving support to new, small and disadvantaged farmers.

people getting
land may or
may not receive
support through
CASP

Conclusions

Restructuring in the farming sector, then, has entailed simultaneous growth and decline in commercial farming, and an increasingly stark contrast between the winners and losers in the process of deregulation and liberalisation. A crucial decision for the future of agrarian reform, thus, is where restructuring should be focused – at the top end of the spectrum, where a few very large agribusinesses dominate, or on the smaller white farmers, many of whom are in debt and employ fewer workers per farm.

As the policy and economic environment changes, agriculture is repositioning itself, in response to deregulation and removal of subsidies, changes in prices for marketed produce and for inputs into production. A study by the UN Food and Agriculture Organisation (FAO) on the 'roles of agriculture' noted that South Africa's commercial farming sector is functional for growth in the national economy by increasing incomes from exports, but that this economic benefit is being captured by a narrow stratum of producers and marketing agents (FAO 2003). In other words, the economic challenge is to broaden the *distribution of incomes* from agriculture. The social role of commercial agriculture is increasingly dysfunctional, in that it is providing fewer livelihoods and exacerbating poverty and inequality in the population as jobs are shed (FAO 2003).

economic
benefit is being
captured by a
narrow stratum
of producers and
marketing agents

The state has met the economic objective of saving on subsidies and forcing competitiveness in agriculture (including allowing farmers to go bankrupt), and it has met the political objective of ending its alliance with white farmers and leveraging support for emerging farmers from the private

sector and organised agriculture. However, the anticipated policy priority for black and small-scale farmers has not materialised. The political justification for removing state support – that black farmers would stand to gain – has simply not been borne out.

References

- Andrew, M., Ainslie, A. & Shackleton, C. 2003. *Land use and livelihoods*. Evaluating Land and Agrarian Reform in South Africa Series, No 8. Programme for Land and Agrarian Studies, University of the Western Cape.
- Derman, B., Lahiff, E. & Sjaastad, E. 2006. Strategic questions for strategic partners: Challenges and pitfalls in South Africa's new model of land restitution. Paper presented at the Conference on Land, Memory, Reconstruction and Justice: Land Restitution in South Africa. Houw Hoek Inn, 13–15 September.
- DoA (Department of Agriculture). 2005. MAFISA pilot project credit policy. Unpublished policy document.
- DoA. 2007. *A national review of the Comprehensive Agricultural Support Programme*. Pretoria: DoA.
- FAO (Food and Agriculture Organisation). 2003. *National report: South Africa*. Agricultural and Economics Division of the Food and Agriculture Organisation of the United Nations. Roles of Agriculture Project, International Conference 20–22 October, Rome.
- Hall, R. 2004. A political economy of land reform in South Africa. *Review of African Political Economy* 100: 213–227.
- Jacobs, P. 2003. *Support for agricultural development*. Evaluating Land and Agrarian Reform in South Africa Series No. 4. Programme for Land and Agrarian Studies, University of the Western Cape.
- National Treasury. 2007. *Estimates of national expenditure 2007/08*. Pretoria: National Treasury.
- NDA (National Department of Agriculture). 2003. *Food Price Monitoring Committee: Final Report. Part 1: Summary Report*. December.
- NDA. 2005. *Census of commercial agriculture 2002: Financial and production statistics*. Pretoria: NDA/Statistics South Africa.
- NDA. 2008. *Abstract of agricultural statistics*. Pretoria: NDA.
- RSA (Republic of South Africa). 1995. *White Paper on Agriculture*. Pretoria: DoA.
- Van Schalkwyk, H., Groenewald, J. & Jooste, A. 2003. Agricultural marketing in South Africa, in Niewoudt, L. & Groenewald, J. (eds) *The challenge of change: Agriculture, land and the South African economy*. Pietermaritzburg: University of Natal Press.
- Vink, N. & Kirsten, J. 2003. Agriculture in the national economy, in Niewoudt, L. & Groenewald, J. (eds) *The challenge of change: Agriculture, land and the South African economy*. Pietermaritzburg: University of Natal Press.



AGRICULTURAL EMPLOYMENT SCENARIOS **6**

Michael Aliber,
Mompoti Baiphethi
and Peter Jacobs

Introduction¹

Agriculture is often held up as a sector in which much employment can be created, not least because it is allegedly characterised by a relatively low ‘cost-per-job’. However, long-term trends in South Africa suggest that, at least in terms of employment on commercial farms, agriculture as a source of employment is in decline. One question, therefore, is whether this trend can be halted or, better, reversed. Another question is whether there are alternative ways in which agriculture can be harnessed for the national good, with the two obvious candidates being redistributive land reform, on the one hand, and agricultural development within the former homelands, on the other. However, to date, the former has proceeded slowly and performed poorly, and the latter has scarcely happened at all.

Despite this apparently bleak picture, the potential contribution of agriculture in pursuit of the national objectives of job creation and poverty reduction will remain an urgent issue. There are various reasons for this, not the least being that, on the face of it, agriculture is suited to assist in poverty reduction where it is most concentrated – in rural areas. Secondly, there is a near consensus in the international literature that agriculture is a vital sector in promoting economic development, generally, and in assisting poverty reduction, specifically.

This chapter seeks to re-examine the potential of agriculture to contribute to job creation and poverty reduction in South Africa. It does so mainly through a simple spreadsheet-based ‘scenario analysis’ that seeks to illustrate what is conceivable, complemented by commentary as to what is feasible and likely. It is a re-examination in the sense that there have been various earlier attempts to do much the same, but on a more piecemeal basis. A significant contribution along these lines, for example, is the two-volume set entitled *Land, labour and livelihoods in rural South Africa* (Lipton, De Klerk & Lipton 1996; Lipton, Ellis & Lipton 1996), which contains numerous case studies illustrating the potential impacts of different policies, particularly those related to redistributive land reform. The difference between this and earlier efforts is mainly one of time – this exercise has the advantage of looking back over ten years of post-apartheid agricultural and land policy, which has somewhat informed our understanding of current trends, of what is possible, and what the constraints are that we face. The

¹ This chapter was prepared originally as a paper for the Centre for Poverty, Employment and Growth of the Human Sciences Research Council (HSRC). The authors wish to acknowledge the contribution of those who participated in the initial Agricultural Employment Scenarios Workshop of 14 May 2007, including PLAAS, and, in particular, the assistance of Ferdi Meyer and PG Strauss from the Bureau for Food and Agricultural Policy.

current exercise is also, however, different in terms of operating at an aggregate level rather than in terms of a concrete, well-founded empirical case study. This is an advantage as well as a weakness. The advantage is that the question of agriculture's contribution to jobs, livelihoods and poverty reduction is very much a national one, and can best be appreciated by considering it in this fashion. The weakness is that the present exercise remains quite crude, for example by not seeking to quantify second-order effects, by not placing a clear cost on the different possible policies, by not capturing important local differences and by not examining resource constraints.

This chapter is organised as follows: the following section summarises current trends in each of the three 'vehicles' under consideration – commercial agriculture in 'former white rural South Africa', agriculture in former homelands and redistributive land reform. The core of the paper follows thereafter, and presents alternative possible future agricultural employment scenarios and their implications. The chapter closes with a few concluding remarks.

Current realities and trends

Employment on commercial farms

There is broad agreement that there has been a long-term absolute decline in employment on commercial farms. Figure 6.1 captures these trends since 1950 and shows that from around 1970, there has been a fairly consistent decline in farm jobs, notwithstanding some volatility. The relatively rapid decline in regular versus casual/seasonal farm jobs since the mid-1980s implies a gradual process of casualisation of the agricultural labour force.

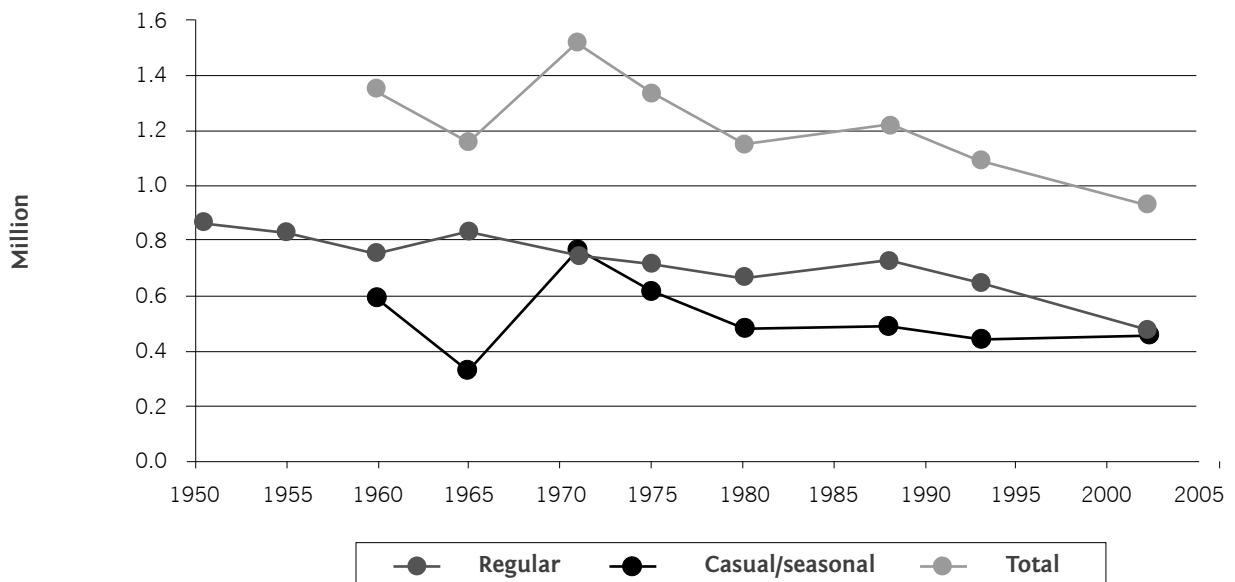
Table 6.1 presents a rough snapshot of the four most significant sources of employment in former white rural South Africa as of September 2002. The table establishes the dominant contribution of agricultural employment as a source of jobs, though it ranks second to mining in terms of the income from those jobs.

Given the downward trend up to 2002 (shown in Figure 6.1), one can surmise that agriculture's dominance was even greater than is evident from the 2002 *Labour force survey* (LFS) data. The implication is that the process of job shedding has had enormous consequences for employment and livelihoods in former white rural South Africa, but also that it appears set to continue declining. Having said this, it is important to point out that over this same period, the actual farm wage bill was increasing, as shown in Table 6.2.

the dramatic
decline in
commercial
farming units...
resulted in a
rapid increase in
average farm size

The relatively sharp real increase between 1993 and 2002 in the average remuneration per employee does not, as one might suspect, reflect the introduction of the sectoral determination (minimum wage) in agriculture, since that did not take effect until 2003. It most likely rather reflects the growing premium farmers were prepared to pay their smaller, skilled core of regular workers. At the same time, one can see that capital expenditure per farm increased at roughly the same rate as the average wage bill per farm. However, bearing in mind that the former is essentially a capital expenditure and the latter an operational cost, the pattern reveals the steady process of farm capitalisation, all the more necessary because of the dramatic decline in commercial farming units over this period, which resulted in a rapid increase in average farm size.

Figure 6.1: Farm worker jobs on commercial farms, 1950–2002



Sources: Bureau of Census and Statistics (1953, 1958, 1962); Department of Statistics (1967, 1974, 1977); Central Statistical Service (1985, 1991, 1998); Stats SA (2005a)

Table 6.1: Approximate employment and earnings shares in former white rural South Africa, 2002

	Employment share	Earnings share
Agriculture	37%	24%
Mining	11%	31%
Educators, nurses, etc.	8%	16%
Domestic	21%	7%

Source: Estimated from Stats SA (2002b)

All of this points to the fact that South Africa has followed the same path as other land-extensive agricultural economies around the world. The pattern of change does not particularly appear to be an adjustment to the rather abrupt liberalisation of South Africa's agricultural markets in the early and mid-1990s, nor a greater export orientation, which allegedly followed market liberalisation (in fact, the export share of agriculture was higher in the early 1970s than in the early 2000s), nor overwhelmingly labour 're-regulation' (the trend is evident earlier, though it may well have been aggravated by this process). If anything, there appears to be a strong correlation between the downsizing of the agricultural labour force and farm consolidation. In the Free State, for example, the correlation coefficient between the decline per district between 1993 and 2002 in the number of farm jobs versus the number of farming units is 0.53. The farm consolidation trend in South Africa is pronounced: as shown in Table 6.2, in 2002 there were half as many farming units as in 1971.

Table 6.2: Selected figures on commercial farms, 1971–2002

Year	Commercial farms	Employment	Average employees/farm	Average remuneration/employee (R/worker/year)	Wage bill (R million)	Average wage bill/farm (R)	Average expenditure on fixed implements and machinery/farm
1971	90 422	1 516 013	17	2 884	4 371	48 345	68 978
1985	65 880	1 323 694	20	4 330	5 732	87 000	93 386
1993	57 980	1 093 265	19	4 806	5 254	90 625	71 695
2002	45 818	940 820	21	6 607	6 216	135 658	142 857

Sources: Department of Statistics (1974); Central Statistical Service (1986, 1998); Stats SA (2005a)

Note: All rand figures in constant 2002 rand

Given the fact that even while agricultural employment has declined, the aggregate wage bill for agriculture has increased in real terms, what are the implications for black rural households living in former white rural South Africa? The implications are presumably that there is growing inequality among them (though not particularly stark in the greater scheme of things, given that skilled agricultural workers are certainly not getting rich at present) and, more importantly, that fewer and fewer households have farm employment as a source of income, particularly as a *steady* source of income.

there is scope for intensification of agriculture in certain areas

In principle, there is scope for intensification of agriculture in certain areas, for example, Mpumalanga and KwaZulu-Natal, which would probably result in an increase in labour demand. However, this assumes success in gaining better access to export markets (Vink, Kirsten & Tregurtha 1999; Carstens, Rust & Alleman n.d.). In the present deregulated state of agricultural commodity markets, the government appears to have little influence in encouraging specific patterns of agricultural investment. In any event, between 1993 and 2002, regular farm employment declined especially precipitously in KwaZulu-Natal and Mpumalanga, while non-regular employment declined there as well, though less dramatically.

While the multiplier effects of agricultural investment and growth are often lauded, less attention is paid to the negative spillovers associated with the downsizing of the agricultural labour force, and the evictions that are sometimes the means of this downsizing. These spillovers include the mushrooming around towns and cities of informal settlements, whose residents local government is often ill-prepared to support, and the disintegration of social networks (Atkinson 2007; Nkuzi & Social Surveys 2006).

Self-employment and employment in former homelands

According to the LFS, over the period 2000–2006, the number of black people practicing agriculture at some scale increased from 3.5-million to 4.5-million, generally keeping pace with rural population growth (see Figure 6.2). Although we have not sought to establish how much of this is in former homeland areas, it is reasonable to suppose that most of it is. At the same time as this steady increase, however, there was a conspicuous move away from producing as a *main* source of food towards producing as an *extra* source of food. This is most probably due to the ever-greater penetration of social grants, which makes people less absolutely dependent on agriculture. On

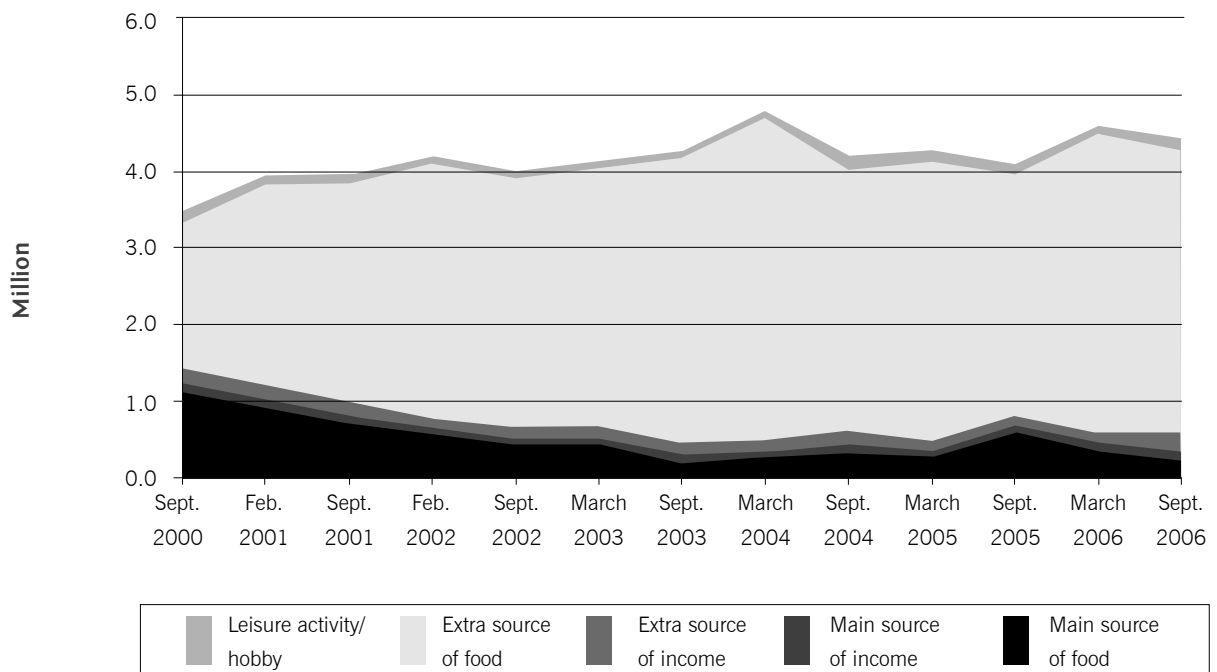
average, households that engage in agriculture as a main source of food are poorer than those that practice agriculture for some other reason. In addition, the shift from agriculture as a main source of food to some other reason is typically associated with an increase in income, though we are not necessarily able to identify its source (Aliber 2005).

Whether or not this interpretation is correct, one is struck by the paradox that so many individuals and households engage in agriculture, and yet it does not seem to offer a route out of poverty. It would seem that the number of people who might be described as emerging commercial farmers (those who farm as a main source of income) is low and remaining so. Yet, according to some estimates (DME 2006), there are 3 million hectares of underutilised, high-potential arable land in the former homelands, compared with a total of only 12 million hectares of arable land in commercial farming areas.

What accounts for the underutilisation of this land is complex and contested; however, it does suggest a significant opportunity that should be seized. Indeed, there are claims on technical grounds of massive possible increases in agricultural (self-)employment in former homeland areas, depending on the availability of comprehensive interventions and sizeable budgets (Walters & Van der Merwe 1998). There is also a suggestion that agriculture’s superior forward and backward linkages are such that the indirect benefits from such interventions would be significant (Carstens et al. n.d.). However, there is little evidence of substantial interventions of any kind in former homeland areas. Moreover, the implementation of the Communal Land Rights Act 11 of 2004, which is meant to ‘improve the possibilities for better economic utilisation of communal land’ (South African Government 2007), has not begun, except for a handful of recent pilots. Thus, one cannot yet speak of its economic effects.

there are... massive possible increases in agricultural (self-) employment in former homeland areas

Figure 6.2: Number of black agricultural practitioners, by ‘main reason’, 2000–2006



Sources: Stats SA (2000, 2001a, 2001b, 2002a, 2002b, 2003a, 2003b, 2004a, 2004b, 2005b, 2005c, 2006a, 2006b)

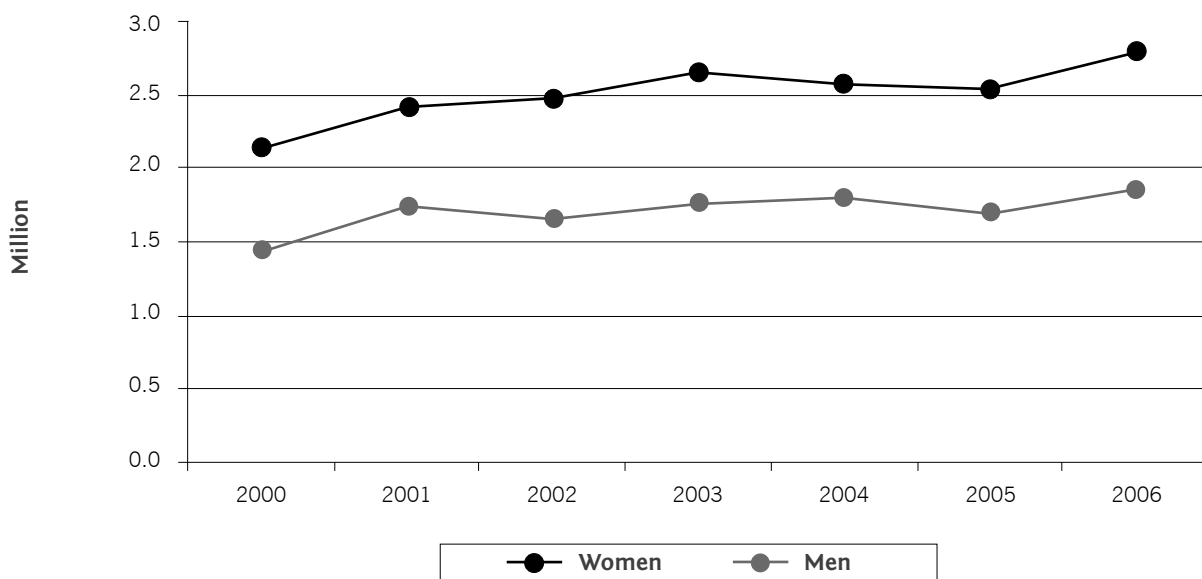
It is worth considering the gender of those who are self-employed in agriculture. Figure 6.3 shows trends in the numbers of black women and men over the same period as in Figure 6.2. The figure reveals two things: first, there are approximately 50% more black women engaged in agriculture than men; and, second, women's and men's participation in agriculture have been growing at roughly the same rate.

Figure 6.4 takes this one step further by comparing women's and men's main reasons for engaging in agriculture. What it shows is that the large gap between the overall numbers of women and men engaged in agriculture can be attributed mainly to the much larger number of women who practice agriculture as a means of deriving an extra source of food. What might be more surprising, however, is that in respect of the other possible main reasons for farming, women and men are largely on a par, and this includes those who practice agriculture as a means of securing an extra or main source of income.

Self-employment and employment via land reform

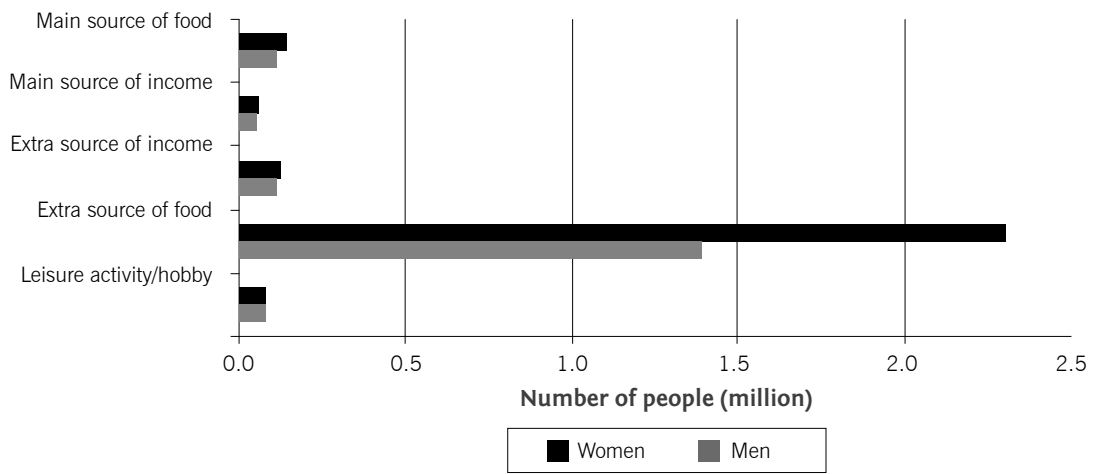
There are claims that land reform can contribute significantly to increased labour absorption in agriculture. This is thought to be possible due to an expected inverse relationship between farm size and productivity, such that smaller farms absorb more labour per unit of land. The ultimate relationship between labour intensity and farm size depends on the availability and uptake of efficiency-enhancing labour-using technologies, both in the smallholder sector and among commercial farms (Vink et al. 1999). However, the relevance of the inverse farm size-productivity relationship has been contested. Sender and Johnston (2004), for example, suggest that the empirical evidence in favour of such a relationship is mixed and sometimes exaggerated. In one of the few studies that has sought to compare the labour intensity of redistributed land before and after transfer in South Africa, Aliber, Masika and Quan (2006) found that, for the particular example of

Figure 6.3: Black participants in agriculture, by gender, 2000–2006



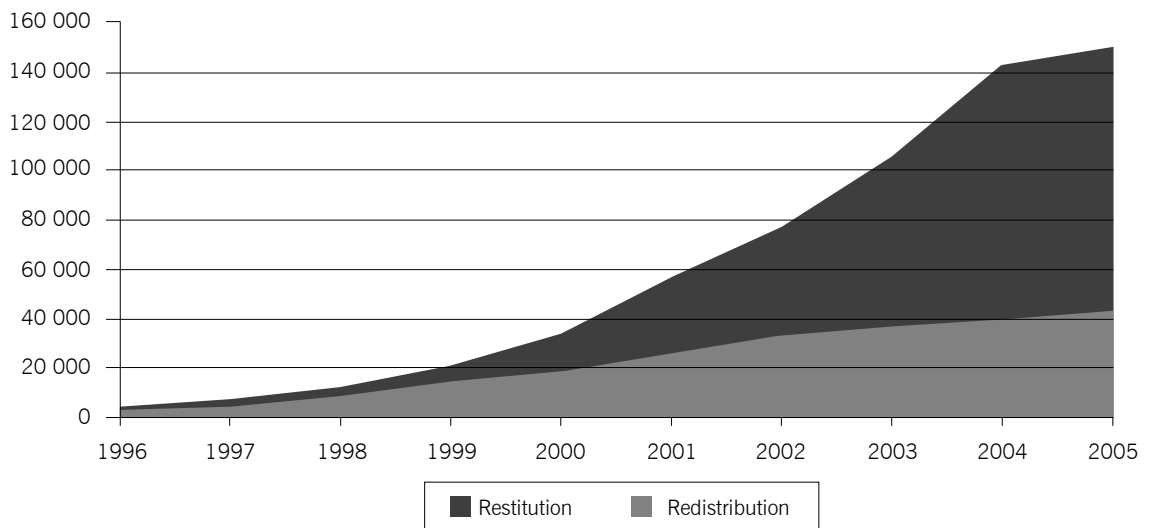
Sources: Stats SA (2000, 2001b, 2002b, 2003b, 2004b, 2005c, 2006b)

Figure 6.4: Participation of black women and men in agriculture, by ‘main reason’, 2006



Source: Stats SA (2006b)

Figure 6.5: Cumulative number of land reform beneficiaries, 1996–2005



Source: Estimated from DLA (2006)

Elliot District, Eastern Cape, there was a modest net increase in the number of land-based livelihoods associated with the redistributed land, but that much of it was relatively poorly remunerated.

The scale of redistributive land reform to date is modest but also difficult to quantify, given data problems and questions around the interpretation of data (see Figure 6.5). There is general agreement that redistributive land reform (both redistribution and restitution) is not creating livelihoods (even in gross terms) at anywhere near the rate that the delivery figures might suggest, largely because for an unknown but non-trivial share of projects, the land remains idle (if not entirely, then at least in terms of its arable potential).

The net impact of land reform on labour absorption is unknown, in terms of both direct (farm-level) and indirect effects. In terms of direct effects, in many cases the decline in production is such that the profits from farming accruing to beneficiaries is well below the farm wage bill paid on the same farm prior to transfer. However, non-monetary benefits are evident, and the number of people having a livelihood stake in a given farm may be greater.

Summary

Table 6.3 summarises the current levels and recent shifts in various categories of agricultural employment and self-employment.

Agrarian structure scenarios

Introduction

This section presents stylised scenarios depicting different ways in which South Africa's agrarian structure could conceivably change, while drawing out the implications for employment and self-employment in the agricultural sector. The purpose of the exercise is not to determine what is likely, nor *ex ante* to exclude that which might seem implausible. In the first instance, the purpose is to conduct simple experiments that allow us to see 'how much difference it makes' if the agricultural sector is structured one way rather than another.

The scenarios evolved out of a collective process, beginning with a workshop held in May 2007 to discuss and examine alternative agricultural employment scenarios. The workshop itself was inconclusive (owing in large measure to disagreement as to whether or not scenarios could or should be policy driven). However, following the workshop, participants were invited to submit scenarios in writing, with a scenario understood broadly to mean a 'possible agrarian structure'. Six people submitted a total of 12 scenarios for consideration. There was a fair amount of convergence among some of the proposed scenarios, though they combined different elements of agrarian restructuring or non-restructuring in different ways, and some appeared to have contrasting views as to the desirability of what ostensibly are the same or similar developments.

In order to compare and summarise, it became clear that the simplest approach was to consider the elements of the scenarios, rather than the scenarios themselves. In this respect, the major distinction was between 'former white rural South Africa' and the former homelands. Table 6.4 summarises the different distinct scenarios that were considered in respect of each of these, following which they are described in more detail. This is not to deny that there may be logical affinities between certain of the 'former white rural RSA scenarios' and some of the 'former homeland scenarios'; but these affinities are not paramount and, in any event, are more easily considered 'after-the-fact'. The scenarios are not listed in any particular sequence, save that for each variety, the first scenario listed is effectively the status quo option.

First-order estimates and discussion

This section presents order-of-magnitude estimates regarding the 'employment outcomes' of the scenarios sketched above, and discusses their policy implications and feasibility. 'Employment

Table 6.3: Summary of current forms of employment in agriculture

Form of employment	Approximate number (year)	Recent changes (period)	Sources and notes
Commercial farm employees	480 000 regular (2002)	-170 000 (1993–2002)	Agricultural censuses. There is a minor issue of non-comparability between the 1993 and 2002 census, in that the latter included commercial farms in former homelands while the former did not. However, employment on these newly included farms appears to be minimal.
	460 000 casual/seasonal (2002)	+14 000 (1993–2002)	Agricultural censuses. Casual worker numbers are fairly volatile, so one should interpret with care.
	780 000 estimated total (2005)	-300 000 (1993–2005)	Trend since 2002 estimated using percentage change according to LFS between 2002 and 2005; note, however, that LFS and agricultural census are not easily comparable.
Communal areas	200 000 'smallholders' and medium-scale commercial farmers (2005)	+/-0 (2000–2006)	LFS. Trend is uncertain owing to changing sampling frame of LFS, but probably little or no change.
	4–4.5-million 'semi-subsistence' (2006)	+200 000 to 1 million (2000–2006)	LFS. Trend is uncertain owing to changing sampling frame of LFS, but probably is large. Note that we do not know for certain what proportions of these individuals are within the former homelands, but presume that most are. The 4 million individuals belong to approximately 2 million households.
Land reform	44 000 redistribution (2005)	+ 44 000 (1995–2005)	DLA data. Questionable both in quantity and quality.
	110 000 restitution (2005)	+110 000 (1995–2005)	DLA data. Questionable both in quantity and quality.
Agro-processing	380 000 (2005)	-150 000 (1990–2005)	NALEDI (2007) with data from LFS. The authors caution about the reliability of the pre-2005 data. The 380 000 includes formal (approx 80%) and informal (approx. 20%); the decline since 1990 is based on NALEDI's calculations from TIPS EasyData, which appear to exclude the informal sector.

outcomes' are disaggregated into five categories, in order to avoid treating qualitatively different types of land-based livelihoods as though they are equivalent:

- *Formal agricultural employment* – Wage employees in primary commercial agriculture, including both regular and seasonal/casual. No distinction is drawn here between employment in different agricultural sub-sectors or different skill levels, nor between employment on white-owned or black-owned large-scale commercial farms.

Table 6.4: Overview of possible agricultural scenarios

Former white rural South Africa scenarios	Former homeland scenarios
1. Continuation of current trends + failed redistributive land reform	A. Continued stagnation of former homeland agriculture
2. Intensification of commercial agriculture through state-led incentives and investments	B. Re-peasantisation
3. Successful large-scale redistributive land reform + maintenance of productive core of white commercial farms	C. Internal commercialisation and consolidation
4. De-racialisation of commercial agriculture	D. Commercialisation by way of selling out/off
5. Public estate farming	
6. Large-scale non-productive populist redistributive land reform	

- *Large-scale black farmers* – Emerging black farmers on a scale consistent with the Land and Agrarian Reform Project (LARP) recently tabled by the Ministry of Agriculture and Land Affairs, which entails farms much larger than is the case with current redistribution projects, but only about one-quarter as large as the average white commercial farm. The current number of such farmers is very difficult to ascertain; thus, we depended partly on the 2002 Agricultural Census (which, for the first time, included commercial farmers in the former homelands) and a percentage of redistribution beneficiaries.
- *Smallholder black farmers* – Small-scale producers who consistently market a surplus but who do not necessarily regard agriculture as a full-time activity, or necessarily as the only source of income. Establishing the average size of such farms is guesswork, given that the definition itself is so imprecise.
- *Semi-subsistence producers* – All other black producers, who engage in agriculture mainly for own-consumption purposes, but not precluding occasional sales. The current number of such producers is taken from the LFS, in particular the question asking whether the person had practiced agriculture in the previous 12 months, and especially those who indicated that they had practiced agriculture for the sake of deriving their main or an extra source of food.
- *Smallholder employment* – Those employed by smallholders, generally on a casual or seasonal basis, remunerated either in cash or in kind.

There are two omissions from this list – white farm owners and those employed in agro-processing. White farm owners are not included on the grounds that they are not a target group for employment (though white farm workers are counted among the formal agricultural employees), while agro-processing jobs are for the most part excluded in that our scenarios generally provide little guidance as to how agro-processing jobs may change.

The manner in which the estimates were produced relies mainly on assumptions regarding land (for example, how much, or what share of, land is brought into production or changes from one production regime to another), coupled with coefficients regarding numbers of farmers, or employees of different categories, per hectare. To the extent possible, these coefficients were determined per province, on the basis of which the scenario implications were calculated for each province and then

aggregated back to national level. The assumptions as to the current state of land underutilisation have no empirical foundation; rather, they are offered in the spirit of indicating the implications *if* so much underutilised land existed and was put to alternative use. For the most part, scenarios involving redistributive land reform assume the government's longstanding 30% target (that is, as a share of 'white-owned commercial farmland'), and that this applies equally to all nine provinces. Thus, it abstracts from the fact that, in some provinces, it appears that land restitution alone could result in more than 30% of commercial farmland changing hands. For example, it is estimated that about two-thirds of Limpopo's commercial agricultural area is under claim. However, more and more land that is transferred via land reform, and by land restitution in particular, is either leased back to white commercial farmers or farmed through joint ventures with 'strategic partners', in which case it would appear that, at least in the short term, the employment effects are non-existent.

The scenarios assume a 15-year time frame from 2005 until 2020. This is not meant to suggest that we have any reasonable way of estimating how long a desired scenario might take to achieve, or what the path to that state might look like. For Scenario 2.2 (below), which assumes that infrastructure investments and/or incentives are such that 20% of the commercial farmland currently under field crops is placed under horticulture, our land/labour coefficients per subsector are estimated from the 2002 agricultural census. This is done by means of calculating relative employment intensities in agricultural districts categorised as dominant in that subsector, where dominance is taken to mean that more than 50% of the district's gross income is attributable to the subsector. This is an imperfect, but probably not inappropriate, disaggregation of the agricultural labour force.

By and large, resource constraints other than land (for example, water, agricultural skills and implementation capacity) are not taken into account, but are touched on in the discussion, as are the policy and social implications. Similarly, secondary impacts are not reflected in the estimates, but are referred to qualitatively, where possible.

Scenario 1 + Scenario A (base scenario): 'continuation of current trends and failed redistributive land reform' + 'continued stagnation of former homeland agriculture'

This is the status quo scenario in respect of both 'former white rural South Africa' and 'the former homelands', in the sense that, in the first, there is expected to be further consolidation of commercial farms and labour shedding and a continued failure to redistribute/restore significant amounts of land into the medium term, and, in the latter, it is envisaged that agricultural land will continue to be grossly underutilised, if not becoming more so.

A variation (or accentuation) of the 'former white rural South Africa' component is that ever more commercial grazing land is converted to game farming (with what appears to be negative consequences for labour absorption, although it is not clear whether we are adequately factoring in job creation through rural tourism) and to non-agricultural use ('lifestyle' land use). In terms of the failure of land reform, three main storylines are offered: a) the non-resolution of land claims continues to act as a disincentive to commercial farmers to invest in intensification opportunities where greater labour absorption might otherwise be possible; b) to the extent that restitution and even redistribution are effected, this is increasingly through strategic partnerships and share-equity models (not least because of the growing awareness of non-performing 'ordinary' land reform projects), which do little to change the nature of production, or create viable black-owned and black-run commercial farms; and c) because land reform beneficiaries fail to compete with their established commercial farmer counterparts, they succumb to the temptation either to lease or sell back their land to the latter.

there is expected to be further consolidation of commercial farms and labour shedding

In addition to assuming that smallholder and commercial production in former homelands is stagnant, the former homeland component supposes that the current trend will continue, whereby the number of people engaged in small-scale gardening keeps pace with rural population growth, such that the net effect is neutral in terms household-level food security.

The figures for 2020 are estimated naively, that is, by taking the average annual percentage change observed from the recent past and applying it to the 2005 figures. We did not seek to take into account other possible (non-scenario) impacts on these trends, and we used the period 1971 to 2005, for which the average annual decline in total farm employment is about 1.9%. For large-scale black commercial farmers, the increase expected between 2005 and 2020 is due to land reform, assuming that the current rate is maintained, but it must be pointed out that only a subset of current land redistribution beneficiaries are counted as such – those who are effectively family farm beneficiaries as opposed to beneficiaries of group projects. Black smallholders, on the other hand, are a sub-category practicing agriculture in the former homelands. Given our understanding of the term ‘smallholder’, it is unclear to what extent land reform is contributing to their increased numbers. The last two points together raise the thorny question of how to treat most other land reform beneficiaries – those who are not large-scale black farmers benefiting from redistribution. In this base scenario, we just assume that they are minimal in number, owing to a poorly performing land reform programme, while in other scenarios, we imagine a somewhat differently construed land reform that conforms more to our understanding of what can be accomplished through agriculture.

Scenario 2: ‘intensification of commercial agriculture through state-led incentives and investments’

this scenario is
that the state
undertakes
strategic
interventions...
that will result in
increased labour
absorption

The essence of this scenario is that the state undertakes strategic interventions with a view to promoting fuller land use and/or subsectors that will result in increased labour absorption. The former presumes that a certain share of commercial farmland is underutilised and could be put to more effective economic use. The latter requires the state to be able to correctly identify opportunities where there is scope – technically and economically – to encourage more intensive, labour-using agricultural activities, through modifying the trade regime, creating demand for new products, investing in more irrigation or other infrastructure, etc.² For the purpose of generating estimates, we suppose two simple variations. In Scenario 2.1, we assume that 20% of commercial farmland is unutilised, and that it is typical; therefore, the labour/land ratios that apply to the fully utilised portion are applied to it as well. In Scenario 2.2, we assume that 20% of the commercial farmland presently under field crops is shifted into horticulture, which is characterised by a higher labour/land ratio. For both variations, we assume that commercial farmland that is not directly affected experiences a decline in employment commensurate with the long-term pattern of labour shedding.

Table 6.6 indicates a 25% and 19% increase in labour absorption in commercial agriculture for variations 2.1 and 2.2, respectively. Relative to 2005 employment figures, these both represent a modest decline, but they are significantly better than the future we imagine in the absence of such interventions.

² The obvious example of such an intervention would be the bio-fuels proposals presently under discussion, which could be targeted at both established commercial farmers and emerging farmers, and indeed within former homelands.

As indicated above, there is no clear empirical basis for the 20% assumption in respect of unutilised farmland, and even less for the assumption that it could be used in the same fashion as the other 80%. The contention that there exists underutilised commercial farmland is almost certainly true, but at present we know this mainly from case study evidence and indirect evidence, neither of which assists in determining the extent of non-utilisation and, even more difficult to measure, under-utilisation. Some of the case study evidence suggests that land is abandoned when the current owner

Table 6.5: Base scenario estimates for 2020 in relation to 2005

	2005	2020	Percentage change
Formal agriculture employees	780 881	582 759	-25%
Large-scale black farmers	1 000	4 000	300%
Black smallholders	200 000	250 000	25%
Semi-subsistence farmers	4 000 000	5 000 000	25%
Smallholder employees	100 000	125 000	25%
Agro-processing employees	380 000	270 000	-16%

Table 6.6: Indicative results for Scenario 2

	Scenario 2.1 – Commercial farmers making full utilisation of available land		Scenario 2.2 – 20% of field crop land put into horticulture	
	Number	Percentage change relative to 2020 baseline	Number	Percentage change relative to 2020 baseline
Formal agriculture employees	728 431	25%	690 954	19%
Large-scale black farmers	4 000	0%	4 000	0%
Black smallholders	250 000	0%	250 000	0%
Semi-subsistence farmers	5 000 000	0%	5 000 000	0%
Smallholder employees	125 000	0%	125 000	0%

retires from farming or earns a living by other means (see, for example, Wegerif 2006) or the land is held for non-agricultural 'lifestyle' purposes (see Hall 2007).

One piece of indirect evidence comes from the recent report on farmland price trends commissioned by the Department of Land Affairs (HSRC, 2006a), which notes that the price per hectare of land acquired for land redistribution is consistently 10% to 20% below the market norm for the relevant province. While, in principle, this could be due to inferior quality, it is likely that for the most part it reflects the poor state of the farm infrastructure, which, in turn, is because much of this land has not been actively used for several years prior to being sold. Although imperfect, what the case study and indirect evidence do suggest is that, as least in terms of non-utilisation (as opposed to underutilisation), the predominant pattern is that most non-utilised land is found on farms that are entirely unutilised and less so on farms that are partially utilised. However, there is much we do not know about land non-utilisation and underutilisation, which also limits our ability to envisage appropriate policy measures for Scenario 2.1.

Similarly, for Scenario 2.2, there is no firm basis to supposing the 20% figure. The 20% figure is probably not achievable at any cost. It would imply a shift of almost 2 million hectares of field crops into horticulture, whereas, according to the 2002 Agricultural Census, only 500 000 hectares of field crops were irrigated in that year. This means that at least three-quarters of this shift would be possible only by means of a massive investment in irrigation. In comparison, between 1994 and 2003, the number of hectares under irrigation increased by only 230 000 hectares.

Thus, although a 19% to 25% increase in employment on commercial farms looks attractive – and would translate into an approximate increase of overall formal sector employment of 1% to 2% – it is unlikely to materialise, or at any rate not in the manner imagined here. If it did, it is probable that it would constitute a temporary boost in employment, because the overall declining trend in farm employment would continue. This is not to discount the value of a temporary employment boost, but it should be recognised that the underlying structure (and trajectory) of the commercial farming sector would not be dramatically altered.

Scenario 3: ‘successful large-scale redistributive land reform + maintenance of competitive core of white commercial farms’

This scenario envisages successful redistributive land reform, while preserving the core of competitive white-owned commercial farms. Three variations are posited for the sake of this exercise. In Scenario 3.1, we imagine that 30% of the commercial farmland is redistributed to semi-commercial smallholders only. In Scenario 3.2, we suppose a more balanced approach to redistributive land reform, which, for our purposes, is taken to mean (arbitrarily) that 20% of the transferred land benefits large-scale black farmers, 60% semi-commercial smallholders and 20% semi-subsistence farmers. Finally, Scenario 3.3 is the same as 3.2, but we suppose that, of the 30% of land transferred, 20% is unutilised (as in 2.1 above). Thus, two-thirds of the land transferred is not at the expense of current arrangements and employment. The assumption is that the nature of employment and its intensity are the same on large-scale farms whether owned by white or black farmers, but that these change when the land is transferred to smallholder or subsistence producers.

One important observation is that, in terms of formal agricultural employment, the impact of land reform is much more benign if such a stock of unutilised land actually exists and if it is successfully targeted. A second observation is that a balanced land reform package offers significant increases in all three categories of land reform beneficiaries. Indeed, the percentage increase in black commercial farmers is especially large. Obviously, this reflects the low base from which the scenario starts, but it is also suggestive of the fact that appreciable numbers of large-scale black farmers can be assisted even if, hectare-wise, they are not the main focus of redistributive land reform.

The current scale falls well short of the 30% target upon which this scenario is based. In fact, it is just over one-tenth of this amount; and, although the current land reform programme does engage a variety of beneficiary types, these do not closely match the categories mentioned here, in part because they are difficult to characterise. It continues to be the case that most land reform beneficiaries are members of beneficiary groups that seek to farm as groups. The fact that these schemes generally fail is widely acknowledged; however, there is no concerted move in favour of subdivision, through which smallholders and semi-subsistence producers could be encouraged. Rather, the current trend appears to be to seek to assist such groups through mentors and strategic partners. The outcome of this approach is difficult to predict but, on the whole, does not appear promising. In any event, at present, land reform does not contribute meaningfully to the creation of opportunities for smallholders and semi-subsistence producers as we understand them here.

Thus, ‘successful’ land reform, as pictured in this scenario, supposes two things that are currently absent – a more rapid pace of delivery and a more rational set of models for beneficiaries. We will not delve here into the policy issues associated with accelerating delivery, except to note that the topic is the subject of widely differing views, and it is unlikely that there is anything on the horizon that will remedy the current lacklustre pace of delivery. On the contrary, there is a real possibility that recourse

smallholders and semi-subsistence producers could be encouraged

Table 6.7: Indicative results for Scenario 3

	Scenario 3.1 – All transfers to smallholders		Scenario 3.2 – ‘Balanced’ land reform		Scenario 3.3 – ‘Balanced’ land reform targeting unutilised land	
	Number	Percentage change relative to 2020 baseline	Number	Percentage change relative to 2020 baseline	Number	Percentage change relative to 2020 baseline
Formal agriculture employees	407 998	-30%	442 950	-24%	536 156	-8%
Large-scale black farmers	4 000	0%	14 996	275%	14 996	275%
Black smallholders	1 002 666	301%	701 600	181%	701 600	181%
Semi-subsistence farmers	5 000 000	0%	6 077 275	22%	6 077 275	22%
Smallholder employees	501 333	301%	350 800	181%	350 800	181%

to more aggressive expropriation policies will fail to dramatically accelerate delivery and, rather, will alienate further commercial farmers who, at the margin, will react by accelerating the process of labour shedding and expulsion of farm dwellers.

Scenario 4: ‘de-racialisation of commercial agriculture’

This is the model seemingly advocated by those who strongly espouse a land reform programme that is geared towards promoting black commercial farmers, and is one possible interpretation of the *Strategic plan for South African agriculture* (DoA 2001), which effectively seeks to enhance the competitiveness of South Africa’s commercial agricultural sector, while enabling emerging farmers to integrate into it. More expressly, it is the intention of the Land and Agrarian Reform Project (LARP), launched in early 2008, which calls for the redistribution of 5 million hectares of white-owned agricultural land to 10 000 black farmers by 2009 (which works out to 6% of commercial farmland, with an average land parcel per beneficiary of 500 hectares). While low by commercial farmers’ standards, it is several times the average per-beneficiary land allocation through the current redistribution programme. Scenario 4 effectively builds on this idea, where rather than targeting 6% of the land, 30% is transferred. In fact, if one were to transfer 6% of commercial farmland every two years up to 2014 (the current official target date for the 30% target), the result would be approximately the same.

In a sense, this is a component of the previous scenario, and its implications are already captured there to some extent. The point of this scenario, however, is to imagine that a focus on creating a larger body of black commercial farmers could become the exclusive focus, if not of land reform, generally (presumably it cannot be applied to restitution or to tenure reform), then certainly of land redistribution.

What is distinct about the scenario is that it does not envisage any significant alteration to the structure of the agricultural sector, and thus resembles Scenario 1 above. However, it does presume

This is the model... geared towards promoting black commercial farmers

successful redistributive land reform by various means, and acknowledges the support measures that would be necessary to achieve it. One variation to this scenario is that it is achieved accidentally, in the sense that it is one possible future of Scenario 3 (especially 3.1). This would happen if, for example, attrition in the newly enlarged smallholder sector proceeded by means of consolidation of black-owned farms (especially likely if some kind of proactive land acquisition becomes a significant vehicle for effecting redistribution) to the point where medium and large-scale black commercial farmers emerge to resemble white commercial farms.

Two versions of the scenario are entertained. In Scenario 4.1, the only change is the ownership pattern: although there would be more black commercial farmers than the white farmers they displace, owing to smaller average farm size, the new operational units are still large-scale farms and one presumes that they would apply approximately the same labour intensity as the sector in general. In Scenario 4.2, we entertain the possibility that, due to financial constraints, employment intensity on black-owned large-scale commercial farms would be half that of sector norms. The rationale for considering this variation is the case study evidence from commercially oriented redistribution projects (and excluding those that are either structured as share equity schemes or are overt failures), in which a drop in regular employment is not uncommon. Having said that, there is little or no case study evidence of redistribution projects that closely fit the beneficiary profile envisaged here.

The results are arguably a bit banal in the sense that, by design, the impacts are limited to large-scale black farmers and to some extent formal agricultural employment. The percentage increase in the number of large-scale black farmers is heroic, of course, on account of the low base from which it is calculated. What is interesting is that the number itself is more than the number of commercial operational units, which itself exceeds by an unknown margin the actual number of white farmers. As for the potential loss of jobs contemplated in Scenario 4.2, it may well be exaggerated. Perhaps more to the point, about a third of the lost jobs are compensated for in the self-employment enjoyed by the black farmer. Taking this together with the fact that another quarter to a third of these jobs would probably have disappeared anyway as per the base scenario, then it would seem that such a worst-case scenario is not really so bad. On the other hand, as an exclusive focus for redistributive land reform, as underlined in comparison to Scenario 3, it is not especially attractive.

Table 6.8: Indicative results for Scenario 4

	Scenario 4.1 – Maintaining employment norms of commercial agriculture		Scenario 4.2 – Failing to maintain employment norms of commercial agriculture	
	Number	Percentage change relative to 2020 baseline	Number	Percentage change relative to 2020 baseline
Formal agriculture employees	582 759	0%	495 379	-15%
Large-scale black farmers	58 982	1 375%	58 982	1 375%
Black smallholders	250 000	0%	250 000	0%
Semi-subsistence farmers	5 000 000	0%	5 000 000	0%
Smallholder employees	125 000	0%	125 000	0%

Scenario 5: ‘public estate farming’

This scenario envisages the creation of state-run or parastatal-run agricultural estates for the primary purpose of creating employment. It thus resembles some of the schemes created in the former homelands in previous decades, but the idea here is that they would be more numerous, better managed and introduced where they could take advantage of existing support infrastructure. This option would require a significant deviation from the current economic policy of the country regarding the role of the state in production. Whereas the scenario could have significant implications for employment in the farming sector, it would require substantial public investment initially and, most probably, persistent subsidisation thereafter. However, it could also be conceptualised as a temporary measure pending the improvement of labour absorption prospects elsewhere in the economy. This could be conceptualised in the same sense that the public works programme is, and could be treated as a transitional stage ending in redistribution to project employees who, thereafter, become independent farmers.

This scenario envisages the creation of state-run or parastatal-run agricultural estates

This scenario is captured in Table 6.9 by imagining that 30% of commercial farmland would be absorbed in these public estates. Although implausibly large, using the 30% figure assists in the comparison with redistributive land reform scenarios. Two variations are entertained. In the first, Scenario 5.1, it is assumed that labour absorption per unit of land would be 25% greater than the current norm for commercial agriculture. One interpretation of this is that it would be what the state is willing to pay for job creation, even at the expense of efficiency, though it could be rationalised by conceiving this scenario as a form of capacity-building. The second variation, Scenario 5.2, assumes the deliberate adoption of labour-using technologies, for example, giving priority to animal rather than mechanical traction, resulting in a doubling of the labour-land ratio for affected properties.

Although the economics of such an approach have not been worked out, at the very least what one can say on the basis of comparing Scenarios 5.1 and 5.2 is that there is hardly any point to such an investment if one does not engineer a means of significantly increasing the labour intensity of the production system. The scenario does not necessarily assume that these projects can break even, but neither should it be assumed that they will not, just because they differ from production systems that currently characterise the commercial farming sector. The biggest problem with the scenario, however, is common to many other attempts to reduce poverty through project-based enterprises – in order to function effectively, they require effective management, which is already in short supply (see, for example, HSRC 2006b).

Table 6.9: Indicative results for Scenario 5

	Scenario 5.1 – 30% of land transferred and 25% greater labour absorption		Scenario 5.2 – 30% of land transferred and 100% greater labour absorption	
	Number	Percentage change relative to 2020 baseline	Number	Percentage change relative to 2020 baseline
Formal agriculture employees	626 450	7%	757 520	30%
Large-scale black farmers	4 000	0%	4 000	0%
Black smallholders	250 000	0%	250 000	0%
Semi-subsistence farmers	5 000 000	0%	5 000 000	0%
Smallholder employees	125 000	0%	125 000	0%

Scenario 6: 'large-scale non-productive populist redistributive land reform'

This scenario envisages a large-scale redistribution of land... without adequate planning or support

This scenario envisages a large-scale redistribution of land for mainly populist political objectives and without adequate planning or support. The result is a significant decline in aggregate production, though it is conceivable that household-level food security would improve for many people if the marginalised were among the main beneficiaries. The assumptions underlying the land reform are effectively the same as those of Scenario 3.2, but rather than a 30% transfer of land, 60% is transferred. Moreover, it is assumed that large-scale black commercial farms absorb only half as many workers as the commercial farms they replace, and the intensity of employment on smallholdings is 40% as great relative to other scenarios.

The obvious negative impact is the decimation of formal agricultural employment. However, there are large numbers of various types of land reform beneficiaries, although the figures understate the negative implications, in that the decline in land-related benefits derived by beneficiaries is not captured. Moreover, this scenario implies significant repercussions for the economy as a whole, through the actual disruption of production and the less tangible implications for business confidence in the balance of the agricultural sector and elsewhere. Nevertheless, the fact that there would be 2 million more people deriving some kind of subsistence benefit from small plots should not be discounted, especially since this is the predominant wish of those who demand land (HSRC 2006c). On the other hand, to the extent that land for home consumption is used largely to offset the grocery bill, it is likely that it will fall well short of doing so in a context of wide-scale disruption of commercial production and the likely food price increases this implies.

Scenario B: 're-peasantisation'

This scenario envisages the resuscitation of agriculture in the former homelands, particularly but not exclusively among semi-commercial smallholders. There are numerous variations relating in particular to different ideas as to the type of intervention that would make this possible. One variation is that key investments, such as transport infrastructure, dissemination of water-harvesting technology and women-friendly tenure improvements, will make farming in former homelands more economically attractive and thus draw in more people to produce on a larger scale. A second variation is that the state must ensure that smallholders in former homelands can tap into lucrative new markets, whether these are 'engineered' through a new bio-fuels programme or emerge through addressing inequities in international trade arrangements. A third, more elaborate, variation seeks to increase participation in semi-commercial agriculture by means of improving the availability of and access to local produce markets, which cater primarily for local demand, but also allowing better access to external markets for high-value products.

A particular difficulty with elaborating this and the two following scenarios is that, although it is commonly accepted that agricultural land in former homeland areas is underutilised, our knowledge is weak regarding both the extent of this underutilisation and the reasons for it.³

As to why the use of arable land falls short of potential, various explanations have been offered over the years, including tenure constraints, absence of effective livestock controls (whether these are physical or social), absence of marketing opportunities and poor or worsening terms of trade. Added to this is the loss of knowledge regarding animal traction, the withdrawal of direct support services that were formerly offered by homeland agriculture departments or development corporations (for example, subsidised tractor services), time poverty (especially among women), high soil acidity,

³ Even what one means by 'underutilisation' is confusing, given that it is also patently obvious that former homeland areas are characterised by high rates of resource degradation such as soil erosion. To clarify this point, what is generally meant by underutilisation in the context of the former homelands is that arable land is typically not used for crop production to the extent it could be (World Bank 1994), which can co-exist with resource degradation because the latter is largely caused by overgrazing. Having said that, even in terms of livestock production in former homelands (and even while there may be overgrazing), livestock as an economic activity underachieves, not least because off-take rates are too low.

Table 6.10: Indicative results for Scenario 6

	Number	Percentage change relative to 2020 baseline
Formal agriculture employees	268 189	-54%
Large-scale black farmers	25 993	550%
Black smallholders	1 153 200	361%
Semi-subsistence farmers	7 154 549	43%
Smallholder employees	305 640	145%

declining availability of child labour and, allegedly, lack of interest in agriculture among the youth. In a sample of 300 households residing in former homeland areas of Limpopo, the Free State and the Eastern Cape, half of those households that did have access to arable land indicated that they had not used it fully in the previous season, with the overwhelming reason given being lack of money with which to purchase inputs. Very few respondents, however, cited lack of time, lack of labour or poor land quality (HSRC 2006c).

We are not aware of any comprehensive data on the extent of underutilisation of arable land in the former homelands. Case study evidence points to rates of non-utilisation of arable land in the order of 70% to 100% in parts of the Eastern Cape and the Free State (Monde 2004; Baiphethi 2004), as ‘stagnant or in the process of collapse’ in central Limpopo (Mthethwa 2005: 7), and as variably low and high in different parts of northern former KwaZulu (Mbhele & Aliber 2005). Given the absence of such data, we make a simple, probably conservative assumption that 50% of the arable land in former homeland areas is unutilised. A weakness in our approach is that we do not seek to adjust for the fact that bringing more of this arable land into production could have negative consequences for the area available to livestock. In our defence, however, the logic could well work the other way, in that crop residues were used traditionally to enhance the nutrition of livestock in a manner that probably compensated for the lack of access of livestock to those areas during the growing season.

In this scenario, we test the proposition that four-fifths of the unutilised arable land is brought into production and, of this, 20% goes to large-scale commercial production, 60% to smallholder production and 20% to semi-subsistence production (i.e. the same ratios as in Scenario 3.2). Employment on large-scale farms is assumed to follow labour intensity norms associated with commercial farming elsewhere.

The main revelation from Table 6.11 is that making better use of available agricultural land within former homelands can be a potent way of increasing the number of large-scale black commercial

Table 6.11: Indicative results for Scenario B

	Number	Percentage change relative to 2020 baseline
Formal agriculture employees	594 131	2%
Large-scale black farmers	7 181	80%
Black smallholders	377 079	51%
Semi-subsistence farmers	5 396 005	8%
Smallholder employees	188 540	51%

farmers and smallholders. A virtue of this scenario in contrast to most of the redistributive land reform scenarios is that it does not have the negative consequence of reducing farm jobs on commercial farms.

As for the feasibility of this scenario, that remains murky, owing partly to the breadth of views regarding what accounts for land underutilisation in the first place, as well as what the potential is for agricultural development in the former homelands. Analysts such as McIntosh and Vaughan (1996) cast doubt on the feasibility of the 'smallholder development path', generally, outside of a few special cases (for example, outgrower schemes offering secure markets). The farmer support programmes financed by the Development Bank of Southern Africa (DBSA) from the mid-1980s were arguably the most ambitious attempt to stimulate agricultural production in former homelands, but the results were ambiguous, with some claiming that, as a model, its costs were excessive relative to its achievements, not least because it sought to build on a very small base of those who aspired to pursue agriculture as a career (Sender 1995). On the other hand, some observers extol the virtues of small-scale farmers as being more productive and adaptable than their large-scale counterparts (Moyo 2004). Moreover, the success of Thomson's (2006) land rental market pilot study, which evidently was sustained for several years after he ceased to be actively engaged in the target area (see Crookes & Lyne 2003), is positive evidence of the potential of some of the areas, even in the absence of expensive support packages and investment programmes.

this scenario...
avoids... one of
the key problems
afflicting
redistributive
land reform
– the issue of
relocation

Arguably, one of the strongest reasons for pursuing this scenario (although not exclusively) is that it avoids what has emerged as one of the key problems afflicting redistributive land reform – the issue of relocation. Redistributive land reform projects presume either that beneficiaries will relocate to their new land or that they will commute to it. Both options are problematic, the former because it often places the beneficiary outside of his or her community, away from familiar social support networks, and, perhaps counter-intuitively, often with poorer access to amenities such as schools and clinics. Beneficiaries who seek to commute to their projects do so precisely to avoid these problems, but thereby incur commuting costs that often are not sustainable.

Scenario C: 'internal commercialisation and consolidation'

Depending on the manner in which the Communal Land Rights Act 11 of 2004 (CLRA) is applied, it is conceivable that land is commodified in former homeland areas, but in such a manner that it remains in black ownership and use. The basic idea is that, as agriculture is increasingly recognised as a viable economic opportunity, the process of land consolidation will proceed in approximately the same way as occurred in white areas. The result will be that a cadre of larger and more competitive commercial black farmers emerges, increasingly resembling their white counterparts in former white rural South Africa. In a sense, then, this could be regarded as a medium- or long-term variation of Scenario B but, in theory, it could be triggered as much by the increased marketability of land as by the emergence of market opportunities for smallholders. To some extent, this is what Crookes and Lyne (2003: 591) observed when they returned to Thomson's land rental market pilot site, where fewer people were leasing land, but were leasing an increasing amount of it, resulting in a 'core of emerging farmers'. However, although one would tend to agree that rental markets are a preferred way for this to happen relative to market sales (because the lessor household is afforded a stream of income, which is generally better than a once-off lump sum), the evolution of the latter is also a possibility.

For the purpose of modelling this scenario, we do not attempt to distinguish the two, but simply suppose a large shift of both idle and non-idle land in favour of large-scale black farmers. Specifically,

Table 6.12: Indicative results for Scenario C

	Number	Percentage change relative to 2020 baseline
Formal agriculture employees	682 260	17%
Large-scale black farmers	31 833	696%
Black smallholders	144 100	-42%
Semi-subsistence farmers	4 504 993	-10%
Smallholder employees	72 050	-42%

we assume that four-fifths of the land that is currently unutilised is somehow appropriated by large-scale farmers, together with 20% of the land that is currently used by smallholders, and 10% of the land that is used by semi-subsistence producers. These assumptions are merely illustrative – there is no empirical basis for supposing that this is how such a scenario would evolve. There is, however, some logic in assuming that idle land would be absorbed through the process in greater measure than it would be by smaller-scale producers, but that such a process would also probably be at the ‘expense’ of land used by the latter.

The impact is quite mixed, with a robust increase in employment on commercial farms (whether such employment would be ‘formal’ is open to question), an increase in the number of black commercial farmers that rivals what is theoretically possible according to some of the redistributive scenarios above, but a sharp decline in the number of black smallholders. Those who favour the ‘smallholder development path’ will not favour this scenario, although if it is achieved more by means of consolidation through leases than through sales, at least it could result in sustained equity gains.

Scenario D: ‘commercialisation by way of selling out/off’

There is also a possibility of land privatisation in former homeland areas, opening up the possibility that land in these areas ‘traditionally’ occupied and used by black producers will become purchasable or leasable by anyone, as with any other land. This might take the ‘benign’ form of deals that are negotiated for the sake of widespread economic benefit (for example, large eco-tourism ventures), but most likely would have the effect of further marginalising smallholders and creating starker economic polarisation within affected former homeland areas. The bio-fuels programme is cited as another possible way in which this could happen, notwithstanding the fact that in Scenario B it is identified as a possible means of stimulating agriculture in the former homelands, including among smallholders.

This scenario is modelled in exactly the same manner as the previous one, except that it is assumed that 75% of the land going into large-scale commercial farming ends up in the hands of white rather than black farmers. Thus, the only difference in terms of the resulting figures is that this scenario envisages the creation of far fewer large-scale black farmers.

Notwithstanding the apparent implausibility of this scenario, given that it would reverse rather than advance the effort to improve the country’s land ownership dispensation, it is perhaps more possible than one might assume. In the first place, the implementation of the CLRA is at such an early stage, and the vehicle so amorphous, that it precludes rather little. Secondly, white farmers, or white-dominated agribusinesses, are more likely than emerging black farmers within the former homelands to have the capital to expand, and doing so within former homelands would be relatively inexpensive,

There is also a possibility of land privatisation in former homeland areas

Table 6.13: Indicative results for scenario D

	Number	Percentage change relative to 2020 baseline
Formal agriculture employees	682 260	17%
Large-scale black farmers	10 958	174%
Black smallholders	144 100	-42%
Semi-subsistence farmers	4 504 993	-10%
Smallholder employees	72 050	-42%

especially by means of leasing. Thirdly, current trends in redistributive land reform somewhat blur the racial issue by seeking to unite land reform beneficiaries with white-dominated agribusinesses that serve as strategic partners and hold equity in the farming enterprise (if not actually the land). Therefore, it is no great stretch of the imagination to suggest that this approach could extend into former homeland areas on the strength of its 'developmental' value.

Three consolidated scenarios

The difficulty with the preceding discussion is that it introduces so many possibilities as to render synthesis and/or comparison difficult. At the same time, one could also argue that the scenarios sketched above are a great simplification of the many possible futures we could face, and that to a certain degree the complexity of this reality is irreducible. Be that as it may, we propose a strategy for taking some of the preceding scenarios, and grouping them. In fact, two of the scenarios have already been grouped in this fashion, namely the two 'base scenarios', which have in common that they suppose that present trajectories carry on both in former white rural South Africa and in the former homelands.

In addition, we suggest that there is a natural fit between Scenario 3 and Scenario B – i.e. 'successful large-scale redistributive land reform + maintenance of productive core of white commercial farms' and 're-peasantisation' – in that both suppose a diversified approach to supporting black agriculture, but with an emphasis on semi-commercial smallholders. Accordingly, we call this consolidated scenario the 'diversified, smallholder-led model'. Similarly, we propose joining Scenario 4 and Scenario C, whereby redistributive land reform is pursued in a manner that effectively replaces white commercial farmers with black commercial farmers, mirrored by efforts in the former homelands to establish black commercial farmers. The variation of Scenario 4 used is 4.1, which assumes that black commercial farmers employ workers with the same intensity as large-scale white commercial farmers. The logic of this combination is the common predominant focus on creating black commercial farmers, thus we dub it the 'commercial farming model'. These three consolidated scenarios are set out in Table 6.14, where the elements in the first column are the 'sum' of the corresponding elements in the second and third columns.

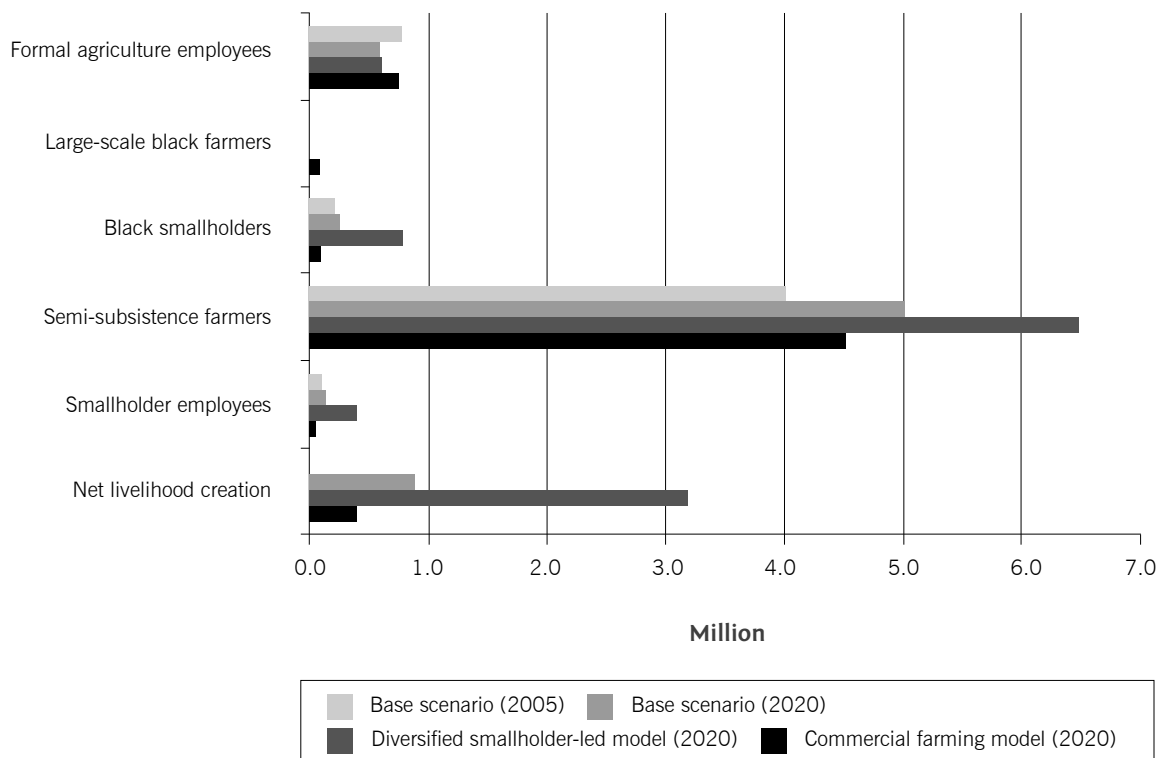
the number of semi-subsistence farmers created is very large relative to other categories (regardless of the scenario)

It now remains to estimate the values for these consolidated scenarios, which, for the most part, is a simple matter of addition (see Figure 6.6). The 'net livelihood creation' values are relative to the 2005 baseline, and must be taken with a pinch of salt, in the sense that they treat as equivalent items that are very different in nature, e.g. large-scale commercial farming and semi-subsistence farming.

Not surprisingly, the number of semi-subsistence farmers created is very large relative to other categories (regardless of the scenario), reflecting both the current reality and the understanding that

Table 6.14: Defining the consolidated scenarios

Consolidated scenarios	Former white rural South Africa scenarios	Former homeland scenarios
Base scenario	Scenario 1 – Continuation of current trends + failed redistributive land reform	Scenario A – Continued stagnation of former homeland agriculture
Diversified, smallholder-led model	Scenario 3 – Successful large-scale redistributive land reform + maintenance of productive core of white commercial farms	Scenario B – Re-peasantisation
Commercial farming model	Scenario 4 – De-racialisation of commercial agriculture	Scenario C – Internal commercialisation and consolidation

Figure 6.6: Overview of results of consolidated scenarios


there will be a continued and growing demand for this form of agriculture, irrespective of policy interventions. By design, the diversified smallholder-led model leads to the creation of the largest number of black smallholders, but even in terms of this consolidated scenario their number is very small relative to semi-subsistence farmers. As for large-scale black commercial farmers, only in the commercial farming model do they attain a number large enough to be represented in the figure. Even in this scenario, however, they do not represent a meaningful number of livelihoods; thus, to the extent that their establishment is a policy priority, it would presumably be for non-economic reasons. Finally, in terms of formal agricultural employment, even under the commercial farming model, the expectation is that by 2020 there would be a decline relative to 2005.

Summary

Comparing the scenarios to one another must be approached with care, given the underlying arbitrariness of some of the assumptions. Moreover, the scenarios examine only numbers of affected parties, and only suggest rather than count other impacts such as incomes. Comparison is complicated further by virtue of the fact that we have been careful to distinguish between different types of affected parties in the first place. Given a choice, then, between 'x' additional farm jobs and 'y' fewer smallholder opportunities, on the one hand, and 'x' fewer farm jobs and 'y' additional smallholder opportunities, how does one justify which is preferable?

Having said that, we do venture some general observations, organised according to our five types of 'employment outcome':



Farm workers distribute rations, Limpopo, May 2007. Photo by Ruth Hall.

- Formal agricultural employment.* Various scenarios offer substantial increases in formal agricultural employment. However, one can broadly distinguish between those for which the increase would most likely be a temporary shift to a higher level from which the sector's characteristic pattern of employment decline would continue thereafter (those involving intensification of employment within the current commercial farming sector), and those for which the shift to a higher level would possibly be more enduring (those involving commercialisation of agriculture in the former homelands). The downside of the latter, however, is that it could occur at the expense of the smallholder sector, though this presumes that the emergence of large-scale commercial farmers takes place on a very ample scale. Redistributive land reform in former homelands promises to reduce formal employment, but the simulations suggest that the extent to which this would occur depends critically on how much underutilised land exists, and the success with which that land is targeted. The worst-case scenario is the 'large-scale non-productive land reform' scenario, which, if it took place as imagined here, would have a significantly negative impact on agricultural employment, and its debilitating spill-over impacts on the rural economy generally would be at least as notable.
- Large-scale black farmers.* A number of scenarios would result in significant increases in the number of large-scale commercial black farmers. While in absolute terms their number does not register clearly in Figure 6.6, relative to the number of such farmers that currently exist, and relative even to the current number of white commercial farmers, these increases would effect a major departure from the status quo. One result of the scenario analysis is that significant numbers of black commercial farmers could be fostered even through a redistribution programme that did not particularly focus on this category of land reform beneficiary. Another observation is that, as with formal agricultural employment, a potent (additional or alternative) way of providing for black commercial farmer development could be through reorganising production in the former homelands.
- Smallholder black farmers.* Given the modest amount of land required to accommodate an additional smallholder, several of the scenarios suggest the potential to dramatically increase the total number of smallholders, including those that aim at a 'balanced' land reform that

caters for different types of beneficiaries. The constraint is clearly not the 'land budget' as such. One constraint is the absence of government policy that favours redistribution to smallholders; currently, redistribution focuses more on a scale of project that falls midway between a smallholding and large-scale farming, or on group projects that are difficult to reconcile with our categories. There is a need to make smallholding an attractive economic proposition, which the current state of agriculture in the former homelands shows it generally is not.

- *Semi-subsistence producers.* Semi-subsistence producers are by far the largest category, and one might suppose that there is little need to increase this category further. Although not emphasised here, this is expressly not the case, owing to the widespread importance people attach to having small amounts of land from which to supplement their diets, together with the fact that many people lack such land. Thus, the scenarios that offer sizeable increases in the number of semi-subsistence producers should be accorded some weight, and these include particularly the redistributive land reform options that allow even just a modest share of land to be devoted to this purpose. In fact, the scenario that offers the greatest increase to this category is the one involving 'large-scale non-productive land reform', but only because that scenario supposes much more land actually being acquired for redistribution. The notable thing about semi-subsistence producers is that they exist and increase in number (where land availability allows) without the benefit of external support. So, in this scenario, even if everything else that goes under the label of land reform is a failure, the land going to semi-subsistence producers would render the expected modest benefits. This should give further pause for thought to anyone who would consider omitting semi-subsistence producers from a seriously planned redistributive land reform effort, lest they contribute to building a constituency for precisely the kind of land reform they do not want.
- *Smallholder employment.* We know relatively little about smallholder employees as a group; the assumption as to the ratio of smallholder employees to smallholders was based on very limited case study evidence. Their inclusion in this analysis is more by way of a bookmark to ensure that one does not discount their potential significance. Of one thing we are fairly certain, namely that being an employee on a smallholding is an inferior economic opportunity relative to most of the other categories, with the possible exception of semi-subsistence producers (and, presumably, many of these would in fact be the same people). These jobs are poorly remunerated and highly casual and/or seasonal. This is another way of saying that their increase or decrease should not be a major consideration in assessing the relative attractiveness of the different scenarios.

the scenarios that offer sizeable increases in the number of semi-subsistence producers should be accorded some weight

Three possible future developments or changes in the environment that could interact in various ways with the scenarios sketched above are: rising international prices of agricultural commodities and trade regimes; the possibility of an aggressive bio-fuels programme in South Africa; and climate change. Of most immediate relevance is the issue of commodity prices (see box).

Commodity prices

The prices of many important agricultural commodities have been rising over the past several years, owing to factors such as rising energy prices and rising incomes, in conjunction with high income-elasticities of demand, increased demand for 'feedstock' within the emerging bio-fuels industry and speculation (see, for example, Von Braun 2007). Internationally, the growth of supply is failing to keep pace with demand growth, the consequence of which is that stocks are in decline.

For many farmers, these trends represent the first time in many years that the terms of trade are changing in their favour; for net exporting countries of these commodities (including South Africa to some extent), these changes translate into improvements in the current account. At household level, however, the circumstances are not positive. This is true of most rural households, because the vast majority of these households in South Africa are net food buyers. Increases in the price of core commodities such as maize, therefore, translate directly into a decline in real income.

As for the likely implications of rising prices of agricultural commodities for agricultural employment and self-employment, the clearest impact one would anticipate is that they will accentuate the demand for small plots of land for subsistence or semi-subsistence production. This is because the core function of these plots is to lighten the household food bill; as prices of staples go up, more non-farming households will seek to farm at some level, and those farming already will seek to produce more. To the extent that land is relatively available for these purposes, the negative impacts of rising commodity prices can be somewhat mitigated, though certainly not entirely so.

For semi-commercial smallholder farmers, the effect of rising agricultural commodity prices could be positive, assuming they are net producers; however, much depends on the manner in which they succeed or fail to tap into markets. To the extent that smallholders may seek to compete with larger-scale commercial farmers for access to formal markets, their gains are likely to be limited, owing to the premium paid by buyers for homogeneous quality and bulk. In principle, the comparative advantage of smallholders is in supplying local informal markets; however, here they must counter trends in terms of which consumers prefer to conduct their shopping at supermarkets (and this is no less true of rural dwellers). The consequence is a surprisingly large disjuncture in many rural areas between local producers and local consumers.

Conclusion

The purpose of this chapter has been to explore possible future agrarian structures in South Africa from the particular perspective of employment and livelihoods. The analysis sought to take into account future developments that could emerge both in former rural white South Africa and the former homelands, by means of various types of interventions, including but not limited to redistributive land reform. The ambitions of the exercise were nonetheless humble and modest. We did not seek, for example, to estimate the impact of different scenarios on the incidence of poverty, gross domestic product, rural-to-urban migration or on food prices, which is not to say that agrarian restructuring would not have implications for these. Rather, this was a first step towards a more inclusive consideration of agrarian restructuring, from which we have hopefully taken away a better sense of what the important issues are.

A few tentative conclusions along these lines emerge. First, despite our very imperfect knowledge of the situation in the former homelands, it is clear that any effort to use agriculture as a means of creating and improving livelihoods should include former homelands as a central component. There are signs that this is not happening. For example, most of the expenditure of the Department of

any effort to use
agriculture as a
means of creating
and improving
livelihoods
should include
former
homelands

Agriculture's Comprehensive Agriculture Support Programme goes to land redistribution beneficiaries, notwithstanding the fact that agriculturalists in communal areas outnumber redistribution beneficiaries by a factor of 20 or 30 to 1.

Secondly, within the admittedly modest goal of redistributing 30% of white-owned commercial farmland to black producers, there is ample opportunity to cater for different categories of beneficiaries, and no particular rationale for focusing on only one kind of beneficiary. Currently, land redistribution almost completely fails to assist in the delivery of plots suitable for semi-subsistence production, and for the most part omits to cater for semi-commercial smallholders. Indeed, there are signs that the trend is even more emphatically in favour of large-scale commercial black farmers, despite there being no reason to treat these beneficiary types as mutually exclusive.

Thirdly, to the extent that redistributive land reform could well have negative consequences for employment levels on commercial farms, this impact could be attenuated. One means for seeking to do so is to carefully target commercial farmland that is underutilised. This may be happening de facto already, but the implication is that one should be careful about focusing land reform more on going concerns (in the belief that this will promote the likelihood of 'success' among beneficiaries), where the net effect on livelihoods could well be zero or negative.

there is ample
opportunity to
cater for different
categories of
beneficiaries

References

- Aliber, M. 2005. Synthesis and conclusions, in Aliber, M., Mthethwa, T., Du Toit, A., De Swardt, C. & Mbhele, T. *Trends and policy challenges in the rural economy: Four provincial case studies*. Cape Town: HSRC Press.
- Aliber, M., Masika, P. & Quan, J. 2006. Land reform at scale: A case study of land redistribution in Elliot District, Eastern Cape. Unpublished research report.
- Atkinson, D. 2007. *Going for broke: The fate of farm workers in arid South Africa*. Cape Town: HSRC Press.
- Baiphethi, M. 2004. An economic evaluation of water conservation systems for dryland crop production for small scale resource poor farmers: A case study of Thaba Nchu, Free State province. MSc thesis, Department of Agricultural Economics, Faculty of Natural and Agricultural Sciences, University of the Free State.
- Bureau of Census and Statistics. 1953. *Report on agricultural and pastoral production, sugar cane plantations and timber and wattle plantations 1950–51: Agricultural Census Number 25*. Pretoria: Bureau of Census and Statistics.
- Bureau of Census and Statistics. 1958. *Report on agricultural and pastoral production, sugar cane plantations and timber and wattle plantations 1955–56: Agricultural Census Number 30*. Pretoria: Bureau of Census and Statistics.
- Bureau of Census and Statistics. 1962. *Report on agricultural and pastoral production and sugar cane, timber and wattle plantations 1959–60: Agricultural Census Number 34*. Pretoria: Bureau of Census and Statistics.
- Carstens, J., Rust, L. & Alleman, J. n.d. Production potential of labour intensive commodities. Unpublished report.
- Central Statistical Service. 1985. *Census of agricultural and pastoral production 1980*. Pretoria: Central Statistical Service.
- Central Statistical Service. 1986. *Agricultural survey 1985: Report No. 06-01-22*. Pretoria: Central Statistical Service.
- Central Statistical Service. 1991. *Census of agriculture 1988*. Pretoria: Central Statistical Service.
- Central Statistical Service. 1998. *Census of agriculture 1993*. Pretoria: Central Statistical Service.
- Crookes, T. & Lyne, M. 2003. Efficiency and equity gains in the rental market for arable land: Observations from a communal area of KwaZulu-Natal, South Africa. *Development Southern Africa* 20(5): 579–593.
- Department of Statistics. 1967. *Report on agricultural and pastoral production and timber and wattle plantations 1964–65: Agricultural Census No. 39*. Pretoria: Department of Statistics.
- Department of Statistics. 1974. *Report on agricultural and pastoral production 1970–71: Agricultural Census Number 44*. Pretoria: Department of Statistics.

- Department of Statistics. 1977. *Report on agricultural and pastoral production 1975: Agricultural Census No. 48*. Pretoria: Department of Statistics.
- DLA (Department of Land Affairs). 2006. Unpublished monitoring and evaluation data.
- DME (Department of Minerals and Energy). 2006. Biofuels industrial strategy of the Republic of South Africa. Government memorandum.
- DoA (Department of Agriculture). 2001. *Strategic plan for South African agriculture*. Pretoria: DoA.
- Hall, R. 2007. Radio interview, SAFM, 6 August.
- HSRC (Human Sciences Research Council). 2006a. Farmland price trends in South Africa, 1994–2005. Study commissioned by the Department of Land Affairs.
- HSRC. 2006b. Evaluation of poverty reduction projects funded by the Department of Science and Technology. Research report commissioned by the Department of Science and Technology.
- HSRC. 2006c. Assessing the alignment of South Africa's land reform policy to people's aspirations and expectations: A policy-oriented report based on a survey in three provinces. Report for the multi-country Organisation for Economic Co-operation and Development (OECD) study on Measuring Human Rights, Democracy and Governance.
- Lipton, M., De Klerk, M. & Lipton, M. (eds). 1996. *Land, labour and livelihoods in rural South Africa – Volume one: Western Cape*. Durban: Indicator Press.
- Lipton, M., Ellis, F. & Lipton, M. (eds). 1996. *Land, labour and livelihoods in rural South Africa – Volume two: KwaZulu-Natal and Northern Province*. Durban: Indicator Press.
- Mbhele, T. & Aliber, M. 2005. KwaZulu-Natal case study, in Aliber, M., Mthethwa, T., Du Toit, A., De Swardt, C. & Mbhele, T. *Trends and policy challenges in the rural economy: Four provincial case studies*. Cape Town: HSRC Press.
- McIntosh, A. & Vaughan, A. 1996. Enhancing rural livelihoods in South Africa: Myths and realities, in Lipton, M., Ellis, F. & Lipton, M. (eds). *Land, labour and livelihoods in rural South Africa – Volume two: KwaZulu-Natal and Northern Province*. Durban: Indicator Press.
- Monde, N. 2004. Livelihoods and poverty in rural settlements in the Eastern Cape province. Unpublished monograph.
- Moyo, S. 2004. The land and agrarian question in Zimbabwe. Conference paper presented at the 'Agrarian Constraint and Poverty Reduction: Macroeconomic Lessons for Africa' conference, Addis Ababa, 17–18 December.
- Mthethwa, T. 2005. Limpopo province case study, in Aliber, M., Mthethwa, T., Du Toit, A., De Swardt, C. & Mbhele, T. 2005. *Trends and policy challenges in the rural economy: Four provincial case studies*. Cape Town: HSRC Press.
- NALEDI (National Labour and Economic Development Institute). 2007. The agro-processing sector: An analysis of its contribution to economic growth, employment and poverty reduction in South Africa. Study commissioned by the Department of Trade and Industry.

- Nkuzi & Social Surveys (Nkuzi Development Association & Social Surveys Africa). 2006. *Still searching for certainty: The reality of farm dweller evictions in South Africa*. Polokwane and Johannesburg: Nkuzi Development Association & Social Surveys Africa.
- SA Government. 2007. *Government's Programme of Action 2007, Economic Cluster*. Progress update, 4 July. Available: <http://www.info.gov.za/aboutgovt/poa/report/economic.htm>.
- Sender, J. 1995. A failure of analytical categorisation, in Singini, R. & Van Rooyen, J. (eds) *Serving small-scale farmers: An evaluation of the DBSA's farmer support programmes*. Halfway House: Development Bank of Southern Africa.
- Sender, J. & Johnston, D. 2004. Searching for a weapon of mass production in rural Africa: Unconvincing arguments for land reform. *Journal of Agrarian Change* 4(1&2).
- Stats SA (Statistics South Africa). 2000. *Labour force survey, September 2000*. Data set. Pretoria: Stats SA.
- Stats SA. 2001a. *Labour force survey, February 2001*. Data set. Pretoria: Stats SA.
- Stats SA. 2001b. *Labour force survey, September 2001*. Data set. Pretoria: Stats SA.
- Stats SA. 2002a. *Labour force survey, February 2002*. Data set. Pretoria: Stats SA.
- Stats SA. 2002b. *Labour force survey, September 2002*. Data set. Pretoria: Stats SA.
- Stats SA. 2003a. *Labour force survey, March 2003*. Data set. Pretoria: Stats SA.
- Stats SA. 2003b. *Labour force survey, September 2003*. Data set. Pretoria: Stats SA.
- Stats SA. 2004a. *Labour force survey, March 2004*. Data set. Pretoria: Stats SA.
- Stats SA. 2004b. *Labour force survey, September 2004*. Data set. Pretoria: Stats SA.
- Stats SA. 2005a. *Census of commercial agriculture 2002: Financial and production statistics*. Pretoria: Stats SA.
- Stats SA. 2005b. *Labour force survey, March 2005*. Data set. Pretoria: Stats SA.
- Stats SA. 2005c. *Labour force survey, September 2005*. Data set. Pretoria: Stats SA.
- Stats SA. 2006a. *Labour force survey, March 2006*. Data set. Pretoria: Stats SA.
- Stats SA. 2006b. *Labour force survey, September 2006*. Data set. Pretoria: Stats SA.
- Thomson, D. 1996. A study of land rental markets and institutions in communal areas of rural KwaZulu-Natal. Unpublished PhD dissertation, Department of Agricultural Economics, University of Natal.
- Vink, N., Kirsten, J. & Tregurtha, N. 1999. Job shedding in South African agriculture. Background paper in preparation for the Agricultural Job Summit, August.
- Von Braun, J. 2007. The world food situation: New driving forces and required actions. Paper presented at the Consultative Group on International Agricultural Research (CGIAR) Annual General Meeting, Beijing, December 4.

- Walters, M. & Van der Merwe, D. 1998. A realization of soil potential programme: A recipe for rural development in the former homelands. Project proposal for external funding, Agricultural Research Council.
- Wegerif, M. 2006. The right to land restitution as inspiration for mobilisation. Paper presented at the conference on Land, Memory, Reconstruction and Justice: Perspectives on Land Restitution in South Africa, 13–15 September, Cape Town.
- World Bank. 1994. *South African agriculture: Structure, performance and options for the future*. Informal Discussion Papers on Aspects of the Economy of South Africa, Discussion Paper 6, Washington DC: The World Bank Southern Africa Department.

PILOTING 7 ALTERNATIVES IN THE BREEDE RIVER WINELANDS

Mercia Andrews, Phillan
Zamchiya and Ruth Hall



Introduction

What would an alternative approach to land and agrarian reform look like and who would determine it? The answer will probably emerge over time at the interface of a national policy debate and local political and planning processes, both of which are quite un-evolved at present. Despite the government's initiative to launch area-based plans (ABPs) for land reform, little headway has been made in working out how local landless people can play a leading role in envisioning alternatives that can improve their lives. This chapter describes one attempt to pilot a proactive, participatory and area-based approach to land and agrarian reform in one municipality, to document the process and the outcomes in order to consolidate proposals and concrete demands towards an alternative local plan, and to influence the national policy framework.

As a way of providing concrete explanation and analysis of the limits of existing policy – and the outlines of an alternative – the Trust for Community Outreach and Education (TCOE) formed a partnership in 2006 with the Mawubuye Land Rights Forum, a membership organisation made up of small producers, small stock-farmers, rural women's agricultural groups and landless people. Our starting point was to review methodologies such as the body of work around 'territorial planning'. Together we conceptualised a participatory action research (PAR) project that was conducted from late 2006 to the third quarter of 2007. The research was closely linked to rural mobilisation and public awareness raising. To strengthen the research aspect, we established a partnership with the Programme for Land and Agrarian Studies (PLAAS) and the Department of Economics at the University of the Western Cape.

The vision for this pilot was to explore concretely, and with a localised focus, what the real obstacles are to land and agrarian reform and, in the process, to develop strategies for engaging the Ministry of Agriculture and Land Affairs as well as the local municipalities. Therefore, the PAR was not conceptualised simply as an academic project; rather, it was seen as a way of building the voice of the rural poor in and around the five rural towns where the research was being conducted. The pilot aimed to strengthen the capacity of Mawubuye to mobilise its members around their land and livelihood demands and their vision of how the district could be transformed. In the process,

this would create a consciousness that the struggle for access to land, for agrarian reform and an alternative to market-led agrarian reform (MLAR) was a 'just struggle'.

Participatory action research

The decision to use PAR was based on the need to involve local people and their organisations directly in mobilising around local needs and problems. It was also aimed at unlocking self-organisation and creating greater public awareness of their rights. In this way, PAR was seen as a useful strategy for popular organising, awareness raising and advocacy. Involving households and local activists in the process created a space where it was possible to develop concrete demands for engagement. At the same time, it would enable local people to build a common vision for an alternative countryside that could be the platform for organising around their land and livelihood needs. The people we worked with, especially the membership of Mawubuye, had to 'own' the process, take part in analysing the data and thereby develop the basis for identifying concrete demands, so that the leadership would be in a position to engage local officials and speak both from the experience of being rooted in the community and with the authority that comes from research.

Choosing a site for the pilot: Breede River Winelands

This pilot was conducted in the Breede River Winelands local municipality in the Western Cape, which consists of five towns: Robertson, Ashton, McGregor, Bonnievale and Montagu. This area forms part of the Cape Winelands district municipality. We selected this municipality as the starting point for the research because it is one of the most highly developed agricultural districts in the Western Cape with strong linkages into upstream and downstream agricultural activities. Processing of primary produce includes fruit canning (Ashton), dried fruit production (Montagu), dairy production (Bonnievale) and wine making (predominantly in Robertson and McGregor).

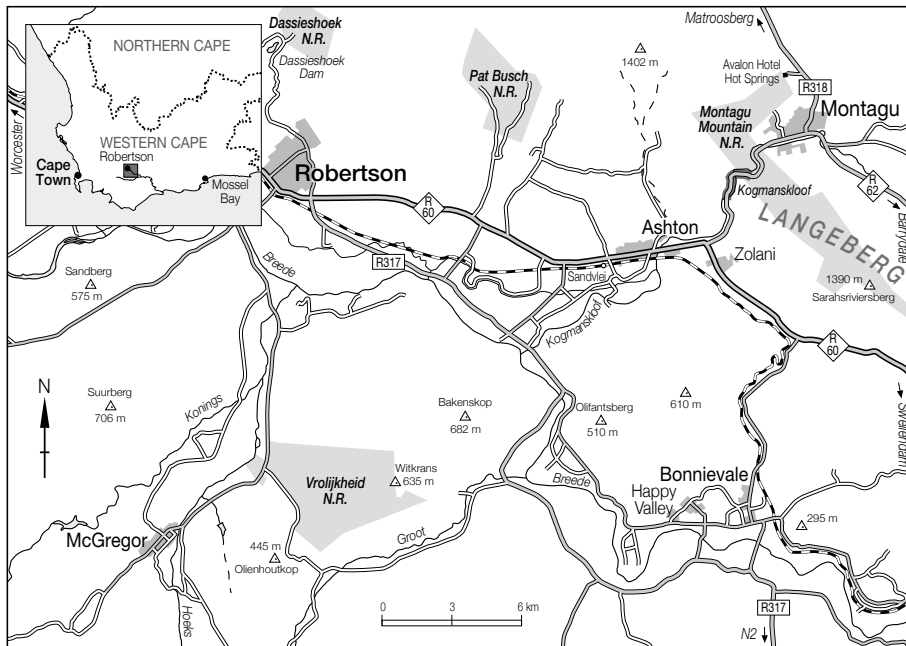
The area is a renowned wine and fruit growing and exporting region, and in recent years has become a centre of winelands tourism. To a visitor it looks like a valley of plenty and may appear an unlikely site for a study of this nature, as it is extremely beautiful and very rich. However, it is also an area marked by poverty and inequality. Very little land has been redistributed through the government's Land Redistribution for Agricultural Development (LRAD) programme. At the same time, substantial job losses on farms have prompted widespread evictions and the mushrooming of informal settlements around small towns, where a large proportion of people are reliant on insecure, informal and seasonal employment (on farms, in the canning factories and in the towns) and on social grants. The area, therefore, epitomises the contradictions of the commercial farming sector, which has been successful in providing paths to accumulation for some while entrenching poverty, underdevelopment and economic exclusion for others.

The area...
epitomises the
contradictions of
the commercial
farming sector

Designing and conducting the research: PAR in action

The research component of this pilot was envisaged as a multifaceted process combining quantitative and qualitative methods. This was intended to serve different but complementary purposes. The design combined survey-based research that would aim for breadth and representivity with case studies that would provide depth of insight and understanding. The methods used included a

Map of Breede River Winelands local municipality



household survey involving questionnaires, data capturing and analysis; focus groups; interviews with government officials, commercial farmers and other stakeholders; policy review; visioning exercises; advocacy; community report backs; and developing strategies for mobilisation, as well as organising regular meetings for unlocking a public dialogue and debate.

The purpose of the survey component was to establish through primary research which people are actively involved in agriculture or have clear needs for access to agricultural land for livelihood or other purposes, the types of activities they currently undertake, and their levels of income, needs, skills and organisation. In addition, we undertook secondary research on trends in the economy of the region, in order to inform (given the natural resource base and infrastructure) what type of local economic plan based on small-scale agriculture, food security and rural livelihoods could be developed.

Questionnaire design

TCOE and PLAAS, in consultation with Mawubuye, jointly drafted the questionnaire as the research instrument for the household survey. This questionnaire consisted of a mix of closed multiple-choice and open-ended questions, drawing on one originally developed for an earlier study on chronic poverty conducted by PLAAS in collaboration with the Chronic Poverty Centre at the University of Manchester. The original version of the questionnaire was shortened and additional questions were inserted, with a focus on existing livelihood strategies and articulated demand for land.

Training and implementation

Mawubuye decided on the criteria for selection of local community researchers; thereafter we conducted a five-day capacity-building workshop for the first group of 25 community researchers. The

more than
2 600
households
were surveyed,
and about 120
community
researchers were
trained and
participated in
conducting the
PAR

workshop included sessions on the history of land dispossession, the current MLAR and a critique of the 'willing buyer, willing seller' policy framework, legislation on municipal integrated development plans (IDPs), the purpose and design of the research, research ethics, and participatory research methods. An important component of the capacity building was to ensure that the community researchers understood the questionnaire and for the research team to field-test it at the first site, Robertson (TCOE & Mawubuye 2007). After the initial workshop, the community researchers, supported by staff from TCOE and PLAAS, conducted the household survey in all the poor locations of the town. The community researchers completed a total of 1 100 questionnaires in Robertson and its outlying informal settlement, Nkqubela. This represented a sample of between 5% and 7% in the traditionally 'coloured' and 'black' townships. In addition to the household survey, we conducted focus-group discussions with farm workers, youth, women and small producers (including landless livestock owners). This was followed up with structured interviews with municipal and Department of Land Affairs (DLA) officials. Separate interviews and discussions were held with representatives from the different sectors of commercial agriculture. After conducting the survey in Robertson, we decided to extend it to the farm workers and farm dwellers on the surrounding commercial farms. Data from the questionnaires were captured, cleaned and analysed using the Statistical Package for Social Sciences (SPSS) at PLAAS, and the findings presented to Mawubuye and the community researchers for discussion.

This process was repeated in (and around) all five towns in the Breede River Winelands, over a period of ten months. In total, more than 2 600 households were surveyed, and about 120 community researchers were trained and participated in conducting the PAR directly. More than 500 people were involved in the focus groups. Documentation of livelihood strategies of 600 small producers involved in both crop and stock production was compiled and analysed.

Sampling

A semi-structured sample had been developed to comprise a representative sample size for each of the five towns in the area – Robertson, Ashton, Montagu, Bonnievale and McGregor – and, within these, representative samples of Afrikaans and isiXhosa home-language speakers, as a proxy for the dominant racial classification. The settlements targeted were selected on the basis of social mapping with the community researchers. The purpose was to sample only those people resident in 'coloured' or 'black' townships (i.e. to exclude those living in middle- or upper-class areas, and landowners). To inform the weighting of the sample, the latest available census statistics were extracted for each town. However, these needed to be moderated to account for the reported growth (since the census was conducted) of the black, isiXhosa-speaking population as a proportion of the populations of Robertson, Ashton and Montagu, in particular – a trend confirmed through key informant interviews, including with municipal officials. On this basis, the sample of the entire study was constructed, as shown in Table 7.1.

A further sampling exercise was needed to determine the number of respondents living on farms, rather than in the towns themselves. This sampling was much less structured. An attempt was made to get onto farms but, given difficulties in access and the risk of respondents altering their answers for fear of recrimination, we decided to move the entire research process off-farm. Thus, interviews with farm workers were conducted in towns, where farm workers do shopping on weekends. In each case, however, the approximate location of the farm where they resided and the town closest to the farm were noted; for this reason, the responses of farm dwellers and urban dwellers for each area within the municipality can be analysed together or separately. Farm workers constitute a small proportion of the overall sample.

Table 7.1: Breede River Winelands household survey: sample structure

Town	Sample	Percentage
Ashton	605	23%
Bonnievale	349	13%
McGregor	285	11%
Montagu	549	21%
Robertson	880	33%
Total	2 668	100%

Limitations

A key limitation in this PAR exercise was the understanding and interpretation by the fieldworkers of the questions contained in the household survey questionnaire and of people’s responses in order to fill it in. Because of the limited time for fieldworker training, there were instances of misunderstanding. As far as possible, these problems were sorted out on-site, as questionnaires brought in each day were vetted. A second problem was simply that the questionnaire was too long; we had crowded in too many questions. After the first phase of the survey, we took stock and shortened it before the survey was extended to the rest of the area. A third limitation of the process was the restricted role of Mawubuye members in working through the survey data. A fourth limitation was the lack of any systematic method to collate the survey results with the findings from the focus groups, livestock owner study and economic review; further collaboration in the data analysis process could have yielded more reliable insights. For this reason, this chapter focuses primarily on the findings from the survey, but refers where relevant to findings from the other PAR methods.

this chapter focuses primarily on the findings from the survey

Reflections on the process

Although the PAR was extremely intense and time-consuming, it allowed the team from TCOE and PLAAS to become immersed in the daily life and difficulties experienced by the people of the different towns where the PAR was conducted. We were able to gain insights into the complex web of political power relations in the rural towns where little has changed since the demise of apartheid to alter land holding patterns. What Hart (2002) describes as the chasms left by the spatial divides of the old apartheid towns and commercial agricultural zones are almost entirely intact. The power that white commercial agriculture, white business and tourism hold in the rural economy also remains intact. We found no clear strategy from local, provincial or national government to regulate and transform the existing way the rural economy functions in this area. This is aptly summed up by the way the DLA, while arguing for transformation of existing farming, nevertheless describes commercial agriculture as ‘the goose that lays the golden egg’ (DLA 2006: 10). At stake, then, is whether land reform is to transform patterns of production, and so set new pathways for development and accumulation in agriculture, with the intention of transforming it, or whether it is to be restricted to the periphery of commercial farming, with the intention of keeping it intact. In other words, will land reform involve agrarian reform or not? While the choices in reality may be less stark – and there may be good reasons to restructure patterns of production and to combine different types and scales of production – this remains a fundamental, and unanswered, question that needs to guide the future of land reform.

Findings: sample composition and socio-economic status

We sampled just over 6% of adults resident in the black and coloured townships in and around the five towns.

Profile of the sample

Within the structured sample, fieldworkers were asked to attempt to interview a similar number of women and men, but this was not followed and, as a result, women are over-represented, constituting about 60% of the total sample (see Table 7.2). While this may skew some findings by over-representing the views of women, a higher proportion of poor households are female headed, and so this shortcoming may not misrepresent the views of these poor communities. The representation of different age groups was good and broadly reflective of the population.

Just over two-thirds of the sample were Afrikaans-speaking, while a little under a third of the sample spoke isiXhosa as their home language, and the vast majority of these were living in the larger urban centres of Robertson (particularly in the settlement of Nkqubela) and Ashton (and its township of Zolani). A mere handful spoke another South African language (chiefly Sesotho, Setswana and Tshivenda). With one exception, an over-representation of isiXhosa-speakers in Robertson, we had a good representative sample (see Table 7.3).

Access to housing

It is striking that nearly three-quarters of respondents (72%) live in formal housing – either a Reconstruction and Development Programme (RDP) house, an old council house or another formal house (see Table 7.4). Just 16% live in a wooden or zinc shack. However, there is substantial variation across towns, even though we took fairly representative samples of each residential area within each town. Overall, the lowest proportions of respondents living in formal housing were in Bonnievale, where there are reportedly the fastest-growing informal settlements, while there are more stable and established residential areas in Ashton. However, some fieldworkers had difficulty interpreting the categories, which appears to have caused an anomaly with the McGregor data where nearly half of all respondents cited ‘other’.

Access to services

Most respondents (91%) live in homes connected to the electricity grid, and most (87%) had access to tap water at home, either inside or outside the house. This is a remarkable finding for residents of these poor areas: infrastructure for the delivery of basic services is fairly developed. However, even in the presence of relatively good infrastructure, the barrier to using these services is cost. Half of the respondents reported that they spend R100 or more a month on electricity, and 30% said that electricity costs them more than R150 a month. It is not surprising, then, that 70% use other sources of energy in addition to or instead of electricity, for cooking and lighting. Half of respondents reported spending over R60 a month on water, while 30% said that water costs them more than R100 a month. Even taking into account the predictable problems of recall, paying for basic services seems to account for a substantial portion of cash incomes in these communities.

paying for basic services seems to account for a substantial portion of cash incomes

Table 7.2: Sample structure by sex and age

Age category	Women (n)	Women (percentage)	Men (n)	Men (percentage)	Age category (n)	Age category (percentage)
<25 years	147	65%	78	35%	225	11%
26–35	297	64%	165	36%	462	23%
36–45	356	58%	256	42%	612	31%
46–55	236	61%	153	39%	389	19%
56–65	123	63%	75	37%	198	10%
66–75	44	53%	39	47%	83	4%
>75 years	22	63%	13	37%	35	2%

Table 7.3: Profile of the sample by town and home language

	English	Afrikaans	isiXhosa	Setswana	Tshivenda	Sesotho	Total
Ashton	0	358	240	1	0	1	600
Bonnievale	2	313	26	0	0	7	348
McGregor	0	278	5	0	0	0	283
Montagu	7	518	11	0	0	0	536
Robertson	1	386	471	1	2	4	865
Total	10	1 853	753	2	2	12	2 632

Table 7.4: Type of house by town

Town	RDP	Wooden shack	Zinc shack	Other formal house	Old council house	Other
Ashton	35.8%	5.5%	4.8%	8.5%	30.8%	14.5%
Bonnievale	41.2%	5.2%	14.8%	8.7%	7.8%	22.3%
McGregor	5.7%	6.1%	10.4%	16.4%	14.3%	47.1%
Montagu	53.1%	3.9%	7.1%	7.3%	27.4%	1.1%
Robertson	44.5%	4.8%	16.6%	6.4%	26.1%	1.5%
Total	39.7%	5.0%	11.1%	8.4%	23.8%	12.0%

Income

Because of the well-known and well-documented methodological problems associated with asking people about their income (see Ravallion 1996), we decided it would be more important to understand the range of sources of income rather than trying to determine amounts received. Not only are there major seasonal fluctuations in income and problems of recall with regard to income from informal employment and informal trade, respondents may have had strong motives to either

a substantial
portion had no
income other
than social grants

over- or under-state their incomes. Therefore, we did not ask about levels of income; instead, the focus was on the source or type of income. Consequently, responses here should be interpreted not as a reflection of the *value* of income, but rather as the *incidence* of income from these sources.

Respondents were invited to list all sources of income that their households received in the preceding month (see Table 7.5). It must be noted here that the dominant form of wage labour in agriculture (the most significant economic sector) in this area is seasonal or casual, and because the survey was administered in the summer in Robertson and through the winter in the rest of the study area, comparison by area is not very useful. What is striking is that just over half of the households reported receiving income from wage labour (regular or temporary), and the two next most frequently cited forms of income were from social grants. Nearly a third (32%) of respondents received some type of social grant; more than a third of respondents lived in households where there had been no income from any type of employment; and a substantial portion had no income other than social grants. Self-employment is extremely limited but, taking into account informal and illegal activities, it is possible that the real scale of self-employment could be higher. At a similar level of just 2% is income from work pensions or 'other', including remittances from family members, which are not a major feature of these households' economies.

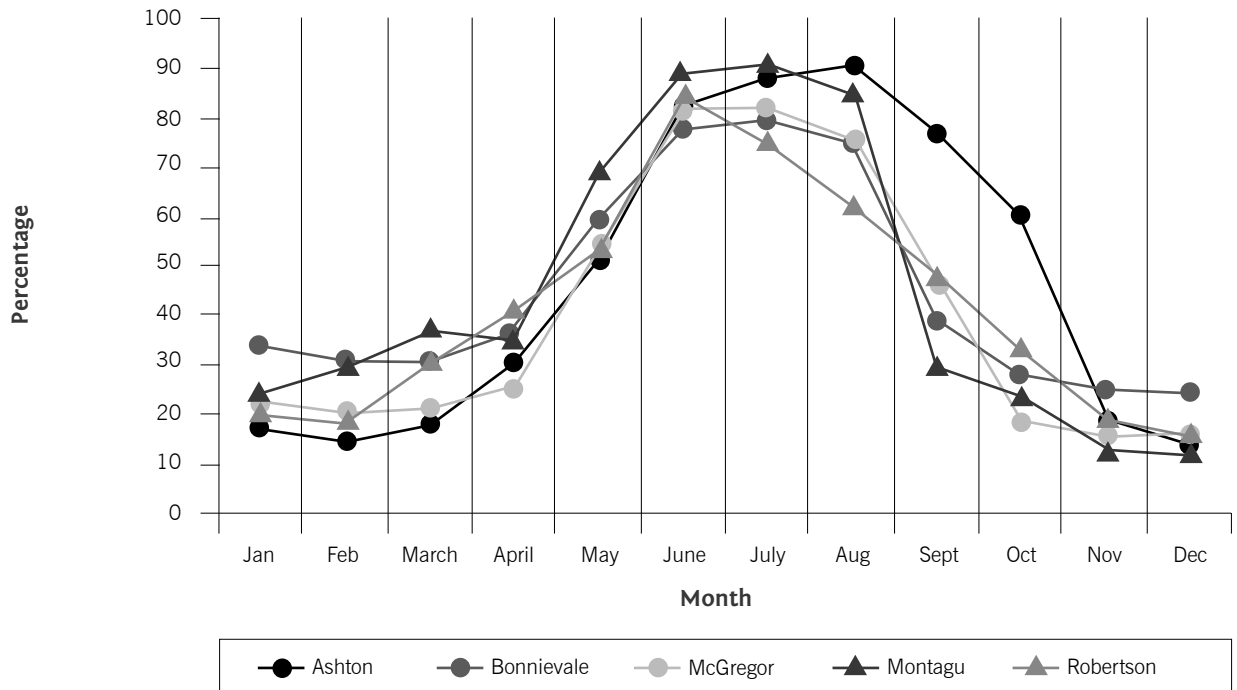
Hunger and seasonality

Of the total sample, 72% indicated that there had been times in the past year when they did not have enough to eat. Perhaps the most important insight from the survey is the degree to which food security, even among the urban and peri-urban populations, fluctuates with the agricultural seasons. Despite the substantial loss of jobs on farms, seasonal picking jobs are still a lifeline for many during the annual harvest, as is limited employment at the canning factories and in other areas of secondary agriculture, much of which is similarly seasonal in nature. The periods when there is not enough to eat confirm the seasonality of income and, therefore, of hunger. This coincides with the winter months, peaking in June, July and August (see Figure 7.1).

Table 7.5: Sources of household income

Source of income	Percentage of households
Wage labour	56%
Child support grant	29%
State pension	23%
Casual work	19%
Disability grant	9%
Maintenance	8%
Rent	4%
Self-employed agricultural activities	2%
Self-employed non-agricultural activities	2%
Work pension	2%
Other	2%

Figure 7.1: Months during which there is not enough to eat by town



Food production

In view of this problem of seasonal income and hunger, it is not surprising perhaps that 22% of respondents say that they grow some of their own food (either fruit or vegetables or both) despite the lack of land for this purpose, beyond backyard vegetable gardens and, in some cases, slightly larger allotments. Food production was most widespread in Robertson, followed by Ashton and McGregor, and less common in Bonnievale and Montagu.

22% of respondents say that they grow some of their own food

In general, it can be presumed that most of this production is on a very small scale, but, nevertheless, plays a role in smoothing the stark fluctuations in household food security through the seasons. Most of those who grow food (83%) said that their production is for household consumption only, with much smaller numbers indicating that, in addition to consumption, some produce may be sold, exchanged or given away. This pattern is similar across the sample.

Livestock production

As well as production of food, we looked at the role of livestock as a way in which the use of land contributes to the livelihoods of people living in this area – even among those considered ‘landless’ but who may have access to very small areas or use land over which they have no legal rights. Fewer people own livestock than those who produce some of their own food through cultivation. Just over 14% of our sample reported that they keep livestock of some kind. This appears low, but reflects the lack of access to land among this population. The livestock mentioned were mainly small stock. The most prevalent type of livestock was poultry (mainly chickens), followed (in descending order) by pigs, cattle, sheep and goats (see Table 7.6).

Figure 7.2: Households involved in food production, by town

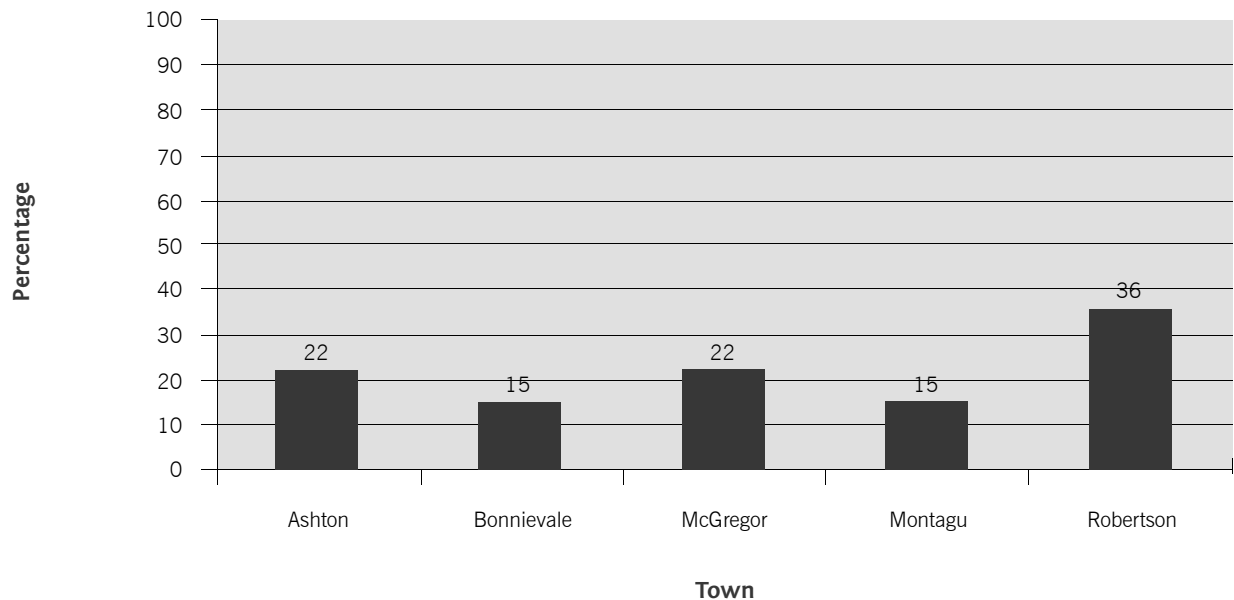


Table 7.6: Frequency and distribution of livestock ownership by type

Type of livestock	Number of respondents	Maximum number cited by respondents	Average number owned
Chickens	194	50	8
Pigs	83	47	7
Cattle	63	20	5
Sheep	35	28	5
Ducks or geese	28	30	4
Goats	21	48	11
Donkeys	3	20	7
Horses	2	1	1

A key finding, with substantial implications for the kind of land reform that may be needed, is the marked variation and inequality among the livestock owners, with a small number of people having quite a number of stock while most have very few (i.e. the median is higher than the mode). About half the livestock owners in most categories also grow their own food, and many of those reporting that they own livestock own more than one kind of livestock.

Livestock production appears to be primarily for basic livelihood purposes. As with food cultivation, most livestock owners said that their purpose in keeping livestock is for household use (70%). A much smaller number (20%) said that the primary purpose was commercial (i.e. to sell the stock), to give some away (6%) or all of these reasons (4%).

Demand for land

An important part of the research was to determine whether people need land, and to quantify how widespread the demand for land might be. We also investigated *who* says they need land, *how much* land they say they need, *where*, and *what else* they say they would need in addition to the land itself to improve their livelihoods.

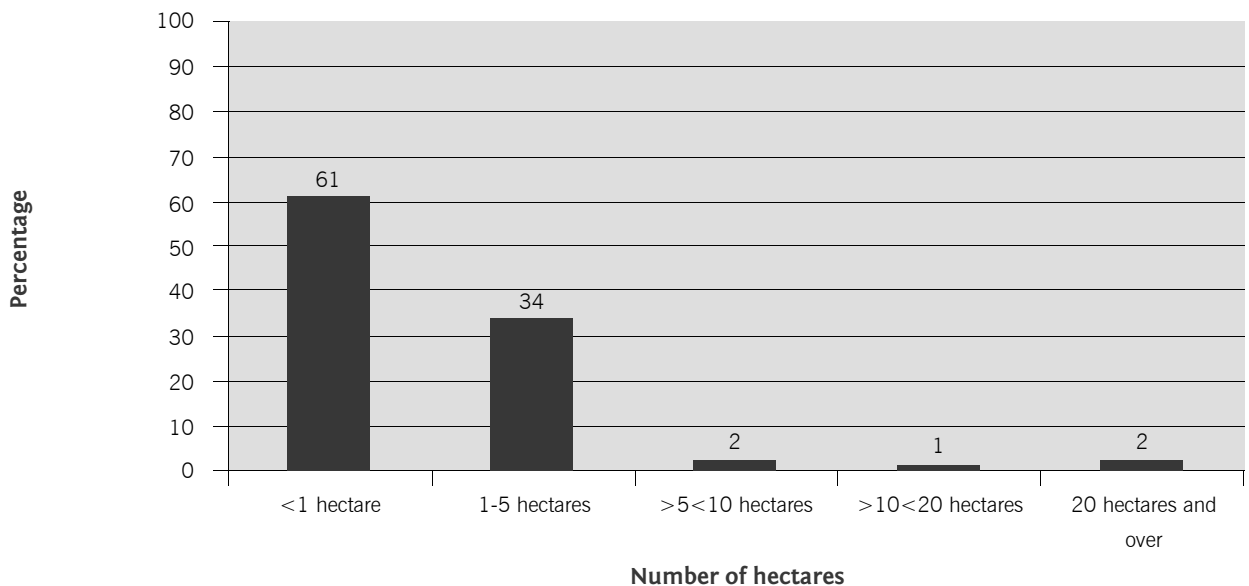
Scale and distribution of land need

The first question was phrased as: ‘Do you or your household need land, or more land?’ Asking people this type of question in a survey is a complex matter, but it is striking that even among those living in towns in this agricultural district, the demand for land is widespread: of the total sample, 75% of respondents said that their households need land. Of those who said they need land, the overwhelming majority said that they need a very small parcel of land, with a 61 per cent saying that they would need just one hectare or less, compared with just 3% who said they want more than 10 hectares, and just 2% who said they want more than 20 hectares (see Figure 7.3). The vast majority indicated that they want around half a hectare, less than the size of one rugby field (respondents were given a choice of responding in terms of the number of hectares or of rugby fields, for ease of reference, and these figures were later converted into hectares).

75% of respondents said that their households need land

The picture that emerges, then, is one of a strong demand for land – in that it is very widespread – coupled with a distinctly modest vision of the extent of land that people would need to improve their lives. This is consistent with most of the major studies on land demand that have been conducted in South Africa (see, for instance, Marcus, Eales & Wildschut 1996; HSRC 2005), which also suggest that the bulk of the demand for land across all provinces in South Africa is for small plots for

Figure 7.3: Amount of land needed, among respondents indicating a need for land



smallholder production, primarily to supplement other sources of income, alongside a secure place to live, while the demand for larger plots for sizeable farming is restricted to far fewer people. Two factors may explain the particularly modest claims made here. First is the significance of a demand for land for housing among some of the respondents. Second, it could also be that in this context where farming is largely the preserve of the rich, many poorer people cannot envisage themselves farming at anything other than a very small scale.

Location of land also emerged as a factor to be considered. Of those who said that they need land, a surprisingly high 59% said they were prepared to move in order to get this land, 21% were not, while 20% said it would depend on the circumstances, presumably including the proximity of the land to where they currently live, and access to transport and other infrastructure.

Purposes for which land is needed

The main reasons people wanted land were for housing and to cultivate food for their households. Other significant reasons were to cultivate food for sale, to run a business, to graze livestock and to cultivate non-food crops (see Figure 7.4).

It is striking that *most* people who want land want it for more than one purpose. Among those currently engaged in small-scale agricultural production of some kind, there appears to be a desire to scale up and to diversify, while among those not involved yet, there is a strong interest in accessing land for a variety of purposes, including housing, food production for the household and the generation of cash income.

Who needs land? Demand for land by location

While the demand for land was fairly high across the study area, it was highest in Robertson (87%), followed by Ashton (77%), Montagu and McGregor (both at 68%), and lowest in Bonnievale (61%) (see Tabel 7.7).

Who needs land? Demand for land among women and men

Demand for land was strong among both men and women, although men (79%) were somewhat more likely than women (68%) to say that they wanted land. However, much of this difference could be accounted for by existing land use, as men were more likely than women to own larger livestock already, so it is striking that the gender difference in demand for land is quite small (see Figure 7.5).

Who needs land? Demand for land among young and old

If one looks at the demand for land according to the age of respondents (see Figure 7.6), two striking insights emerge: firstly, there is no substantial variation in the results across the age categories; and, secondly, the highest level of demand for land is among those who are relatively young (the 26–35 age group). This contradicts a widespread perception in South Africa, particularly among those advocating for a more restrictive land reform programme, that there is not much demand for land among young people and that, among the rural poor, land is seen as an ‘old man’s hobby’. Much deeper analysis should be done to understand the varying kinds of land demand among the different age groups; for now, though, we feel it is important to report this finding as a corrective to the urban (or rural?) legend that the youth are not interested in land. Here, at least, it seems that they are.

the highest level of demand for land is among those who are relatively young

Figure 7.4: Purposes for which land is needed

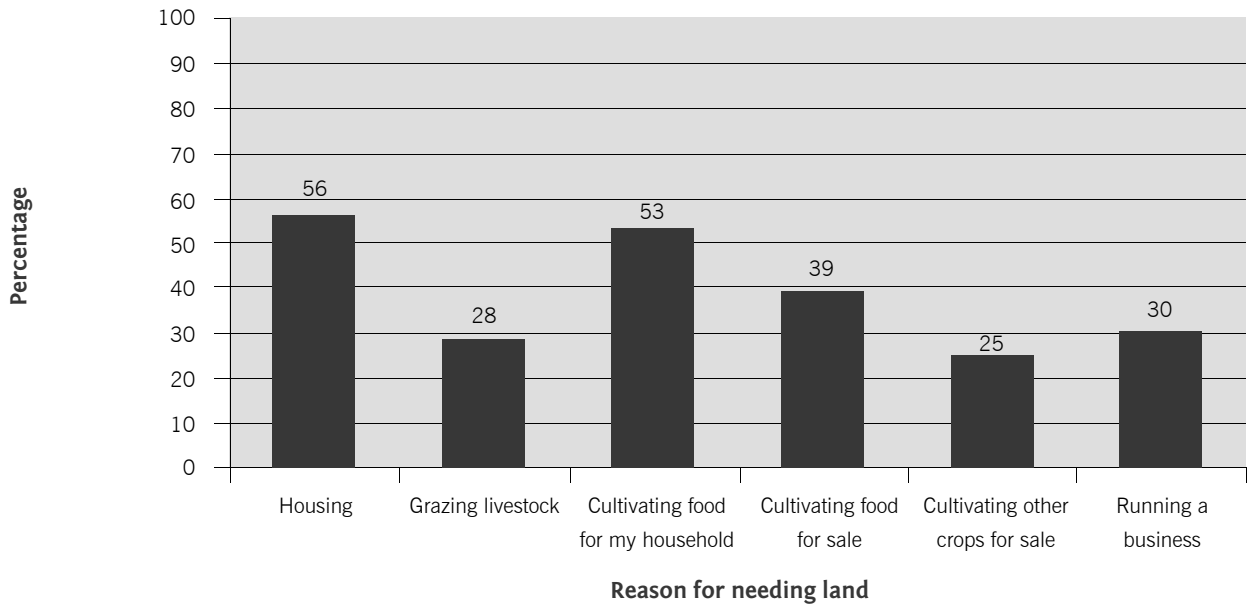


Table 7.7: Demand for land by town

Town	Need land (Percentage)	
	Yes	No
Ashton	77	23
Bonnievale	61	39
McGregor	68	32
Montagu	68	32
Robertson	87	13
Total sample	75	25

Who needs land? Demand for land among food producers and livestock owners

We also wanted to know whether the high demand for land was just a reflection of people already ‘farming’ on a small scale and wanting to expand. What the survey showed, though, was that while there is a positive correlation between engagement in some kind of farming and an expressed desire for land, this is not very strong. The proportions of people who would like land for livestock and cultivation purposes far exceed those who were already ‘farming’. In other words, the expressed demand for land is not merely to expand existing forms of production. Among those growing food, 81% said they need land, compared to 71% among those not growing any food (see Table 7.8). This means that food growers account for just a quarter of those who say they need land. Similarly, there was only a slightly stronger demand for land among those who keep livestock than among those who do not.

Figure 7.5: Demand for land, by town and by sex of respondent

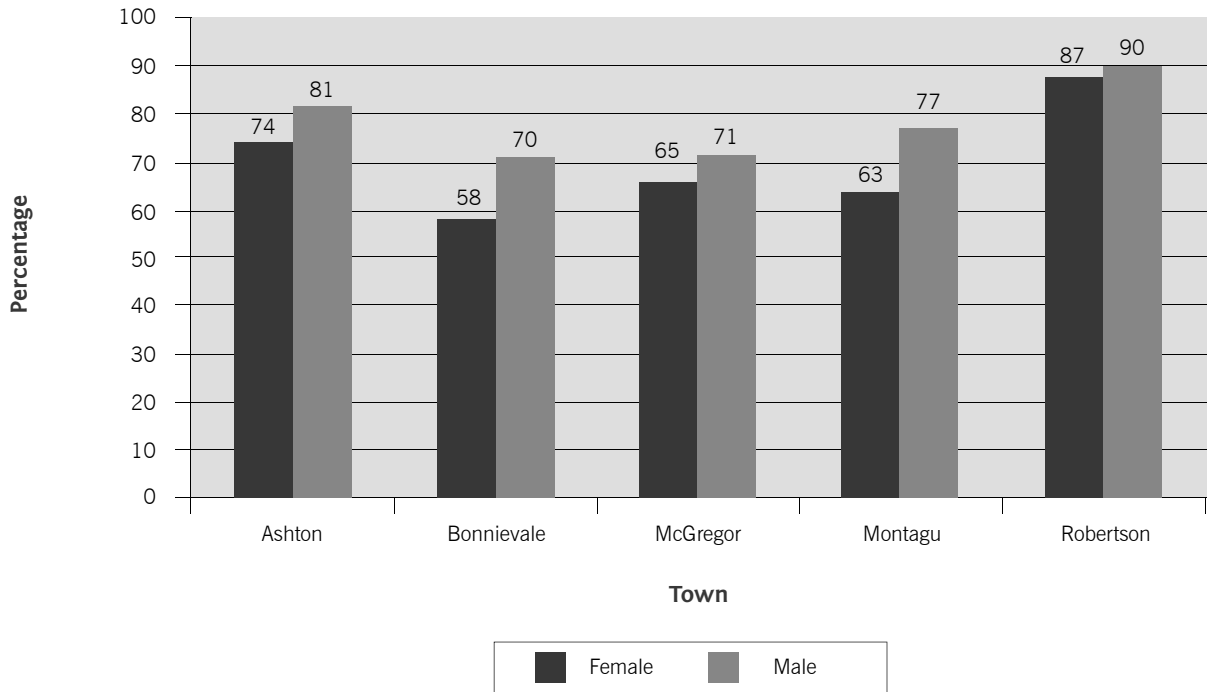


Figure 7.6: Demand for land by age of respondent

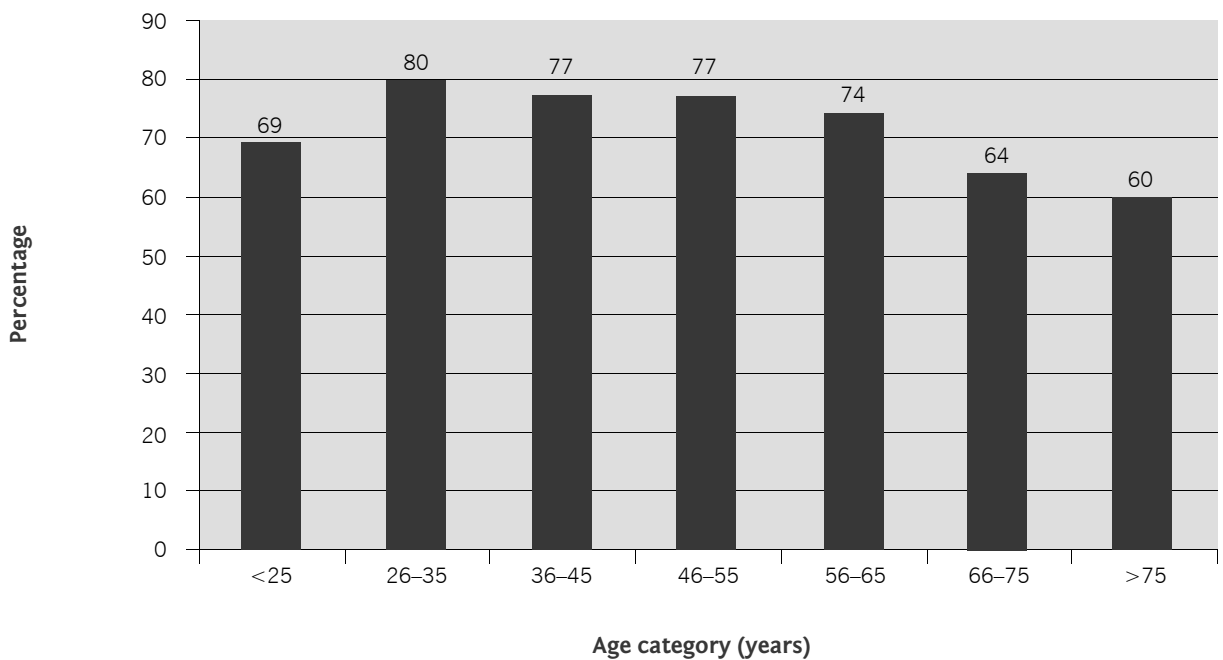


Table 7.8: Demand for land among those growing food

		Needing land	
		Yes	No
Growing food	Yes	81%	19%
	No	71%	29%

Thus, although livestock owners and food growers are slightly more likely to want land than others, what this reveals is that *demand for land is substantial also among those who neither own livestock nor grow food*. In other words, already using land for farming is *not* a very good predictor of who wants to use land for farming or other purposes in the future, which suggests a substantial latent and invisible demand for land, about which much more needs to be understood if it is to inform an ABP.

Who needs land? Demand for land and waged employment

Just as there is a debate about whether or not young people want land (as much as older people do), the policy debate on land reform has been filled with opinions about whether rural people really want ‘land or jobs’. The Centre for Development and Enterprise (CDE 2005), for instance, has argued that rural people want jobs rather than land, and seek to be absorbed into an urban economy instead of pursuing opportunities in agriculture. So, a further possible difference we explored among this rural population was whether those who have jobs are less likely than others to want land. What we found, though, was that whether or not there is a regular income from waged employment in a household does not materially affect the demand for land. There was just a 1.6% difference in the demand for land between those who had income in their households from waged employment (69.3%) in the past month and those who did not (70.9%). This finding suggests that, here at least, ‘land or jobs’ is a false dichotomy, and an unreal choice; most people do not have regular employment, and those who do, appear to want land in combination with this income stream, to augment it and perhaps to smooth the fluctuations in their precarious livelihoods.

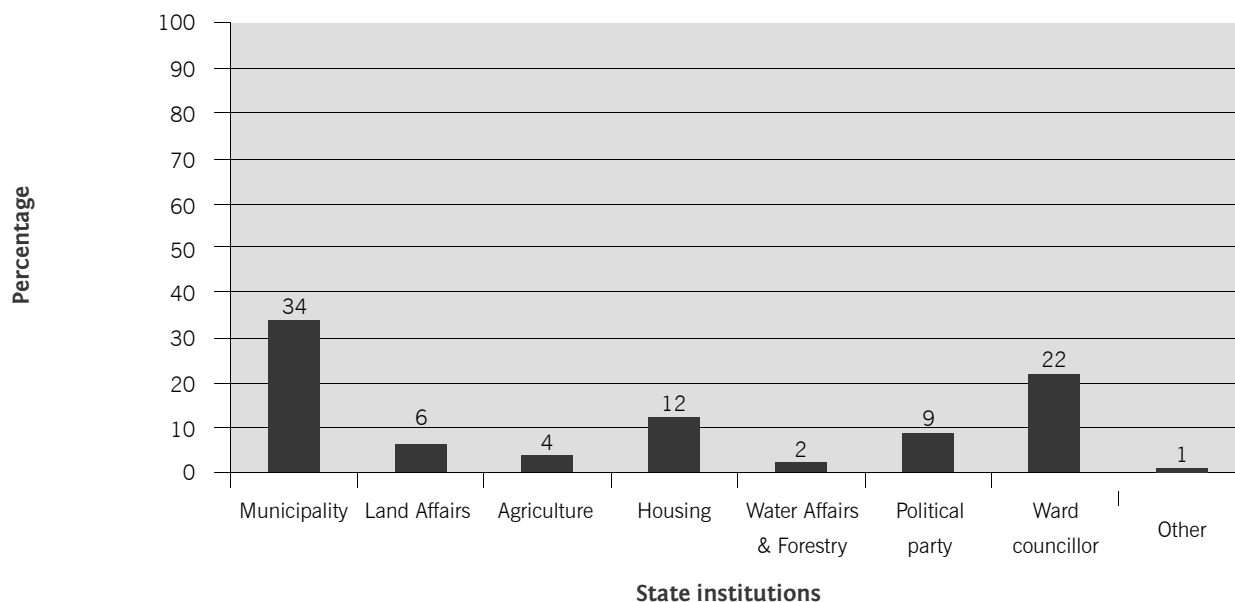
‘land or jobs’ is a false dichotomy, and an unreal choice

Expressed demand for land

Of those who said they wanted land, just a third had ever conveyed this to any state institution; an astonishing two-thirds had land needs entirely unknown to the state. This suggests that the nature and scale of demand for land remains largely unknown to the key institutions charged with implementing the land reform programme, notably the DLA and the Department of Agriculture (DoA). Those who *did* indicate this need to the state were far more likely to approach either their municipalities (which are responsible for local economic development) or their ward councillors, than provincial or national structures.

Among those who wanted land, even fewer had ever conveyed this to a *non*-state institution (a farmers’ association, an NGO or any other) – just 11% in total. This may reflect the very poor level of organisation available in the area, and the absence of NGOs dealing with questions of agriculture and rural livelihoods (as opposed to welfare and social services).

Figure 7.7: Need for land expressed to state institutions



Reflections on and implications of the household survey findings

Trends observed and insights gained from the household survey provided some valuable information for us. They confirmed the wealth gap between the large white landowners and the poor, and showed that in this 'district of plenty' people were going hungry and living on the margins of society. The demise of apartheid has not changed the conditions in the townships and shack villages that stand alongside lush green vineyards and hectares of peach and apricot orchards.

Perhaps the most startling finding of the study is the high level of demand for land (75%) and the fact that this demand is most acute among those who currently have no (secured or legal) access to land beyond home gardens (82%). This is the finding from the pilot that has been most remarked upon by those to whom we have presented our findings.

existing food production among the poor is wholly ignored, and invisible, in local economic development (LED) planning

A second significant finding was the extent to which poor people in and around these rural towns are already using land – usually on a micro-scale and often illegally – to supplement their precarious livelihoods. Yet the extent of existing food production among the poor is wholly ignored, and invisible, in local economic development (LED) planning by the district and local municipalities. Either local political leaders do not know it is happening or they fail to see that land reform, and wider agrarian change, is a logical progression that could support and expand this crucial lifeline for the poor.

A third significant finding was the extent of land need and the generally very modest demands being expressed. While we acknowledge that attitudinal surveys are a highly imperfect measure of actual land demand (in that demand is always contingent on what is available, where and on what terms),

this key finding underscores the potentially significant role of land access in a multiple livelihood strategy among the many households that rely on a precarious combination of social grants, seasonal jobs on farms and informal work in towns. The highly *differentiated* types and extent of land need suggest the advantages of a variegated land reform strategy to address these different types of need; in other words, the last thing that would be appropriate for this area is a 'one-size-fits-all' approach.

The research demonstrates that there is a land need in the Breede River Winelands and that this land need, although varied, is closely related to lived realities of poverty and the desire for sustainable rural livelihoods and food security. Poor people are involved in multiple livelihood strategies and already utilise the small tracts of land available for a number of different economic activities, which range from small-scale crop production and livestock keeping to operating spaza shops. Those expressing land needs have extremely limited scope to pursue these further through the land market, as presumed by policy. Recognition of this policy limitation informed the way in which the outcomes of the research were used in two interrelated processes – for popular mobilisation and for the development of alternative proposals for land and agrarian reform – to which we now turn.

From research to action: popular mobilisation

The South African countryside has no recent history of large-scale national resistance or co-ordinated mobilisation over the land question. After 1994, the absorption of local leadership and intellectuals from the anti-apartheid movement into the state and into political positions left a great vacuum of experience among civic and popular organisations, many of which disintegrated, particularly in the rural districts. Over the past decade, there have been ongoing attempts, with mixed results, at strengthening and rebuilding local organisations and rural leadership, as well as building rural networks and social movements at a national level. For instance, the Landless People's Movement (LPM) was formed in 2001 under the slogan 'Landlessness = Racism' and has called for 'Land! Food! Jobs!'. Also, ahead of the National Land Summit in 2005, several NGOs and small farmer groups came together to form a common platform called ALARM (the Alliance of Land and Agrarian Reform Movements) to oppose MLAR and call for the scrapping of the 'willing buyer, willing seller' policy and for agrarian reform in favour of small farmers (ALARM 2005). Despite these ongoing efforts, local organisations and rural social movements are still fragile; the challenges facing self-mobilisation by the poor and the building of popular movements are many (Andrews 2007).

local organisations
and rural social
movements are
still fragile

The PAR process had as one of its main objectives the strengthening of both the local associations and the leadership affiliated to Mawubuye in each town of the Breede River Winelands where the research was being conducted. From the outset, the research process was discussed with Mawubuye leadership. In this way, we tried to ensure co-ownership of and joint learning from the process.

The starting point for Mawubuye's mobilisation was the fact that the government has set a target for transforming the countryside, namely that 30% of agricultural land outside the communal areas will be redistributed to the historically dispossessed by 2014. After the Land Summit, the government introduced the Proactive Land Acquisition Strategy (PLAS) and ABP as mechanisms to 'fast-track' land reform (see Chapter 3). However, neither the goal of proactively acquiring land, nor of making local land reform plans was grounded in any way in the needs and aspirations of local people; there was simply no methodology, or political impetus, towards opening up the fundamental questions of



Mawubuye Land Rights Forum banner flies in the Robertson valley, Western Cape. April 2007. Photo by Ruth Hall.

which land would be acquired, for whom, and for what purpose. How would land reform be used to change the countryside?

The leadership of Mawubuye employed a wide range of strategies and tactics, using the PAR outcomes as a point of reference. They staged a 'road show', a series of events including a protest through the streets of Robertson, in an attempt to create awareness in the town that almost no land redistribution had taken place and that, instead, commercial farmers were entrenching their hold on the arable land in the valley. Many hundreds of people marched through the streets to where the march culminated in a mass meeting and the presentation of a petition to the provincial minister of agriculture. This was an important moment for Mawubuye, in that it established its profile as a militant rural organisation with a substantial membership that is able to make demands on the government.

Another activity was participation in the local municipality's public review of the IDP. Mawubuye mobilised its members to attend IDP community meetings to ask questions about land redistribution, support for smallholder development and how the municipal budget was being used to redress the legacy of apartheid. This exercise was useful, in that the Mawubuye members attending these events started to get to know the relevant legislation and to review and assess the decisions and plans of local government. Mawubuye directly participated in public hearings in Parliament, where members presented their stories of the inertia of the Ministry of Agriculture and Land Affairs in delivering land grants and responding to farm evictions, and the lack of response from municipalities to legitimate questions of access to commonage. During these mobilisations, Mawubuye and TCOE joined with ALARM and the Congress of South African Trade Unions (COSATU) in an attempt to build greater linkages between urban and rural struggles.

PAR mobilisations also included a three-day seminar where the findings of the first phase were reported as a basis for a dialogue around alternatives to MLAR. Senior officials from all tiers of government and commercial agriculture attended, and this opened up a relationship with the DoA and DLA, and some municipal councillors. It was a means by which we were able to find allies, get access to useful information and deal with the limited capacity and lack of strategy for smallholder support at municipal level.

There can be no doubt that the PAR assisted and strengthened the movement. Mawubuye began to demand space to participate and represent the interests of the rural poor on different decision-making committees, such as the water forums, the DLA's district assessment committee, which assesses land grant applications, and other government structures where they were able to act as a counterweight to commercial agriculture's hold on local political structures and, at the same time, hold government officials accountable for promises made.

The gains are not without challenges. Public participation that comes from occupying political space requires vibrant and accountable local organisations, ongoing political and policy awareness-raising and strong leadership. Mawubuye, with TCOE and PLAAS as its supporters, is grappling to respond to the PAR, develop the campaign, build the local structures of its organisation and 'research and imagine the alternative' for the Breede River. Mawubuye still has much to do to build a movement that is able to challenge the structural nature of rural poverty, as well as to take more radical action to shift the existing paradigms and policy frameworks.

Building alternatives

Moving from investigating existing conditions to articulating an alternative agrarian order proved to be a challenge in this pilot. The alternatives are not obvious. Those who have borne the brunt of poverty and landlessness find it difficult to see how things could be different, and how the landscape and economy could present real spaces for them to change their lives.

One of the most exciting activities undertaken was the development of a common vision for the 'creation of another countryside'. The development of alternatives was initiated through an inclusive visioning exercise: 70 Mawubuye members from all the local associations, and popular organisations including youth and women's groups, gathered for three days to discuss the outcomes of the research, reflect on problems of poverty, landlessness, violence and despair that are evident in their communities, and 'dream' about an alternative countryside. Together they explored solutions and looked at alternatives for organising their communities and the district. They then produced a vision of what this would entail; the document they drew up draws a vivid thread between the question of access to land and the wider revitalisation of rural society that could address endemic social problems (see Box 7.1).

Those who have borne the brunt of poverty and landlessness find it difficult to see how things could be different

Box 7.1: Common vision

Our vision is of another countryside where there is no hunger, poverty and where our people live with dignity as equals, able to give full expression to their humanity. This requires complete economic transformation including the transformation of existing land

ownership. The land must be redistributed to those who want and need land for housing, production and recreation.

In order to ensure that this happens, we require a united community and strong organisation where the youth are empowered to play a productive and constructive role. Our community will be united through successful mobilisations to access and use land productively.

These are aimed at local and national government and those who have been enriched historically. Our organisation will be built in the process of defending our communities and representing their needs, not just in terms of land but also in terms of food, housing, and access to decent and free services. This is necessary to ensure that government changes its policies not only with respect to land and agricultural reform but also to ensure that government re-prioritises and invests in developing rural industries that creates [sic] decent and sustainable work. This in turn will require the rapid transformation of education and training for our people.

It is only through the achievement of economic and social justice that we can overcome the social crisis of disease, domestic violence, violence against children, substance abuse and prostitution. It is only on this basis that peace and security can become a reality. Indeed, another countryside is possible.

Source: TCOE & Mawubuye (2007)

Planning for agrarian reform

Those wanting small parcels of land prioritised access over ownership

Beyond this broad vision for 'another countryside', participants started to outline what this would mean for landholding and production. There was a strong correlation between the size of farming units they envisaged, the purpose for which production would be undertaken, and the type of tenure arrangement. Those wanting small parcels of land prioritised access over ownership, with some feeling that the costs of owning land would not be justified by the small scale of their production, particularly if the purpose was not to sell produce but to complement other sources of food for the household. Those wanting larger holdings for more commercial purposes, and who would require access to bank loans and certainty of long-term rights, were more likely to prioritise private ownership. The outcome of the visioning exercise was agreement that four systems of land ownership and production should be extended, which we have named Models A, B, C and D.

Among these models, the clear need expressed for small plots of land to extend and build on existing smallholder production justified the focus on food production for food security but also for engagement in local markets. Because of the small production units involved, and the multiple livelihoods being pursued (with people living in and around the town while accessing land), commonage land would be well suited to this purpose. Further out from the urban periphery, where larger plots are involved, and production more geared towards markets, private ownership, and the costs of formal subdivision, may be more justified. In this way, the models have a geographic character, and could be described as falling within a range of different distances from urban centres.

First, Model A is to respond to the widespread need for secure rights (for instance, through lease agreements on favourable terms or for free) to small food plots of about one hectare. This requires the state to hold the land, invest in infrastructure and administer land rights. Also included in this model would be the extension of commonage land – grazing land that is accessible and open to all small stockholders. There is a significant portion of the population who want small areas of land but are not willing to move far from town for a variety of reasons, nor would it make sense for them to do so. It is crucial, therefore, that this land be well located on the urban periphery, to address the need of the poor to continue to access services, and jobs where these are available, in the towns.

Second, Model B is to respond to the need for small family or co-operative farms (smallholdings) of between 2 and 5 hectares (obviously depending on quality of land, access to water and irrigation). Again, these could be on state-owned land and leased to families or collectives on a long-term basis. These ventures should be conceptualised as combining commercial production with food security (i.e. production for consumption). This is the ‘small family farm’ model, but could equally be operated by a small group of people investing their own labour and organised in a co-operative so as to clarify the mechanisms for ensuring equitable contributions and benefits.

Third, Model C was developed for those who would want 5 to 20 hectares – farms that are commercial in nature and part of the land market. Because they are larger holdings, and families could feasibly move onto them as they might be likely to devote much of their time and labour to production, these should be somewhat further out from urban centres than the commonage and the smallholdings. Here, hired labour may feature alongside self-employment.

Finally, Model D is to provide opportunities for those who would want to be involved in wholly commercial enterprises that involve long-term investment, such as tree crops, as small to medium owner-operators. At present there are few realistic options for individuals to move into this level other than through shareholding deals. However, subdivision into somewhat smaller landholdings could make this feasible in some places, as would provision for small groups of like-minded people to join together in co-operatives to establish small jointly owned and operated farms. While this is an important component of transformation, it is not readily accessible to the poor, and should not constitute a large component of the state’s land reform.

These models are necessarily schematic, and represent a work in progress. More detailed work on the feasibility and implications of these models would be needed. Nevertheless, they reflect the varied land needs, their implications for production, labour and tenure, and the relative weighting that the Mawubuye group (itself diverse in its composition) gave to the four models (see Table 7.9).

Participants expressed a preference for non-capital-intensive and environmentally friendly technologies of production, in order to avoid the costs of machinery and other inputs. They also considered value-adding activities, particularly the production of jam and dried fruit, marinated olives, as well as livestock products like biltong and hides, and non-farm economic activities such as the bottling and sale of mineral water, tourism and crafts.

Implications

The policy implications of this four-fold model are substantial. In order to be able to acquire the right land in the right place to address specified needs, intervention in markets is essential. A variety of

measures will be needed. These could include a right of refusal for the state, so that it is able to have first option to acquire land being offered for sale in the district; a ceiling on land sizes; controls over land prices; and compulsory acquisition of strategically located properties. Intervention in land markets will be essential for the realisation of a pro-poor vision of land reform and the acquisition of well-located land, for example for the extension of the commonage and the provision of food production allotments close to residential areas on the urban periphery. The local community, too, should have strengthened rights over the commonage and any decisions affecting its use.

Table 7.9: Four models of production and landholding

	Production models	Percentage of land allocated	Size of landholding	Subdivision requirements	Land use and production	Tenure arrangement	Labour regime
Model A	Food gardens farmed by individuals and families	35%	1 hectare per household and access to grazing land	Demarcation of small plots as arable allotments, and allocation of grazing rights, but no formal subdivision required	Vegetables for household consumption and surplus for the local market (selling to other households) Nursery for seed production	State-owned commonage land; allocation of grazing use rights; hereditary rights to small arable plots	Individuals would be self-employed and work the land as families or informal groups
Model B	Stock and crop production farmed by families or co-operatives	25%	2–5 hectares per family or co-operative	Formal subdivision required for crop fields and grazing pasture	Mixed farming and communal grazing land where all stock farmers jointly use the land Meat, dairy and hide production	State-owned; long-term lease of 10 years or more	Individuals would be self-employed and work the land as families or as a co-operative
Model C	Small- to medium-scale intensive farms for families or co-operatives	25%	5–20 hectares per family or co-operative	Subdivision of some holdings	Mixed farming (vegetables, fruit and livestock) on a semi-commercial basis	Full group-based ownership rights under a legal entity	Individuals would be self-employed; further employment of workers would be determined by labour demands
Model D	Commercial farm: continued production of vines and fruit crops	15%	20 hectares or more	Continuation of existing landholding patterns with limited subdivision	Small- to medium-scale commercial farming Long-term crops like vines, olives, essential oils and fruit	Full individual or group-based ownership rights	Employment of workers would be determined by labour demands

Further implications include issues of institutions and power at a local level and how these will shape agrarian reform outcomes, and the consequences for production, profits and food security. We now turn briefly to these.

Institutions and power

Rural municipalities (certainly the one we studied) appear to have extremely limited vision, interest and expertise to support smallholder agriculture, and do not address land reform as a key vehicle for economic restructuring. This pilot confirmed for us that local government and municipal LED strategies in rural towns do not see land reform as a key vehicle for poverty eradication and for restructuring of the rural economy (Hall, Isaacs & Saruchera 2007). Despite the prioritisation of land reform from the side of the poor, this was not obvious from the budgets or the land targets of local municipalities. TCOE and Mawubuye organised a series of meetings with senior municipal officials during the IDP review process to ascertain what was spent in the previous budget cycle and what resources were included in the planning for the new cycle. In most cases, they acknowledged that it had not been given much consideration. The focus groups and the structured interviews with rural municipal officials also suggested that very few of them appear to have a vision of or an interest in smallholder agricultural production and development. Generally, they lack expertise and capacity to support smallholder agriculture, which stands as another major obstacle to the re-visioning of agriculture and livelihood development.

The PAR has allowed Mawubuye and its allies to be concrete in proposals and demands for agrarian reform. This forms a basis on which local people can engage the government's ABP approach, which is intended to decentralise planning, its PLAS, which is intended to fast-track land reform, and the municipality's local IDP, which is intended to integrate all LED initiatives in the area. Our review of existing local plans suggests that their approach is technical and top-down and driven by powerful economic interests and imperatives rather than the needs prioritised by the poor. Decentralisation of land reform, therefore, is an inadequate solution by itself; lower tiers of government are not necessarily likely to be more responsive to the needs of poor people and may even be more susceptible to pressures from elites. Unless ABP starts with high levels of self-organisation, where poor people's needs are central so that they drive and control the planning process from below, municipalities will succumb to commercial agriculture and other powerful lobbies and interest groups. Radical transformation of landholding patterns and structural poverty will receive only lip service.

Institutionally, therefore, changes would be needed to operationalise this plan. From this study, we concluded that the existing structure of the Ministry of Agriculture and Land Affairs (MALA) is inadequate to drive and develop smallholder agriculture and land redistribution. While the private sector may conduct its own programmes, which are to be welcomed, this cannot substitute for the state's role. Land for redistribution will have to come primarily from or via the state. This should include state land, taking over underutilised private land, negotiation and purchase of private land and, where necessary, expropriation of private land. This level of land and agrarian reform should be located at the district level with new institutional and operational modalities that consist of extension and technical services, research and economic support. Our proposal is for a district-level facility that combines the function of land redistribution with that of agricultural support, as well as LED linked directly to supporting of new farmers, which, together with MALA, would act as the custodians of communal land. This is in line with the integrating vision of settlement and implementation support (SIS) rural service centres, which were proposed in a policy framework developed for MALA and approved by the minister in early 2008 (SDC 2007). This facility should be located at district municipal level and be staffed by extension officers and other skilled and technical staff to support the district with rural economic restructuring.

Decentralisation
of land reform,
therefore, is
an inadequate
solution by itself

Production, profits and food security

Our research also depicted the contradiction between two contending views on the role of agriculture. On the one hand, agriculture is seen as contributing substantially to the economy of the Western Cape and the Breede River Winelands. On the other hand, there is the view that agriculture in its present form is extremely socially inefficient: despite the accumulated wealth of this farming sector and improved access to global markets, its contribution to the local economy appears to be shrinking, producing fewer and poorer quality livelihoods as casualisation proceeds. Western Cape farmers are heavily indebted and changes in the production process over the past decade or more have given rise to high and rising levels of unemployment (and underemployment) and poverty in the countryside. Nkqubela is now the fourth poorest township in the Western Cape. There are major trends of casualisation of the work force, farm evictions and ongoing violations of labour laws, in the face of competitiveness pressures and declining profit rates.

To overcome food insecurity, an alternative must be based on promoting food sovereignty – in other words, a combination of three things: the control by the poor of food production; control by the poor of the means by which to obtain food; and food production aimed primarily at meeting demand in the local market. It is also worth noting that this research process preceded the substantial upward shift in food prices from early 2008. The significant demand for land for food production for household consumption that was found in this study may become even more pronounced as the gap between food prices and affordability grows, and as the basket of goods that households can buy diminishes.

Conclusions

intervention...
is required
to create...
different sizes
of land parcels,
located close to
infrastructure

One of the most important trends made visible by this research is the expressed demand from ordinary, poor households for land to support their livelihoods. Also important is the modest amount of land that is being demanded by ordinary citizens – perhaps because they are living in abject poverty and have endured processes of dispossession over a long period of time. ‘We want only small, manageable tracts of land’, was the usual refrain. Most people are not demanding land for speculation or to become big exporters and winemakers. This shows a direct contradiction between the aspirations and capabilities of this population and the opportunities currently available in the farming sector and through the MLAR. The mismatch between needs and current opportunities suggests that intervention by the state and other actors is required to create new and different opportunities that involve different sizes of land parcels, located close to infrastructure and urban areas, and options for production that are within the means, and respond to the priorities, of local people.

A significant percentage of households are already involved in small-scale production and in keeping livestock. Many are growing crops in their backyard gardens and keeping livestock in precarious places, grazing on the sides of the roads and on the mountainsides. Yet this reality is not recognised as a legitimate land need; it does not conform to the conventional image of commercial farming that predominates. These competing visions of land need are at the centre of the policy debate and the way MLAR is being conceptualised.

The PAR process described in this chapter has been exciting and challenging. The achievements of the PAR were only possible because of the direct involvement of a local organisation, Mawubuye. In

turn, the action research process assisted self-organisation and the ability of Mawubuye and other local organisations to develop concrete demands; it further stimulated greater recognition amongst Mawubuye members of the importance of being organised if they want to contest existing power relations. The process also raised the debate about the nature of alternatives in the present political environment, and pointed to the lack of an alternative strategy.

Our recent experience suggests that any ABP should include the following guidelines: first, start from people's needs; second, build organisation among the poor; and third, accommodate multiple and varying land needs. A high level of self-organisation is a critical ingredient if ABP is to be driven and controlled from below. Municipalities and commercial agriculture are both power structures that, unless challenged, will be slow to transform landholding patterns. An ABP model has to be located at a local level and take local economic dynamics into consideration, and should be directly linked to district economic plans.

The next step in this process is to build a public and vibrant campaign, other strategies that engage the government, especially MALA, and find public spaces to show the limitations of MLAR, as well as the possibilities created by making agrarian reform a focus of LED.

At the heart of the disappointing track record of land reform to date are contending visions of the countryside and how, and in whose interests, it can be transformed. The past decade in South Africa has shown clearly that the market cannot redress the underdevelopment and inequity that exists in the countryside. It also shows that our young democracy will only deliver to the poor if they are organised and can hold our new institutions accountable.

References

- ALARM (Alliance of Land and Agrarian Reform Movements). 2005. Memorandum of Demands to the National Land Summit, 27-31 July 2005. Unpublished memorandum.
- Andrews, M. 2007. Struggling for a life in dignity, in Ntsebeza, L. & Hall, R. (eds) *The land question in South Africa: The challenge of transformation and redistribution*. Cape Town: HSRC Press.
- CDE (Centre for Development and Enterprise). 2005. *Land reform in South Africa: A 21st century perspective*. CDE research: Policy in the making, No. 14. Johannesburg: CDE.
- DLA (Department of Land Affairs). 2006. Towards the framework for the review of the willing buyer, willing seller principle. Fourth draft discussion document. 21 September.
- Hall, R., Isaacs, M. & Saruchera, M. 2007. *Land and agrarian reform in integrated development plans*. Research Report No. 23. Programme for Land and Agrarian Studies, University of the Western Cape.
- Hart, G. 2002. *Disabling globalization: Places of power in post-apartheid South Africa*. Pietermaritzburg: University of KwaZulu-Natal Press.
- HSRC (Human Sciences Research Council). 2005. Who wants land reform? Preliminary results of a survey study. July 2005.
- Marcus, T., Eales, K. & Wildschut, A. 1996. *Land demand in the new South Africa*. Johannesburg: Land and Agricultural Policy Centre.
- Ravallion, M. 1996. Issues in measuring and modelling poverty. *Economic Journal* 106(438): 1 328–1 343.
- SDC (Sustainable Development Consortium). 2007. *Settlement and Implementation Support (SIS) Strategy for Land and Agrarian Reform in South Africa*. Pretoria: Commission on the Restitution of Land Rights.
- TCOE & Mawubuye Land Rights Forum. 2007. Vision workshop. October.

THE PRIVATE SECTOR AND LAND REFORM

Karin Kleinbooi



Introduction

The private sector has played a growing role in land reform over the past decade, mirroring the mounting political imperative to establish black commercial farmers that was first signalled with the introduction of the Land Redistribution for Agricultural Development (LRAD) programme in 2001. Widespread land occupations in Zimbabwe from 2000 onwards also prompted greater recognition by commercial farmers, their organisations and agribusiness interests in South Africa that it was in their interests to make land reform work, in order to stem its radicalisation. They energetically criticised not only the lawless process in Zimbabwe, but also the modest and law-bound process already underway in South Africa. Prior to this period, the private sector played a negligible role. Consequently, one should understand the role of the private sector as offering support that is contingent on context and on the kinds of transformation being promoted.

The needs of new entrants into agriculture through land reform differ widely, demonstrating a continuum between subsistence and commercial aspirations, and small to large scales of operation. Beneficiaries engaging in agricultural activities require innovative support and mechanisms that constructively bring assets and resources of all role-players together. The government provides some of the post-settlement support that new entrants require but, due to its limited institutional and financial capacity, has looked increasingly at partnerships with the private sector to increase levels of support for and impact on emerging agriculture.

The debate around the role of the private sector in land reform has been polarised. There remains fundamental disagreement about the nature, scale and objectives of current support towards emerging agriculture. One view claims that the private sector is best placed to make a significant positive contribution towards land reform and agriculture. This has been robustly argued by the Centre for Development and Enterprise (CDE), which is of the opinion that the private sector plays a considerable role in land redistribution and the development of new farmers, and is more effective in this role than the state. The CDE is of the opinion that the 'private sector is the most capable of initiating and sustaining rural land reform' (CDE 2005), and argues that the private sector in partnership with the government has the capacity to make a meaningful impact in land reform and

agriculture. While this may hold true, the CDE's reports have fallen short of elucidating the scale of current support from the private sector, its impact and exactly who is benefiting from it (CDE 2005). It also fails to address the profile and characteristics of settled farmers; the needs of many land reform beneficiaries fall outside commercial agriculture, yet the types of post-settlement support on offer are geared towards a very particular model of large-scale, and often capital-intensive, commercial farming. The key underlying question remains whether the intention is to fast-track a limited number of commercial farmers or to support a large, new (and existing) class of small-scale (resource-poor) farmers. The gaps between rhetoric and reality deserve some investigation.

A second view is that the private sector's role is underpinned by the vested interests of the established commercial farming sector to hold on to the status quo by co-opting a limited number of affluent black commercial farmers. Greenberg (2003: 57) states:

In this framework, black farmers are to become commercial and integrated into existing networks of production and distribution. The influence of commercial agriculture is evident in particular in the role they have played in designing the government's Land Redistribution for Agricultural Development (LRAD) programme, as well as government's adoption of the Strategic Plan for South African Agriculture in 2001. The latter was drawn up by commercial agriculture (jointly by AgriSA and the National African Farmers Union – the black commercial farmers' organisation) on government's request.

The commercial sector's political support for land reform has stalled consistently on the economic argument that large-scale agriculture is more efficient, and therefore better for the economy, and that land reform should not interfere with, or in any way disrupt, established farming patterns. Instead, beneficiaries would have to fit in with this model.

This faith in the efficiency of large-scale agriculture tends to dominate across much of southern Africa, despite evidence of the relative efficiency of smallholder production and its better impact on distribution of food and incomes (Lahiff 2003). While typically this position is advanced by those with a vested interest in preserving the status quo, it also has its supporters within key government departments and political parties. This remains an area for further research.

Defining the role

private sector
institutions
are making
contributions to
(and benefiting
from) emerging
agriculture

Currently, a great variety of private sector institutions are making contributions to (and benefiting from) emerging agriculture. Mayson (2004) provides a typology of the range of such initiatives by commodity sector organisations, agribusinesses, individual companies, individual producers and financial institutions. Various configurations that constitute partnership arrangements through diverse combinations and strategic linkages are developing in the form of joint ventures, including:

- *share equity schemes* – in which farm workers or small-scale farmers buy shares in a commercial farm or agribusiness;
- *contract or out-grower farming* – in which supply agreements are concluded between small-scale farmers and processing or marketing firms in return for production inputs and other production support;

- *municipality schemes* – in which land (often commonage land) is provided for use by the local community through a leasing or other allocation procedure; and
- *company-supported schemes* – in which companies provide access to land, assist small-scale farmers to access production resources and infrastructure, and facilitate access to markets, as a marketing tool and an investment in social responsibility (Mayson 2004).

There are several forms of joint support emerging that are covered partially by public and private funding. Alongside the government's general extension support, facilitation support, access to water and supported access to credit, the dominant forms of support being provided by the private sector include mentoring, sophisticated extension services, training (in cultivation, animal husbandry, farm management skills, record keeping, financial management), certain linkages to access markets, production inputs, investment in infrastructure (fencing, dams, dipping tanks) and access to finance.

While these types of support are relevant and necessary, they all may be based on circumspect intentions with real risks for poorer land reform beneficiaries. Partnerships are often characterised by the dominant interest of the provider of the resources or services (Mohane 2006). If support is based on a bias towards those who are better placed to leverage private-sector support to enter the commercial agriculture sector, resource-poor farmers may be further marginalised.

Case studies

This chapter reports on investigations into a small number of case studies. These constitute examples of the types of roles in land reform and 'emerging agriculture' that the private sector has started to play since the 1990s. The purpose is to describe, analyse and reflect on the current role of the private sector. The chapter highlights variations in terms of the scale and cost of support, its scope, and the range of support measures provided by the private sector. It also looks at the private sector's contribution relative to public support and the level of replicability of these approaches, and raises critical questions about the role the private sector ought to play in supporting new entrants to engage successfully in agricultural activities.

This section highlights three case studies in the sugar industry, the wool industry, and one very localised initiative in the Free State dealing with field crops and beef cattle. It also looks at the role of financial institutions. The case studies surveyed indicate the scale of contribution and the mechanisms for support. The discussion also touches on who carried what costs and briefly points out the strengths and limitations of each case.

National Wool Growers' Association

The National Wool Growers' Association (NWGA), an organisation traditionally comprised of white sheep farmers, has extended its support through the assistance of the government's Land Care programme to sheep farmers in communal areas, particularly parts of the former Transkei in the Eastern Cape – with some impressive results. The initiative has had a significant impact on the quality of wool produced in these areas, and has increased incomes for its farmers. In the mid-1990s, the NWGA spearheaded a process to build shearing sheds in the communal areas where sheep farmers could shear, sort, grade and pack their wool. Specific targets were set for

establishing committees, and training these, as well as training in aspects of management, technical training in shearing, wool classing and animal husbandry (Hobson 2007). This was based on the NWGA's assessment that there were glaring shortcomings amongst small-scale farmers (such as contaminations and bad classing), as well as overwhelming barriers to market entry (Hobson 2007).

The central innovation in the NWGA's support to disadvantaged farmers was the formation of farmer associations to jointly operate these sheds. NWGA boards were set up in each region and, under these boards, shearing shed associations were formed in each area, representing wool grower members. Furthermore, the NWGA provided training in shearing, sorting and grading, as well as livestock and pasture management; and, to improve the quality of wool, it arranged for the distribution of high-quality rams at reduced prices (Aucamp 2007).

The approach followed was to enable emerging farmers to organise as a collective to increase product quality, gain greater access to markets by marketing their produce together, and share resources and transport costs (Hobson 2007). By processing their wool and marketing in bulk, they were able to bypass local traders to whom they used to sell contaminated and unclassified wool at extremely low prices, and instead sell their wool at auctions themselves, and access higher prices per kilogram – and to reinvest some of the additional income in expanding production. Between 1996 and 2000, this contributed to an estimated five-fold increase in the value of wool produced by the affected communities, from R2.50/kg to as much as R15–R20/kg in some cases. With wool prices rising anyway, farmers were benefiting from increased incomes. The better quality wool and larger yields they were able to produce added to the increased incomes (De Lange et al. 2004). For example during 2006/07, farmers in Hewu in the Eastern Cape saw considerably increased incomes (132%) from wool production; although an increase in wool prices accounted partially for the growth in incomes, the improved quality of wool and increased production yields were largely responsible for this (ComMark Trust 2008).

co-operation in the initial stages of value-adding and processing... has strengthened the bargaining power and market access of small farmers

In 2007, 12% of national wool production came from shearing sheds in the communal areas of the Eastern Cape. There are clear benefits evident from the support to these farmers. While production is not collective and farmers own their sheep and farm individually, the co-operation in the initial stages of value-adding and processing (where there are significant economies of scale) has strengthened the bargaining power and market access of small farmers. Although the initiative was limited in its reach, the NWGA is now using mobile shearing tents as a lower-cost option to extend this approach to more sheep farmers in the Eastern Cape (Aucamp 2007).

Once small-scale farmers had become organised within associations linked to shearing sheds, the NWGA brought in expertise in the form of consultants and commercial farmers to serve as mentors and trainers. In a willing and successful partnership, the NWGA provided the required capital and expertise for this process, while implementation relied on seconded extension personnel from the Eastern Cape Department of Agriculture (DoA), which, under a memorandum of agreement, paid the salaries of its seconded staff (Aucamp 2007).

The sugar industry

The South African sugar industry operates through partnership arrangements between the growers (organised in the South African Cane Growers' Association) and the millers (organised in the South African Sugar Millers' Association Limited), and falls under the South African Sugar Association (SASA). In KwaZulu-Natal and Mpumalanga, a number of white farmers took advantage of the provision of land reform grants to sell their land for redistribution at market value. Since 1992, initiatives were systematically launched by the industry to provide support to black entrants into

the sector, by selling land to black farmers and the establishment of the Small Grower Development Trust (SGDT). The trust provides institutional development training for committees and local farmers' associations, as well as training small-scale growers in cane husbandry, and technical and business skills. In addition, the SGDT has provided financial support to small-scale grower organisations and has allowed these to operate independently. This has led to the growth of the small cane grower sector. Since 1994, with the expansion of the throughput of the sugar mills, further opportunities arose, particularly for new black entrants and small-scale farmers to be integrated into the mainstream sugar industry. After an assessment of progress of the trust, a Contractor Support Programme was established in 2000 with industry funding to develop viable black cane contracting businesses to provide support services to small-scale growers (Maloa 2001).

In 2006, 31 000 hectares of land were operated by black growers, out of a total of 430 000 hectares under sugar cane. The ratio of hectares per farmer was even more starkly racial, with black farmers overwhelmingly growing on a small scale: there are currently 47 344 black farmers operating in communal and freehold areas (through redistribution, restitution and sharecropping arrangements), with an average of less than one hectare each, compared to a total of just 1 741 white large-scale commercial farmers, with over 200 hectares each on average (SASJ 2004a). The industry has a number of significant examples of how it has attempted to transform itself in recent years, five of which are described briefly below.

First, in 1994, what is now called SASA formed a joint venture with the KwaZulu-Natal DoA to unlock agricultural production and economic development potential for previously disadvantaged small-scale farmers in the province (SASJ 2003). In terms of the agreement, the two parties would collaborate for five years to provide technical and development extension services to more than 45 000 small-scale sugar cane growers in the province. In 2002, a second phase of this project was entered into, between SASA's Experiment Station and the now KwaZulu-Natal Department of Agriculture and Environmental Affairs. This joint venture for the provision of extension services brought the latest technology to the rural areas and formalised the industry's mentorship system. It is a performance-based agreement, and regular review and evaluation of the programme ensure that elements that impede joint venture progress are addressed (SASJ 2003).

Second, during 1994, the government initiated the Nkomazi irrigation expansion project in Mpumalanga to address the state of underdevelopment of the Nkomazi district and to take advantage of opportunities to provide and regulate water from the Driekoppies Dam and the ready market offered by the proposed Komati Sugar Mill. The private sector supported the development of new small-scale irrigation farmers in Nkomazi between 1994 and 1998, which resulted in 7 000 hectares being planted to sugar cane and being farmed on a very small scale by 1 010 farmers from previously disadvantaged communities (SASJ 2004b). When two sugar mills operating on about 5 000 hectares of farmland in the Nkomazi area in Mpumalanga came under a restitution claim, the Transvaal Sugar Company (TSB) entered into joint ventures with the claimant communities in order to maintain production when the land was restored (TSB Sugar 2005).

In 2003, the company bought a R15 million farm for seven previously disadvantaged farmers, to help them to grow sugar cane commercially. It chose seven promising candidates from a group of more than a thousand to take ownership of the 260-hectare plot at Kaapmuiden in the Mpumalanga lowveld. For the sugar industry, this remains the single most significant transfer, at state expense, of its cane supply into black commercial ownership, because, as subsistence farmers, they moved from 3–4 ha low-yield to 35–40 ha high-yield plots (Inggs 2006). The sugar cane produced on these farms now constitutes more than 21% of the supply to the Komati Sugar Mill.

The industry has a number of significant examples of how it has attempted to transform itself in recent years

Third, since 1995, a New Freehold Grower programme, which evolved through the Ithala Development Finance Corporation and sugar millers, Illovo and Tongaat-Hulett, has sold off targeted land to black farmers and, in doing so, assisted in systematically changing the representation and demographics of a 'new sector of cane growers' (Maloa 2001). The land was redistributed at market prices, and over 108 growers have purchased freehold farms varying between 60 ha and 90 ha in extent. The programme also facilitated their integration into the industry's organisational structures and the activities of the local growers' organisations. By 2006, the scheme supported a total of 120 medium-scale sugar farmers, 68 as a result of Illovo's interventions and 52 through Tongaat-Hulett's actions (NDA 2006).

Fourth, and perhaps most significantly, in June 2004, the Inkezo Land Company was established with a memorandum of understanding between the Department of Land Affairs (DLA) and the sugar industry. Grant funding was committed by SASA for operational costs, which amounted to R16.5 million for the five years from 1 April 2004 to 31 March 2009, while the DLA ring-fenced approximately R6 million to supplement the redistribution of sugar cane farms. The aim is to transfer 78 000 ha of land over and above the 31 000 ha of freehold land already established under black ownership. This translates into 650 ha a month, which, in turn, translates into four to six average-sized sugar farms per month (SASJ 2004b). Inkezo has adopted an approach to fast-tracking land redistribution by identifying available land in its ranks, as well as targeted land identified through the DLA's proactive land acquisition programme. In essence, Inkezo is a 'one-stop shop', providing the industry with advice on how to assess LRAD applications, and offering direct advice to farmer beneficiaries regarding all aspects of farming. The purchase of land is funded by the DLA, through LRAD, and extra funding, which is carried by beneficiaries themselves, can be obtained from commercial banks (Dlamini 2007). Despite ongoing bureaucratic delays within the DLA (e.g. for valuation of farms and grant approval), Inkezo has been able to reduce the time it takes to transact land deals from the original 18 months to 3 months and to streamline related and anticipated processes such as subdivision of land. By mid-2008, Inkezo had assisted the DLA with the transfer of 19 485 ha to the value of approximately R150 million. In addition, Inkezo is assisting the Regional Land Claims Commissioner with 13 post-settlement business plans on sugar cane farms totalling 19 700 ha (Thomson 2008).

private sector
engagement has
created spaces
and opportunities
for black farmers

While there is some indication that the models pursued by the sugar industry are proving that private sector engagement has created spaces and opportunities for black farmers, they fall short of injecting industry money into the purchasing of land and reducing the risk carried by new entrants through borrowed funds. It is also not clear whether the levels of benefits are sustainable over the long-term if black farmers continue to operate commercially with such heavy management control by private companies. In addition, no systematic monitoring is in place to determine what challenges are to be overcome and what lessons are to be learned (Eweg 2007).

Renosterrivier Agribusiness Initiative

The Renosterrivier Agribusiness Initiative was started by a group of prominent Afrikaner businessmen in 2006 in response to a challenge by President Mbeki for the private sector to proactively support and implement land reform and black economic empowerment (BEE) in agriculture. The Renosterrivier area in the northern Free State generates most of its agricultural income from field crop production, followed by the sale of animals and animal products (Botha, Kotze & Laubscher 2006). The founders' intention was to establish a holistic land reform initiative that includes government departments, financial institutions, privatised co-operatives and marketing agencies. The model developed by the group of initiators associates transformation of agriculture with commercial full-time

farming with hired labour, based on business principles (Terreblanche 2007). This underlies their goal to establish black farmers. However, this view is in direct contrast with the existing reality of the black farmers they seek to assist, who are farming mainly on communal land for own consumption.

In the initial phase, the initiative identified a range of farmers in mainly the following three categories: LRAD applicants; settled farmers with no post-settlement support; and settled farmers with some post-settlement support. The project stands to provide opportunities for 10–15 black farmers from these categories combined. Based on a needs assessment, the initiators have established that to move farmers beyond what is considered ‘collective farming’ to individual farming, the farmers would require grazing land, basic infrastructure, cattle and working capital (Botha et al. 2006).

The Renosterrivier initiative is based on a typical commercial beef-cattle model, which requires 450–500 ha of veld for grazing with selling weaners, supplemented by field crops such as sorghum, sunflowers and, in limited parts, maize (Terreblanche 2007). To support these farmers with production inputs, infrastructure, finance, extension services, training, access to markets and mentoring, the model distinguishes clearly between the functions of each role-player. The state is expected to buy land through the Proactive Land Acquisition Strategy (PLAS) and to retain ownership until successful land reform beneficiaries are able to take transfer of land. The financing of the initiative will be maintained by a R100 000 contribution from each of the five initiators for three years, amounting in total to R1.5 million. A Support and Control Unit, with a full-time manager, will provide support, in the form of inputs, mentoring, training and access to markets (Botha et al. 2006).

This is a small-scale initiative, and it is not clear whether it could be replicated in other sectors and other areas. The model also has a huge reliance on cash inputs totalling R1.5 million in the form of non-refundable contributions from the five founders, and R5 million in the form of working capital loans acquired from commercial banks (Terreblanche 2007). The heavy reliance of this model on the contributions of individuals – motivated apparently by philanthropy or political strategy – puts a question mark over the replicability of this initiative and, indeed, whether it will be scaled up over time. Nevertheless, given the high profile of some of its founders, and strong partnerships with academics in its design, Renosterrivier has attracted substantial attention.

Financial institutions

Different types of agricultural enterprise require different financial services. In the past, banks often were unable or unwilling to lend to asset-poor farmers. Also, banks preferred to lend to larger, established agricultural enterprises with well-developed balance sheets and credit histories. The National Economic Development and Labour Council (NEDLAC), the multilateral social dialogue forum on social, economic and labour policy, developed a Financial Sector Charter to find ways of supporting BEE and to improve access to finance for those who did not qualify under conventional credit rules. This was done with the sector as a whole, representing banks, insurers, black business, fund managers and brokerage firms.

This charter, signed in October 2003 and launched in January 2004, set an industry-agreed target for BEE, including financing ‘resource-poor’ farmers, in an 11-year transformation process. During 2004, dedicated channels were established in all major banks to drive BEE financing in agriculture specifically, and to extend credit to emerging farmers as part of their contribution to meeting these targets and fulfilling their obligations in terms of the charter (FSCC 2004). A total target of R1.5 billion was set for the period 2004–2014 for the four major banks, and this target was agreed to in terms of the existing market share per bank: ABSA (35%), Standard Bank (25%), First National Bank (25%) and Nedbank (15%). These funds are to be committed to transformation geared towards

dedicated channels were established in all major banks to drive BEE financing in agriculture

'resource-poor' or 'equity-poor' farmers, and include the types of agricultural operation reflected in Table 8.1.

Financial support is based on flexible lending policies rather than 'one size fits all', and support depends on each bank's own individual credit-scoring models, which include criteria based on cash flow, management, balance sheet and available security (Venter 2007). For the 2006 scorecard reporting period, agricultural development investment amounted to R650 million, and was under-financed relative to the other targeted investments (FSCC 2006). By 2007, however, the banks had made targeted investment in agricultural development to 'resource-poor farmers' to the value of R0.5 billion of the total R1.5 billion target, suggesting that in terms of the volume of loans, the banks are now on track to meet their obligations (FSCC 2007).

only those considered 'viable', with the potential to become commercial farming operations, receive financing

Standard Bank utilises its normal branch network to extend credit to emerging farmers and, where specialist input is needed, the request is forwarded to the leveraged finance unit to structure the deals. Unlike some others, Standard Bank lends to groups in land reform projects, but largely makes use of joint ventures with the private sector to help reduce its risk, and does not lend to what it considers to be subsistence farmers. Each applicant is assessed and only those considered 'viable', with the potential to become commercial farming operations, receive financing (Venter 2007).

Nedbank, in contrast, has not traditionally provided agricultural financing. Since the inception of the targets, however, various partnership arrangements have been entered into: with the South African Wine Industry Trust, SASA and various foreign direct investors; with Wiphold to develop a funding vehicle for the privatisation of fresh-produce markets; and with Colours Fruit Exporters to implement 20 BEE fruit projects on a national basis. Nedbank also concluded an arrangement with the state-owned financial institution, Khula Finance Limited, during August 2006, under which Khula provides a guarantee on behalf of the lenders to Nedbank to enable them to lend to small businesses it would not otherwise support because of their inability to provide adequate collateral. While this arrangement is specifically geared towards small businesses, small-scale farmers may also access credit via this route (Nedbank 2008).

ABSA, like Nedbank, also uses a guarantee instrument – in this case, the Themani International Guarantee Fund (TIGF) – to insure itself against the risks of extending credit to historically disadvantaged individual farmers. TIGF, established as a Section 21 company in 1996 by a US-based NGO and a Swiss development finance institution, is currently partially guaranteeing South African bank loans to micro-finance organisations, other community-based lenders and some commercial banks. TIGF's credit guarantee scheme covers up to 75% of the financing granted by ABSA (including both capital and interest), although a higher percentage may be negotiated depending on a specific project. ABSA also entered into several agreements with established

Table 8.1: Types of agricultural operation to benefit from BEE financing

Agriculture category	Definition
Subsistence	Production for own consumption
Developing	Production for own consumption with surplus marketing
Small-scale	Small-scale market production
Commercial	Large-scale market production, involvement in export and secondary agriculture

Source: FSCC (2004)

agribusinesses to support AgriBEE. The initiative entails a commitment from agribusiness companies to support black farmers by allocating supply contracts to them, for fresh produce in particular (ABSA 2007).

These major banks are showing a willingness to support small-scale farmers, and all have different positions on lending in a context of land reform. Some lend to individuals and to groups, while others lend only to individuals – which constitutes a major barrier to accessing credit, since most land reform projects are group-based. Across the board, they seem to prioritise support for joint venture projects, where support from commercial partners in the private sector as well as the government helps to reduce the risk of default. However, among all the banks, access to credit for small-scale (often misidentified as ‘subsistence’) farming has not had the same attention as medium to larger farming businesses. Most banks do not lend to farmers who operate on a very small scale or are not aiming for, and able to demonstrate, commercial viability. As acknowledged by the Agricultural Task Group, ‘the financing of previously disadvantaged equity-poor farmers is not an immediately attractive business for commercial banks’ (FSCC 2004). To date, any extension of credit to small farmers has been based on the same viability criteria applied to medium-scale and commercial farmers, and requires projections that confirm their potential to become commercially successful. Lending approved on this basis excludes a whole range of land reform beneficiaries engaged in agricultural activities as part of supplementary livelihood strategies. The stringent credit principles applied pose barriers not only for new entrants through land reform, but also for existing black farmers on communal land, for whom a lack of collateral is a major problem (Dillon 2007). The Financial Sector Charter aims to provide new funding products that will require banks to find ways to serve this range of resource-poor clients that fall outside their traditional commercial agriculture client base.



Land claimant points to the old bantustan border, close to Elliot, Eastern Cape. June 2004. Photo by Ruth Hall

Conclusion

Coming back to the types of private sector partnerships and joint ventures that have emerged since the advent of land reform (and introduced at the start of the chapter), the case studies explored above can be characterised largely as company-supported, contract or out-grower schemes. These private sector initiatives represent a continuation of the predominantly white commercial and highly controlled model that requires excessive capital inputs, which are often risky. This excludes the largest number of resource-poor land reform beneficiaries, who need to engage in some form of agricultural activity to supplement their household income and ensure household food security, and who might have virtually no interest in or capacity to enter into commercial farming.

As it is, the odds are against resource-poor farmers. Commercial farming has become highly specialised and remains a very risky business. The DLA's track record implies that its business should remain the delivery of land rather than driving agricultural projects, and the DoA has shown that it is not well equipped to provide the necessary support to new entrants (CDE 2005). This implies the need for changes to departmental policy approaches, resource levels and professional capacity. While the government has to play the leading part in this, land reform cannot afford to move at the

pace imposed by these departments' capacity constraints. With the withdrawal in the 1980s and 1990s of the government from direct support subsidies to the agricultural sector (and only limited reintroduction more recently), the adoption of a market-oriented strategy, and a mediocre track-record in the outcomes of land reform, there is growing pressure on the private sector to increase the scale of its support to small-scale farmers and new entrants into agriculture and thus enable a transformation of the agricultural sector. Further pressure on the DLA to scale up delivery of land, and on the DoA to support production, puts these key stakeholders at the heart of the success of transforming agriculture into a sector that will have a range of enterprises appropriate to the needs of the full spectrum of agricultural land users, from small-scale and part-time 'subsistence' farmers right through to commercial farmers.

The case studies described above demonstrate that the private sector clearly is playing a role in supporting land reform and agricultural development. The total scale of this support is difficult to pin down. However, the majority of small-scale and subsistence farmers continue to operate in isolation, with limited support from the DoA, and remain heavily reliant on meagre off-farm income sources (e.g. social grants and remittances). External support is needed from both the government and the private sector to convert informal assets into financial resources, and it will require a broad programme of reform that will enable these assets to be used sustainably (UNDP 2004).

the private sector can play a much broader role

Clearly, the private sector can play a much broader role. However, agricultural transformation is often equated with commercial agriculture within the existing dominant structure of agriculture, and this strongly dictates the type of role the sector is willing to play and who it is willing to support. The emphasis on commercial agriculture has also led to several interventions that have failed to be either effective or sustainable.

Not enough examples exist that are replicable across sectors, that are durable rather than short-lived, and that sustainably respond to the needs of small-scale and resource-poor farmers. More research is needed to unpack individual as well as partnership efforts, and to look at what types of support are missing. Transformation of the sector will require that ways are found to share agricultural know-how and best practices, transfer technology and innovation, and open up access to previously closed markets. Although not significant in number, successful black farmers do exist, which begs the question of what enables them to succeed. Cases investigated show that they are generally those with incomes from elsewhere to invest, with ready access to markets and with access to production and marketing advice (Jacobs, Lahiff & Hall 2003).

The key questions that remain are how willing the private sector is to commit towards non-commercial and small-scale types of farming, what role is envisaged – explicitly or implicitly – for the private sector and government in agrarian reform, and what types of partnership can leverage private resources. With the right attention and regulatory requirements, privately provided services can help meet the needs of new entrants into agriculture. A conducive policy framework is needed to strengthen innovative support to smallholders, including policy-induced ways to enable small farmers to access the market linkages and networks of established agriculture (UNDP 2004).

Fundamentally, while there is clearly increasing support through purchases of land for black farmers by private individuals, and supportive arrangements such as those found in the sugar and wool industries, it remains aimed at the development of black farmers who have access to the means to support their enterprises or who are able to attract additional resources. With as many as 50% of LRAD projects failing (CASE 2006), the private sector efforts overall remain a sideshow; the overall impacts remain too small in comparison with the scale of the problems experienced by struggling resource-poor, subsistence, small-scale or emerging farmers. What is needed now is a clear understanding of the scale of the problem for each of these different categories of farmers, as well as

an enabling public policy environment, public-private collective planning, joint resources and action, and a range of cross-sector partnerships that respond to the range of agricultural needs amongst land reform beneficiaries.

References

- ABSA. 2007. *Financial Sector Charter and BEE*. Available: <http://www.absa.co.za>
- Aucamp A. 2007. Personal communication with Senior Manager: Training Development, National Wool Growers' Association, May.
- Botha, L., Kotze, L. & Laubscher, K. 2006. *The Renosterrivier Project: A sustainable agribusiness initiative in the northern Free State*. Department of Agricultural Economics, University of the Free State.
- CASE (Community Agency for Social Enquiry). 2006. *Assessment of the status quo of settled land restitution claims with a developmental component nationally*. Research conducted for the Monitoring and Evaluation Directorate, Department of Land Affairs. 14 February. Braamfontein: CASE.
- CDE (Centre for Development and Enterprise). 2005. *Land reform in South Africa. A 21st century perspective*. Research Report No. 14. Parktown: CDE.
- ComMark Trust. 2008. *Communal Wool Farmers Project*. Available: <http://www.commark.org>
- De Lange, A., Swanepoel, F., Nesamvuni, E., Nyamande-Pitso, A. & Stroebel, A. 2004. *The evaluation of empowerment policies, strategies and performance within the agricultural sector*. University of the Free State. Pretoria: NDA.
- Dillon, R. Personal communication with FNB Senior Manager: Emerging Agriculture, June.
- Dlamini, R. 2007. Personal communication with Business Specialist: Inkezo Land Company, August.
- Eweg, M. 2007. Personal communication with Principal Extension Specialist: Small-scale Farmers, South African Sugar Cane Research Institute, May.
- FSCC (Financial Sector Charter Council). 2004. *The Financial Sector Charter*. Available: http://www.fscharter.co.za/page.php?p_id=138
- FSCC. 2006 *Annual review: Annual report on transformation*. Available: www.fscharter.co.za.
- Greenberg, S. 2003. Land reform and transition in South Africa. *Transformation* 52: 42–67.
- Hobson F. 2007. Personal communication with Senior Manager: Agriculture Resource Planning and Management Division, Department of Agriculture, Eastern Cape, June 2007.
- Inggs, M. 2006. Empowerment deal growing sweeter. Africa Business Daily, in *Business Report*, 18 April.
- Jacobs, P., Lahiff, E. & Hall, R. 2003. *Land redistribution*. Cape Town: Programme for Land and Agrarian Studies, University of the Western Cape.
- Lahiff, E. 2003. The regional implications of the crisis in Zimbabwe: Rationale and principles of regional support for land, in Cornwell, R. (ed.) *Zimbabwe's turmoil: Problems and prospects*. Monograph No. 87. Pretoria: Institute for Security Studies.

- Mayson, D. 2004. *Joint ventures*. Policy Brief No. 8. Programme for Land and Agrarian Studies, University of the Western Cape.
- Mohane, H. 2006. *Emerging farmers in the Renosterrivier area*. Pretoria: National Agricultural Marketing Council.
- Maloa, M. 2001. Sugar cane: A case as development crop in South Africa. Paper presented at the Southern Africa Regional Poverty Network (SARPN) conference on Land Reform and Poverty Alleviation in Southern Africa, Pretoria, 4–5 June.
- NDA (National Department of Agriculture). 2006. Sugar. Unpublished document profiling the sugar industry. Available: <http://www.nda.agric.za>.
- Nedbank. 2008. *Financial Sector Charter and BEE*. Available: http://www.nedbankgroup.co.za/sustainability_fsc/
- SASJ (South Africa Sugar Journal). 2003. *Extension joint venture*. Mount Edgecombe: South African Sugar Association.
- SASJ. 2004a. *Growing opportunities*. Mount Edgecombe: South African Sugar Association.
- SASJ. 2004b. *Inkezo land company and Sweet empowerment deals*. Mount Edgecombe: South African Sugar Association.
- TSB Sugar. 2005. *Historic restitution deal*. Press room, Malelane Mill, Nkomazi, November.
- Terreblanche, M. 2007. Personal communication with Co-founder: Renosterrivier Agribusiness Initiative, June.
- Thomson, D. 2008. Personal communication with General Manager: Inkezo Land Company, June.
- Venter, J. 2007. Personal communication with Manager: Leveraged Finance, Agriculture Division, Standard Bank, July.
- UNDP (United National Development Programme). 2004. *Unleashing entrepreneurship: Making business work for the poor. Private sector and development*. Report to the Secretary-General of the United Nations. New York: UNDP.

WHAT ARE THE POLITICAL PARAMETERS? 9

Mazibuko Jara and Ruth Hall



Introduction

How is one to make sense of two apparently contradictory currents in South African land reform policy? On the one hand, there has been a discernible shift in policy and political discourse over the past few years away from market-based land reform and towards more state intervention in land markets and some (unclear) notion of 'agrarian reform'. On the other hand, in terms of the practice of land reform by the state, there has been an intensification of some reactionary trends, towards a limited and elite capitalist farmer settlement programme, and the privatisation of delivery.¹

This chapter sets out to provide an analysis of the political space for more radical policy approaches to land and agrarian reform as at early 2008, and to reflect on the implications of the political terrain for strategies of civil society and popular forces, and for those within government and party structures who advocate a more substantial and transformative process. The primary question addressed is: *What is the political room for manoeuvre for a more progressive direction for land and agrarian reform in South Africa?*

In order to explore this question, the chapter reviews the apparently contradictory shifts in political rhetoric, policy and practice that have characterised the past three years since the National Land Summit of 2005. Stepping back from this detail, it explores the interests, alliances and networks of the political forces that are ranged around these issues, both within and outside the state, their location, influence and relations with one another. Finally, it tries to explain how one might understand the significance of the ANC's national conference at Polokwane in 2007, the shifts within the ruling alliance that became visible there and a key resolution emanating from this conference.

It is a conventional wisdom in South Africa that land reform is accorded low political priority. Since the advent of democracy, an urban-based ruling party in alliance with organised labour has perpetuated and even deepened an urban bias in state policy. This was made possible by the weak and fragmented nature of rural social movements, giving the rural poor little political voice. As a result, the demand for rural land and livelihoods – which is evident on the ground – suffers from chronic neglect at a national policy level. Therefore, for at least the first ten years of the post-apartheid period, land reform, while of symbolic importance, carried little political weight.

¹ This chapter draws on the discussion at a round table debate hosted at PLAAS on 19 April 2007, and the contributions of Mazibuko Jara and Brian Raftopoulos, in particular. Any errors or shortcomings are the responsibility of the authors.

Nevertheless, this caricature may now need to be challenged. Significant developments over the past few years suggest that land reform and the rural economy as a whole have acquired new political significance, and that in the coming period there may be new spaces to push for more meaningful land reform and agrarian change. Therefore, understanding this shifting terrain, and the opportunities it may provide, is essential for those mobilising in favour of alternative land and agrarian policies.

In considering this new situation, we break with the dominant analyses among critics of the current land reform, which have tended to be overly technical, focusing on how land reform should be done differently, rather than the wider politics that shape it. As a result of this, the debate on land has been somewhat ghettoised from wider debates about the economy and development. This chapter seeks to relocate land and agrarian issues within the core debates about the South African state and the ruling alliance: their ambiguous relations with capital and with 'the rural poor', the role of the state in the economy, and which developmental path is to be pursued.

Taking stock of 'the agrarian question'

In a context different from South Africa, Samir Amin (2003) has noted that

Modern capitalist agriculture – encompassing both rich, large-scale family farming and agribusiness corporations – is now engaged in a massive attack on third world peasant production. The green light for this was given at the November 2001 session of the WTO in Doha, Qatar. There are many victims of this attack – and most are third world peasants, who still make up half of mankind.

South Africa is no longer a peasant society in Amin's sense, given its long history of minerals- and energy-led industrialisation. Despite this, the powerful combination of modern capitalist agriculture and globalised capitalism constitute a systematic and structural attack on a wide range of extremely vulnerable social strata in South Africa. Relevant for our discussion here are the millions of rural-based subsistence and small-scale producers, rural dwellers, farm workers and farm dwellers – in short, the entire spectrum of the 'rural poor'.

From the perspective of the ANC-led government, the opening up of agriculture to global capitalist market forces made eminent sense

From the perspective of the ANC-led government, the opening up of agriculture to global capitalist market forces made eminent sense. In a modernising paradigm, the role of agriculture was seen as important to an increasingly globalising economy and the re-entry of South Africa after the sanctions era. The state's political strategy since the mid-1990s has pivoted around one underlying assumption: that sustained capitalist growth of around 6% per year is essential. In pursuit of this objective, a powerful political-technical-managerial centre was forged within the state, focused around the Presidency with close ties to key departments, notably the Treasury and the Department of Trade and Industry (DTI), and to big business, including agrarian capital. This strategy relied on the assumption of a 'benign globalisation', in which booming trade is expected to spur sustained growth and development, and that what is required for South Africa to benefit from this is a catch-up and alignment strategy, with 'sound economic policies' and 'good governance' at its heart. Consequently, like the rest of the South African economy, the accumulation regime in agriculture has not fundamentally changed since 1994 in its systematic and structural features; rather, they have become sharpened and entrenched.

Elsewhere, one-sided liberalisation and deregulation of global agriculture has already eliminated billions of small (as well as larger) less competitive producers within the space of a few decades

(Amin 2003). In South Africa, after more than a decade of agricultural liberalisation and deregulation, we have seen localised versions of these global trends. Inefficient commercial farmers previously reliant on trade protection and state subsidies have been eliminated, prompting a dramatic process of concentration in ownership and a concomitant rise in farm sizes in the commercial agricultural sector, as growing agribusiness interests have acquired ownership stakes in farm production (see Chapters 5 and 6).

Outside commercial agriculture, the land reform programme has spawned a still small population of beneficiaries (approximately 150 000) who are neither landless nor, in many cases, successful small-scale farmers. These beneficiaries are suspended midair, without the potential to be part of the global expansion of capitalist agriculture; nor do they constitute a successful new smallholder class. Alongside these beneficiaries are millions more of the landless eking out a living from multiple livelihood strategies. These millions have been displaced from independent production or from employment on farms, in the mines and the factories; they are 'surplus people' – a term notoriously coined by apartheid architect, Hendrik Verwoerd. A significant number of them hope to resolve their marginality through migration to urban areas (Du Toit & Neves 2006). However, this rural-to-urban migration locates them in zones of continued economic exclusion, structural unemployment and the apartheid legacy of underdevelopment, thus clothing them in the new mantle of the 'urban poor'.

The above is to underline the essence of South Africa's agrarian question: millions of land-hungry rural dwellers are engaged in multiple, largely survivalist activities in which agricultural production has been a small component, while increasingly concentrated and globalised capitalist agriculture (based on the principle of return to capital) employs only a few hundred thousand farm workers who themselves are no longer peasants.

Containing contradiction: shifts in policy and discourse

Containing contradiction has been a key feature of the politics of land reform in South Africa, and in the response to the agrarian question sketched above. The ANC-in-government has been able to square a number of circles, pursuing land reform while removing agricultural support, and aiming to reduce poverty but favouring the better-off. Most remarkably, the political establishment has been able to tolerate continued poor performance, in both the pace and scale of the programme, and in its outcomes for production and for the livelihoods of those intended to benefit (see Chapter 2). Since the National Land Summit of 2005, new directions in land reform policy have been pursued, but rather than resolving the contradictions, these have been underscored. This section explores the current conjuncture. It is a moment characterised by flux and uncertainty, which, for this very reason, also presents the possibility of change.

the political establishment has been able to tolerate continued poor performance

A stronger role for the state in acquisition (but for what and for whom?)

The government's surprise and very public concession at the National Land Summit in 2005 (and repeatedly since then) that the 'willing-buyer, willing-seller' approach to redistribution had failed prompted a flurry of new policy initiatives that produced a bizarre compendium of unrelated

and ad hoc policies, most of which have not progressed beyond discussion papers (see Chapter 3 for a fuller treatment of these). In itself, this signifies a vacuum in political direction that has characterised the past three years. At the same time, the erosion of land reform gains through both the underutilisation of redistributed land and the sheer scale of farm evictions has become more apparent, and has emerged as a political liability for the state.

there is an obvious incentive to prioritise large projects to deliver high-value land at scale, and to serve those applicants who already have resources and skills

Most policy shifts under discussion in this period have focused on interventions in land markets: restrictions on foreign ownership of land, the promotion of an agricultural land tax (over and above property rates), land ceilings and, most recently, a new Expropriation Bill, approved by Cabinet in early 2008 and expected to be passed by Parliament later in the year, but subsequently shelved following pressure from farmers' associations, business bodies and opposition parties. The much-awaited review of the White Paper on South African Land Policy, on the cards since 2006, may yet happen and could open space for policy change but, unless expanded into a joint initiative with agriculture, is likely to focus rather more narrowly on mechanisms for land acquisition. Meanwhile, the Land and Agrarian Reform Project (LARP), adopted as one of 24 Presidential 'apex priorities' in October 2007, has set five targets, one of which is to deliver five million hectares by 2009 to 10 000 new agricultural producers. While LARP claims to prioritise (former) farm workers and dwellers, it appears to be geared towards establishing medium to large farmers with an average of 500 hectares each. The targets mean that LARP is to achieve more in the coming year than has been achieved over the past 12, while distributing more resources to fewer people. In pursuit of this unlikely goal, the government will rely in large part on the private sector and agribusinesses to become accredited service providers to implement land reform on the state's behalf. This will see the state contracting with businesses to package and implement projects from start to finish – including the identification of land, the selection of beneficiaries, planning, acquisition and development of land, and provision of support services, including mentoring and training, farm management, and financial, technical, insurance, legal and marketing services (DLA n.d.). Being paid a proportion of total costs involved, there is an obvious incentive to prioritise large projects to deliver high-value land at scale, and to serve those applicants who already have resources and skills. The move to outsourcing the work of land reform signals a failure (or unwillingness) to conceptualise the contradictory roles of the state and private sector, and the contradictory interests of the rural landless and agribusiness. This seriously calls into question the degree to which a revitalised land reform would confront the vested interests of landowners and agrarian capital – and what type of agrarian change would ensue.

Agrarian reform has climbed the agenda

In the midst of the hiatus following the Land Summit's promise of change, a widespread but superficial convergence of opinion has congealed around a core position: that land reform is in crisis not only because it is too slow, but because of its disappointing outcomes, and that a new point of departure is now required. This is a position shared by civil society organisations, the political establishment (the ANC and its allies, the Presidency, the two key departments) and big business (see, for instance, CDE 2008). Yet there remains little clarity on the shape of a policy alternative. What does seem clear is that land and, increasingly, agrarian reform have climbed the political agenda. This means greater priority in this area in the future, but also the possibility of greater manipulation for political mileage.

The most striking shift over the three years since the Land Summit has been the adoption by the ANC and the government of the notion of the 'agrarian' and its enthusiastic deployment in a variety of contexts, not least the expansion of 'land reform' to 'land and agrarian reform' in the state's lexicon, and the emergence of the 'agrarian revolution' as a term to denote the ANC's vision of major

(usually unspecified) change in the countryside. As the minister noted in her budget speech, 'Without land redistribution, the agrarian revolution is impossible' (Xingwana 2007). Reference to 'agrarian reform' or, more flamboyantly, 'agrarian revolution' has generally been used vaguely to indicate more thoroughgoing changes in production and increased output of both primary produce and processed goods. This has reinforced the argument put forward by the Presidency's economic advisors that the number of livelihoods sustained by agriculture cannot be expanded by maintaining existing production; rather, the economic argument for land reform must lie in restructuring that expands its distributive effects, ideally (though not necessarily) increasing overall output at the same time. As a senior agricultural official has observed, 'we prefer production by the masses rather than mass production'. However, such rhetoric has found little purchase in the actual policies and programmes of a government that has overseen agrarian restructuring in favour of greater concentration of landholdings and of capital in agriculture (see Chapter 5 for more on this trend, and Chapter 6 on the implications for future livelihoods and employment in agriculture).

While the 'land NGOs' (the main mouthpiece of civil society in this sector), over the past decade and more, have focused their advocacy on the Department of Land Affairs (DLA) and, to a much lesser degree, the Department of Agriculture (DoA), recent policy shifts suggest that important openings exist elsewhere in government. The Treasury and the Presidency, which have focused their attention on the 'second economy' and mass unemployment, under the rubric of ASGISA (see below), control higher-level policy decisions.

GEAR to ASGISA: agriculture features more strongly

What, then, is the place of agriculture and land reform in the shifting economic policy debate? The Growth, Employment and Redistribution (GEAR) strategy that dominated policy from 1996 until about 2004 (and arguably, to a degree, since then) prioritised fiscal restraint and export-led growth in a liberalised economy, effectively favouring agribusiness, while more recent macroeconomic frameworks have set new priorities. Having rejected inward industrialisation in the mid-1990s, preferring rapidly liberalised trade, the ANC has belatedly warmed to the idea of a more direct role for the state in stimulating new patterns of broad-based growth. Although not a reversal of the cautious policy stance of the 1990s – and certainly without much impact on fiscal and monetary policy – the Accelerated and Shared Growth Initiative for South Africa (ASGISA), launched in 2006, has focused attention on the role of the state in supporting growth in, and redistribution to, the 'second economy'. In 2007/08, the Presidency reviewed all state programmes in order to evaluate existing support for the 'second economy', and to guide future anti-poverty strategies. It noted the need to scale up programmes to create livelihoods through improved funding and co-ordination of land reform, and expansion of publicly funded programmes into growing the small agro-processing sector, in particular (SESG 2008). One of the political spaces available to advance meaningful land and agrarian reform, then, is within the state's evolving approach to addressing the 'second economy' and, therefore, the need to restructure the 'first economy'. This should not suggest that there are indeed 'two economies' in South Africa; rather, what is still to be articulated is an argument and vision for agrarian reform based on an analysis of how the so-called 'first' and 'second' economies are interrelated, are two sides of the same pattern of accumulation, exclusion and adverse incorporation. This is now attracting newfound political attention.

Alongside ASGISA (and nominally to give effect to it), the National Industrial Policy Framework (NIPF) is another important framework that potentially lays the basis for a new direction in land and agrarian reform. It points to the need to diversify the economy beyond its mineral and agricultural base, and proposes incentives to promote a development path that is both more labour-intensive and more

the ANC has belatedly warmed to the idea of a more direct role for the state in stimulating new patterns of broad-based growth



Neighbouring farmers meet to discuss fencing maintenance, Humansdorp area, Eastern Cape. June 2004. Photo by Ruth Hall.

Despite these macroeconomic policy shifts, agriculture (and land reform) remains marginal to core government and ANC thinking about the future of the economy, not least because spatial development policy suggests that investment should be focused in urban centres and should extend only to processing or industrial zones in the rural areas. This influential framework directs resources away from rural poverty and is antithetical to the idea of investing in smallholder production in economically depressed regions.

The crisis of rising food prices

A further factor impinging on the political terrain is the crisis in world food prices. The United Nations' Food and Agriculture Organisation (FAO) says that between March 2007 and March 2008 the price of cereals increased by 88%, oils and fats by 106%, and dairy by 48% (Angus 2008). The World Bank says that in the three years to February 2008, wheat prices rose by 181% and overall global food prices increased by 83% (Angus 2008). The price of the most popular grade of Thai rice rose more than fivefold in the past five years, and threefold in the year to April 2008. Increases are even greater in some local markets – in Haiti, the price of rice doubled in one week at the end of March 2008 (Angus 2008). These increases are catastrophic for the 2.6 billion people around the world who live on less than US\$2 a day and who spend 60% to 80% of their incomes on food.

Arising out of the combination of global as well as local factors, South Africa experienced earlier waves of steep food price rises in the 1990s and 2001/02. The latest increases from late 2007 into 2008 prompted senior ANC and government officials to reframe their views on the state's role in relation to agriculture and its transformation. Rapid food price inflation has hit the poor hard, in a country where the poorest 60% of the population spend over a quarter of their incomes on food, and where the lion's share of rising prices can be captured by the handful of agribusinesses that dominate in the domestic market. In this context, Finance Minister Trevor Manuel (not known for his interest in small farmers) surprised many by declaring:

For much of the past decade, too little policy attention has been focused on how we could increase agricultural production. This goes for both large-scale commercial farms and for small-scale subsistence farmers...On the production side, the legislative framework is in

value-adding. Agriculture and agro-processing are among the key labour-intensive sectors of the economy it identifies as where new strategies for enterprise development should be explored – for instance, the potential role of light industry in the rural non-farm economy (DTI n.d.). Even so, it does not set out any vision for the role of land reform in bringing this about, or precisely what change in production is envisaged. Industrial policy, therefore, seems to propose strategic state intervention to promote a new growth path, which might favour agriculture and particularly 'non-traditional agricultural activities' and which may include niche products and labour-intensive processing (DTI n.d.); yet it does not challenge the structure of agrarian production or accumulation, and fails to identify this as a pro-poor growth sector.

place for small-scale farmer cooperatives to club together to procure services jointly, to purchase tractors or fertiliser and to get their products to markets. Government can do more in rural areas to support small-scale farmers...When the price of agricultural commodities increases, we see a distribution of resources away from food consumers towards food producers. In countries where the poor produce food or are direct beneficiaries of food production, this change in food prices has positive effects... In South Africa where the poor are not large producers of food, the big net gainers are not the poor (either in rural or urban areas). (Manuel 2008)

While in the past the government's attention to food prices has been exclusively on stamping out anti-competitive behaviour like price-fixing, Manuel's statements for the first time concede that our inability to produce food affordable to all South Africans is *not* due to the imperfect functioning of markets that are otherwise benign, but lies in the structure of production itself, which requires state intervention. It is striking that, while Manuel and others have argued that the government could do more to promote investment in commercial farming and agribusiness, they look to the smallholder sector for substantial expansion and improved productivity that may increase the country's output of staple grains, particularly maize, and meat (Manuel 2008; Xingwana 2008). In addition to considering direct food subsidies and price controls, then, this suggests the need for a different structure of production. This is significant, although, given his track record, it is wise to be cautious in one's expectations of how far Manuel (or his successors) will go in policy terms to give meaning to the ultimate logic of these statements, namely public investment and incentives to promote the expansion of food production by, and for, the poor.

A developmental state and the second economy

A key concept underpinning the more progressive currents in the thinking of the ANC is that of a 'developmental state', which suggests not just more state, and more state intervention in the economy, but a state that intervenes more strategically to shape market behaviour in favour of new patterns of production and accumulation. In other words, the work of supporting the 'second economy' (as acknowledged in ASGISA) is insufficient; a developmental state will need to combine this with interventions to reshape the 'first economy', and restructure the market relations between the two. Instead of relying on 'trickle-down' effects from the first to the second economy, or on 'ladders-up' for individuals to leap from the second to the first, a developmental state that is unified and administratively strong would need to condition market behaviour through a combination of direct subsidisation, incentives and regulation, diversify the economy and direct resources to new industries and mobilise capital and civil society around this project (Makgetla 2008).

Since 2006, the notion of a developmental state has gained ground in the tripartite alliance, and has prompted debate and contestation over what it means, whether it is the way to go, and what it is that a developmental state is or does that distinguishes it from the current South African state. Reviewing these debates suggests that the political utility of the term lies precisely in its vagueness; while it smacks of progressive politics, almost any policy measure requiring state intervention or resources can be justified in terms of it. What is yet to become evident is what a 'developmental state' would or could or should do about land and agrarian reform. Even so, this new direction in thinking about economic policy and state roles may open opportunities for a different kind of land reform, and a more conducive policy context for new and disadvantaged farmers, as a by-product of this shift. For the first time, the reintroduction of direct production subsidies and a state role in supporting upstream and downstream industries to enable smallholders to access inputs and output markets are on the cards (ANC 2007).

our inability to produce food affordable to all South Africans is *not* due to the imperfect functioning of markets that are otherwise benign, but lies in the structure of production itself

the reintroduction of direct production subsidies and a state role in supporting upstream and downstream industries... are on the cards

The spaces opened up by the notion of a developmental state, by the newfound interest in agrarian reform and in broadening production to combat food price rises, could have significant implications. Whether or not some of these policy spaces are used and expanded depends on the balance of social forces, to which we now turn.

The playing field: uneven and contested

Pre-existing socio-economic structures and socio-political institutions influence the struggles for and outcomes of redistributive land reform to the extent in which they shape and condition prior distribution of land-based wealth and political power. (Borras 2004: 287)

The nature of land and agrarian reform will be determined to a large extent by the nature of the power and social relations in the country. The very limited extent to which the historical dispossession of land, rural wealth and livelihoods, and the deliberate underdevelopment of the bantustans, has been reversed is a clear indication that the rural poor and their allies were absent from the 1990s, negotiations process. Yet, in any transformative land reform, the mobilisation of coherent, formidable, conscious and organised social forces with both the weight and voice required to lead the requisite struggles is crucial. This would not be a campaign of one month or even a few years, but a range of protracted struggles over a sustained period of time. What then is the array of those social forces that have interests and aspirations around land and agrarian reform? What are their concerns, capacities and strategies, and what is the balance of forces among them? How and why have these changed over time?

At the risk of being schematic, the important classes and strata that make up the 'rural social forces' are large and small agribusiness interests, individual commercial farmers, a small layer of aspirant black commercial farmers, farm workers and farm dwellers, small-scale black farmers, the mass of rural dwellers, a layer of the rural professional middle class (teachers, civil servants and business people) and traditional leaders. Even though they may have a fundamentally urban orientation, other significant forces in our society relevant to this debate include the urban poor, oscillating rural-urban migrants, the trade union movement, churches and political parties. The ANC's allies in the Congress of South African Trade Unions (COSATU) and South African Communist Party (SACP) are among the most important organisational forms representing the urban working class. In their various locations, this range of forces and their material interests constitute the contemporary agrarian question. We now examine these in turn.

The position of agrarian capital: powerful yet vulnerable

The renewed political focus on land and agrarian reform strikes at the heart of the interests of agrarian capital. This dominant class force in South Africa's rural areas is made up mostly of white commercial farmers and agribusiness. Agrarian capital has deployed a range of strategies to protect and advance its interests: it was able to secure a weak legislative and policy framework, which it has exploited to block meaningful land reform, and its propaganda machinery emphasises the importance of large-scale agriculture in the economy and in meeting national food security needs – arguments

that hold sway in many government circles – while also announcing its commitment to land reform (CDE 2008; FW De Klerk Foundation 2007). At the same time, agrarian capital undertakes and initiates land reform projects that nurture a thin layer of emerging black commercial farmers and, while actively resisting policy or legislation that veers in a radical direction, readily shifts the blame to a failing state for delays.

Lobbying and advocacy by the most effective arm of organised agriculture, Agri-South Africa (AgriSA), has attempted to redefine land reform in its own interests, as a limited programme of commercial farmer settlement. AgriSA has invested heavily in its close relationship with the highest echelons of government (Cousins 2007; Hall 2004). This interest group is powerful and well organised. The commercial farming sector was regularly consulted by President Mbeki, through his Presidential Working Group on Agriculture, which still meets quarterly and consists of representatives of government and commercial farming interests, both AgriSA and its black counterpart, the National African Farmers' Union (NAFU). Underpinning large-scale agriculture's strategic control of key food production and export earning sub-sectors within the economy, and consolidating their organisational power, is the strength of the commercial farming narrative, the notion that 'only commercial agriculture is *real* agriculture' (Cousins 2007). Conservative policy stances are also influenced by the somewhat stereotyped understandings of agricultural development promoted by both the commercial farming lobby and agricultural economists, and embraced by many ANC policy-makers. This was manifest in the Strategic Plan for Agriculture developed by the presidential working group as its vision for a more competitive and inclusive, but ultimately un-restructured, farming sector.

AgriSA has defended the property rights of landowners, and consistently has stressed the strategic importance of commercial farming for food production and export earnings, while many of its members evict legal occupiers and resist labour laws. It has also managed to build a strategic, albeit strained, alliance with the leading echelons of aspirant black commercial farmers within NAFU (Hall 2004). White farmers are aware that, unlike the mass of the rural landless, these aspirants are unlikely to constitute a large and powerful interest group capable of mounting a serious challenge to the dominant interests within the sector, but rather will be absorbed into it.

The promotion of a layer of black commercial farmers has also been part of a larger post-1994 project of the state working together with big business: the creation of a stratum of emerging black capitalists in all sectors of the economy, including agriculture. In general, the emerging layer of black economic empowerment (BEE) capitalists is not a typical national or 'patriotic' bourgeoisie, for the simple reason that we are dealing in South Africa with a mature (if highly uneven) capitalist formation in which there has long been a significant domestic capitalist class (SACP 2006). In these circumstances, emerging black capital tends *not* to be involved with an expansion of the national forces of production, *nor* in significant job creation. It is, rather, excessively compradorial and parasitic.

The compradorial nature of this emerging class fraction has meant that, typically, it has not accumulated its own capital through the unleashing of productive processes to galvanise a national developmental effort. Although agriculture has not been the most sought-after site of accumulation by this black capitalist fraction, its insertion into mainstream capitalist agriculture has not resulted in a change in the size and scale or social and economic roles of agriculture. Black capitalist farmers have no intention to invest, produce or trade differently from white capitalist farmers. NAFU, in particular, has inserted itself in spaces close to the state at the highest level and relies upon symbiotic relations with the upper echelons of the state apparatus. The way in which many of the small class of new commercial black farmers have accessed land, finance and markets exhibits parasitic features:

AgriSA... has also managed to build a strategic... alliance with the leading echelons of aspirant black commercial farmers

reliance not only on the state and the Land Bank but on the patronage of established agrarian and agribusiness capital, special share deals, affirmative action, BEE quotas, fronting, privatisation, tender policies and trading on its one real piece of 'capital' – access to state power and resources. All this has put pressure on established capital to cut it a slice of the action.

What will break the strategic advantage of agrarian capital, or at least leverage greater concessions from it, beyond its comfortable alliance with black commercial counterparts? Two critical conditions are required for this: a decisive and effective progressive state and a mobilised social force for land and agrarian reform. These are each examined in turn below, starting with the question of a mobilised social force, and the possibility of this emerging in the countryside, among the rural poor, farm workers and farm dwellers, in particular, and the chiefly and professional strata.

Political marginality of the rural poor

The most numerous and significant class stratum in the countryside is that made up of the landless rural masses who face economic exclusion. Rural unemployment figures today stand somewhere between 35% and 40%. The agricultural sector has shed close to 300 000 jobs in the first decade of democracy (see Chapter 6). Studies by May (2006), Aliber (2003) and De Swardt (2003) confirm that 45% to 55% of South Africans live in poverty and of these 70% live in rural areas. It is also reported that 14 million people are vulnerable to food insecurity, while 1.5 million children under the age of six, most of them in rural areas, have been stunted by malnutrition (HSRC 2004).

'pressure from below' has been noticeably absent

It is this sector (poor rural women and men) that could be the main motive force for rural transformation. Yet 'pressure from below' has been noticeably absent. As things stand, there is no consciously mobilised mass force with the economic or political muscle capable of leading on the land and agrarian question. Why has there been so little mobilisation in rural areas?

This lack of participation by the poor in the body politic shows that political democratisation has been dominated by far more powerful and largely urban interests. Part of the explanation lies in the incomplete transition of the poor from being 'subjects' into being 'citizens' of the democratic order, thus remaining passive recipients of development. More fundamentally, poverty and the lack of power of poor households mutually reinforce each other; while poverty may not rob the poor of their agency, it 'circumscribes and limits the forms of agency that are available to them' (Du Toit 2004: 28). Rural women are particularly 'circumscribed'.

Shared concerns about high food prices are potentially unifying

What conditions are required for building the associational capacity or the agency of the poor, given their political marginality? What pathways exist for significant strata of poor people to become engaged agents for social change? Effective social mobilisation around land and agrarian reform will require new alliances between a wide range of strata and formations including political organisations, emerging rural organisations, churches and trade unions – but they are not likely to come together around land reform as a single issue. Remaining within single-issue politics is likely to isolate and 'ghettoise' rural movements from others. A key condition for change in this social force, then, is the broadening of the issues around which people are mobilising. For example, in the former bantustans, the issues are not only about land redistribution but also about rural development, employment and access to basic services. Shared concerns about high food prices are potentially unifying. This requires thinking and practical work around relevant mobilisation and organising strategies that unite all these issues into a common struggle.

Smallholder and subsistence farming, on their own, might be survivalist but, once linked to wider rural development (infrastructure, markets and service delivery), can lay the basis for impoverished

communities to build a wider social struggle for land reform. Two important classes to build alliances with, in the first instance, are farm workers and the rural petit bourgeoisie.

Farm workers and dwellers: integrated yet excluded

The social and economic relations between farmers, as employers and landowners, and those who work the land to stay alive, are a continuation of a long history of dispossession, slavery, access to cheap and sometimes forced labour, exploitative work and social control – processes that have left their mark on farmers as well as workers and dwellers. This long history helped create a landowning class that equated ownership of land with the right to govern the lives of those who work it (Du Toit 2005). Before 1994, well-entrenched social relations of paternalism permeated the living and working conditions on the majority of South African farms (Nasson 1984). These continued, but changed form, in the post-1994 period.

The effects of labour market policy interventions on farm workers have been mixed. Conditions for skilled, core and permanent workers have improved and some progress has been made towards organising them in the big agribusiness and agro-processing sectors, where the Food and Allied Workers' Union (FAWU), a COSATU affiliate, is somewhat present, although this represents a tiny percentage of rural workers, and trade unions are still largely absent from farms. Hardly any visible progress has been made in organising farm workers on individually owned white farms. At the same time, many farmers responded to labour and other forms of regulation by restructuring their businesses through labour shedding (Du Toit 2005). There is ample evidence of a massive shift away from permanent workers towards the use of temporary, seasonal and subcontracted labour (Du Toit & Ally 2004; see also Chapters 5 and 6). In response, in the Western Cape the Sikhula Sonke trade union has grown over four years to reach about 5 000 women farm workers, many of whom are casual or seasonal workers and live off-farm. In addition to these two unions, there are many small and unaffiliated regional farm worker unions whose strategy and impact are not immediately discernible. This fragmentation undermines the potential to build a common front of education, conscientisation and struggle among farm workers. Ultimately, labour market policy interventions have not broken the circuit of the perverse integration and exclusion of farm workers and dwellers into the accumulation strategy of agrarian capital: farm workers survive on the margins of the 'white' countryside, while they are actually central to the very successful and globally integrated farms (Du Toit 2005). This is not to say that there are not many overt and covert contestations and negotiations between farm workers and farmers, but the nature of these struggles does not result in the mobilisation and organisation of farm workers.

Three primary obstacles impede the organisation and mobilisation of farm workers. First, and most salient, are political obstacles, in an environment in which control over privately owned land has traditionally involved extensive control by farmers over all aspects of life for those living on farms. Unlike workers in many other sectors, the farm is the locus not only of employment, but also of residence, both for the worker and, typically, for the family. Second, logistical and geographical factors combine to make this a particularly difficult sector in which to organise, as most parts of the country, with the exception of some intensive horticultural regions in the Western Cape and Mpumalanga, typically have a low concentration of workers. The population is dispersed and access to farms is difficult (and sometimes dangerous) for outsiders supporting worker organisation. Third, the restructuring of the rural labour force, and the haemorrhaging of permanent employment, means that, to the degree that workers have become organised, this is a revolving door – a person who is a farm worker today may not be tomorrow, and vice versa. Organising as workers, then, seems a limited strategy, yet unions are wedded to this model, although several more localised initiatives like Sikhula Sonke have sought to organise people as rural communities rather than as 'workers' per se.

The chiefly and professional strata

A further significant rural class is that of the bureaucratic and professional petty bourgeoisie largely created through the bantustan system. Perhaps the most important component of this 'rural bureaucratic petty bourgeoisie' is that of traditional leaders, which, from a history of resistance to conquest, was incorporated as a political and administrative extension of the colonial and apartheid states. From the layer of professionals, mainly civil servants and teachers, grew some of the opposition to 'homeland' policies, but, at the same time, many of these professionals and traditional leaders became dependent on the patronage dispensed by the bantustan regimes (Ntsebeza 2006).

traditional
leaders have, with
some exceptions,
failed to provide
the lead in
mobilisation
around livelihood
demands in the
rural areas

Partly because of this complex history of resistance and collusion, traditional leaders have, with some exceptions, failed to provide the lead in mobilisation around livelihood demands in the rural areas. Because of disputes over their powers and their failure to democratise, traditional leaders may be a largely untapped political resource for rural people. Instead, emboldened traditional leaders have increased their power and hegemony, and have positioned themselves as mediators between the people and the government on the question of control and use of land, as well as on the delivery of services. Even so, the ANC and SACP felt that it was 'not politically desirable to alienate traditional leaders such that they define the advancement of their interests in opposition to the democratic government' (SACP 1999). Areas of contestation between local citizens, traditional leaders and the state include their powers *vis-à-vis* democratic local government, their powers of land allocation and administration confirmed through the Communal Land Rights Act, and their governance and judicial powers in terms of the Traditional Courts Bill (currently being debated in 2008). This poses the fundamental question of how to reconcile the role of traditional leaders and the democratic empowerment of ordinary people. Yet, as the SACP has warned, 'to subject the future of the rural people to the whims of traditional leaders would postpone rural transformation for a long time to come' (SACP 1999).

Civil society at the periphery of land politics

The lack of strong national or provincial organisations to articulate and fight for the demands of the landless, small producers and farmers has created a political vacuum. It is a vacuum that has been filled by numerous NGOs, churches and political organisations that not only speak on behalf of the rural poor, but also have tended to assume leadership, mediate political choices and substitute for the lack of organised strength of the rural poor. Moyo (2005: 41) argues that NGOs, through funded projects, tend to 'co-opt rural grievances into welfarist projects'. Yet, over the past decade, the land NGO movement, still somewhat separate from broader political and civil society, has increasingly prioritised building organisations of the rural poor from the grassroots up, rather than speaking on their behalf – a practice that has been slow and complex, a learning process and also, at times, a source of tension among these organisations. This has helped to spawn a number of localised people's organisations – regional farm dweller committees and small farmer associations, among others.

In recent years, then, whether through NGO support or not, new forms of mobilisation have become evident and are starting to fill this vacuum. The formation of small farmer associations (including would-be farmers), farm worker committees and broader initiatives to unify around demands for land and livelihoods have highlighted a number of lessons: the importance of sustained community organisation at a local level; how landlessness strongly combines with more generalised underdevelopment in the former homeland areas and also the commercial farming areas where new informal settlements have been on the increase; the importance of building organic links between

rural dwellers covering different geographical areas; and how rural development can lay the basis for building a wider social struggle for land and agrarian reform.

In building alliances and linkages between urban movements and rural movements, the participation of NGOs, churches, trade unions and other actors of civil society is essential. The view that NGOs dominate is only relevant and applicable when people's mass-based organisations on the ground, and their leadership, are fragile and weak. NGOs will and should continue to play a supportive and even subordinate role to social movements of the poor; they can do this best as an integral part of these movements rather than as outside agents or leading from above. It will require common campaigns, building local leadership and supporting popular local organisations that are self-sustaining and independent. For now, however, while NGO formations are the repository of important understanding and expertise from their groundwork experience, at a national level they are politically marginal.

The ANC, the state and the left in the alliance

In thinking about the positioning and roles of the ANC-SACP-Cosatu alliance on land and agrarian reform, on the eve of transition, Bernstein (1992) argued that:

Political organisation and representation of oppressed groups in the countryside (beyond the local level) is almost non-existent. This has potentially serious effects for perceptions and theorisation of land and agrarian reform by the national democratic movement, which in turn affect the formulation and practise of any agrarian strategy. In fact, at present there is no political strategy on the agrarian question.

Despite the ANC's strong rural roots and support, it remains essentially an urbanised and modern political movement. For many decades of its existence, the focus of ANC mobilisation has been the urbanised working class. Despite the rural roots of some of its key leaders, only a few of them, like Govan Mbeki and Alpheus Malivha, have focused any attention on rural struggles. This urban bias continues and is loudly echoed in government policies. Natrass and Seekings (2001) also suggest that the claims of the urban insiders shape government policy at the expense of socially and politically invisible rural outsiders. This critique applies equally to the traditionally working class organisations in alliance with the ANC – the SACP and Cosatu. Consequently, the alliance entered the transition without an agrarian programme beyond the ambit of land reform.

The left in the alliance has not done much to build effective mobilisation and organisation around land and agrarian struggles. From about 1999, the SACP and COSATU increasingly became concerned with the failures of the land reform programme as part of their wider struggles against the neo-liberal GEAR macroeconomic policy. Since then, they have articulated sporadic demands and campaigns for thoroughgoing land and agrarian reform. At the same time, some of the rural structures of these organisations could not avoid having to respond to struggles of farm workers and the rural poor. Initially, their focus was merely on the need to accelerate land reform, while later on this grew into a more systematic critique of the 'willing-buyer, willing-seller' principle and the systemic hostility to smallholder and co-operative production. By the time the SACP launched its impressive 2004 Red October Campaign calling for 'Land! Food! Jobs!', both it and COSATU had developed their own perspectives on agrarian reform as the necessary context for land reform. This merged with the increase in public discourse about sustainable livelihoods, and a conscious attempt was made to link agrarian reform to wider and sustainable rural development.

The SACP Red October Campaign put direct pressure on agrarian capital and ruffled feathers in the government. COSATU linked this with industrial policy debates and argued for sectoral strategies

Despite the ANC's strong rural roots and support, it remains essentially an urbanised and modern political movement

Land and agrarian reform were part of these intra-alliance policy debates and struggles

to create jobs upstream and downstream of the agriculture value chain. COSATU provided policy resources to enrich the contribution of the alliance left on land and agrarian reform. Many in civil society were not happy with the SACP focus on land, believing that it was a mere sop to crowd out critical voices; nonetheless, it helped to galvanise mobilisation towards the 2005 Land Summit, where its presence was strongly felt, despite its weak organisation in rural areas.

By the time of the Land Summit, both the SACP and COSATU were beginning to marshal significant resources towards the 'battle for the soul of the ANC' (Gumede 2005). Land and agrarian reform were part of these intra-alliance policy debates and struggles. The contents of the Polokwane resolution on land reform can be attributed partly to the influence of the alliance left; however, what has been lost is attention to the building of rural social forces. Post-Polokwane, COSATU has sought to use alliance platforms such as the May 2008 Alliance Summit to call for 'urgent implementation of the Land Summit resolutions' (COSATU 2008). COSATU mobilisation around food prices has been another platform for public agitation for land and agrarian reform, with demands directed at the government to take action to stem the food price crisis. However, both the SACP and COSATU still pay insufficient attention to directing pressure on agrarian capital and building rural mobilisation.

At the same time, FAWU has made important contributions to the land and agrarian reform debates, and the food price crisis. However, it is quite weak in its organisation of farm workers and its analysis of the agrarian question, particularly its linkages with globalised capitalism. For example, its analysis of the food price crisis limits its focus to the impact the food price crisis has on workers (see Masemola & Watkins 2008), and limits its alternative proposals to ameliorating the impact of the crisis without a critique of the structure of large-scale commercial agriculture. It is, therefore, unclear whether these allies of the ANC have the capacity and orientation to envisage structural change and to undertake sustained rural mobilisation, which would be required to advance the position adopted at the ANC's Polokwane conference, to which we now turn.

Polokwane and beyond

The ANC's National Conference in December 2007 was an event of such significance that its location – Polokwane in Limpopo province – has now become synonymous with a political era. We have now entered the 'post-Polokwane' era, one in which the possibility of future policy change must be tempered by the reality of very substantial continuity. At the very least, though, there are two political currents running through much economic thinking within the ruling alliance, and that being pursued by the next-administration-in-waiting is on the ascendancy.

The resolution: what it says

The resolution... introduced an economic rationale for a process of land reform, namely agrarian change

Polokwane marked a departure in the ANC's thinking about rural development, which goes well beyond existing programmes that essentially co-ordinate separate departmental efforts. The resolution on 'Land Reform, Rural Development and Agrarian Change' introduced an economic rationale for a process of land reform, namely agrarian change. Combining these three terms in the title, in itself, signalled that land reform would, or should, be located within a much wider programme of restructuring – something that has been missing up to now. Unlike previous declarations, it conceded that the pace of redistributing land is not the only or even the primary challenge. While reform has been too slow, it recognises that the *type* of reform has been limited and inappropriate:

Current approaches to land reform are not achieving the scale or outcomes required for the realisation of a better life for rural South Africans...Land reform has not been located within a broader strategy of rural development or a commitment to supporting smallholder farming on a scale that is able to improve rural livelihoods. As a result, changes in land ownership have not realised their full potential to transform social relations, combat rural poverty and promote rural development. (ANC 2007: 2)

For the first time in ANC statements on the matter, the resolution started to give content to the notion of 'agrarian reform'. It resolved to embark on a multifaceted process that would include 'agrarian change with a view to supporting subsistence food production, expanding the role and productivity of modern smallholder farming and maintaining a vibrant and competitive agricultural sector' and to revisit national agricultural policies, particularly tariffs, subsidies and marketing institutions (ANC 2007: 5–6). It would support:

the growth of rural market institutions including through the provision of infrastructure and by helping rural communities and small farmers to build organisations which help them to access markets, build links with formal sector value chains and coordinate their activities to realise economies of scale. Such organisations may include producer co-operatives, smallholder associations, input supply co-ops, marketing co-ops and/or state regulated institutions designed to support and promote market access and collective action amongst small rural producers. Special attention will be given to the empowerment of women in co-operatives. (ANC 2007: 6)

The starting point of the resolution is the recognition that the foundational challenge is not the distribution of land, but the structure of the rural economy, and that redistribution of land rights is a means to an end. It envisages that to address this will require a new, invigorated and strategic role for the state: 'The developmental state has a central role to play in leading and sustaining rural development' (ANC 2007: 4). This would require the state to make strategic choices about how to shape markets in favour of smallholder farmers and to establish new industries, particularly agro-industries, to support the rural non-farm economy. For instance, it moots the possibility of reintroducing certain subsidies on inputs into production, which, if enacted, would be a dramatic reversal of the agricultural policy thrust of the past two decades.

redistribution of
land rights is a
means to an end

One implication of this shifting vision is the need for more state resources and capacity, and new institutional arrangements, to enable the state to take on a stronger lead role. The resolution proposes, inter alia, the following elements of reform:

- a. *Create an over-arching authority with the resources and authority to drive and coordinate an integrated programme of rural development, land reform and agrarian change.*
- b. *Implement the Freedom Charter's call to help those working the land with implements, seed, tractors, infrastructure for irrigation and other forms of material support.*
- c. *Implement large-scale programmes to establish new smallholders and improve the productivity of existing small-scale and subsistence farmers, and to integrate smallholders into formal value chains and link them with markets.*
- d. *Build dedicated state and private institutions that are accountable to their users for the effective and directed support to land reform beneficiaries in general and smallholder agriculture and family farms in particular, including through financial support, research and extension, the provision of tools and equipment and the facilitation of market access and cooperation.*

- e. *Review the mandate, capacity and operations of institutions such as the Land Bank in order to ensure that the state is able to provide directed credit and capital for investment in support of a transformed agricultural sector and rural economy.*
- f. *Improve the ability of government to take the lead in innovation, research and development and extension services appropriate to the development of a smallholder farming sector. (ANC 2007:5)*

the focus of the developmental state will be on support for the establishment and growth of a smallholder sector

This signals a reversal of existing agricultural policy in two major respects. First, it proposes an enlarged role for the state in supporting agriculture both directly through transfers and provision of goods and indirectly through investment in public institutions, thereby rolling back to a degree the rapid deregulation and the dismantling of public support to the sector that the ANC signed up to in the early 1990s on the advice of the World Bank among others. Second, it clarifies unequivocally that while the aim is to establish more of a mixed farming sector, the focus of the developmental state will be on support for the establishment and growth of a smallholder sector, including both market-orientated small-scale production and food production primarily for subsistence purposes.

Contradiction and continuity

Despite these markedly progressive elements, the resolution contains and even deepens some of the key contradictions that have underpinned land and agricultural policies over the past decade and more. These contradictions relate to the vision for the future of the sector, the class character of the state's programmes, and the relationship between a smallholder farming class and the established commercial farming and agribusiness industries. While arguing for more direct state intervention in support of the 'second economy', the resolution ultimately remains uncritical of the ways in which the mainstream of commercial farming and agribusiness reproduce rural poverty and narrow patterns of accumulation.

In sum, then, the future growth path as set out in the resolution is bifurcated. On the one hand, it envisages a flourishing smallholder class of producers well connected to local agro-industry; to enable this, the main thrust of the resolution breaks with the 'willing-buyer, willing-seller' approach and underlines the role of the state and social mobilisation in driving land reform. On the other hand, the resolution calls for the promotion of a capitalist black commercial farming class and also sustains the export orientation of present commercial agriculture. These different interests (of the landless, emerging black capitalist farmers and agrarian capital) are present, uneasily, alongside one another.

As well as being contradictory, the resolution is silent on a number of issues. Regarding the question of the class character of land and agrarian reforms, the resolution focuses on the role of the state in restructuring, but it does not indicate *who* is to be prioritised in this process and, therefore, how other social forces might relate to this project. It does not attach special priority to the poor, nor to those who are already living on and deriving at least part of their livelihoods from the land, notably farm dwellers and land users resident in the former bantustans. It also elides the contentious topic of the chieftaincy and the democratisation of traditional authority. It does not recognise that the private sector is driving its own version of land reform, which targets better-resourced black emerging farmers with the aim of de-racialising the commercial sector; in this context, it does not explore the distinctive role of the state, or a possible division of labour between the state and the private sector. It does recognise, however, that 'black economic empowerment and the de-racialisation of agricultural ownership is a necessary but insufficient condition for the realisation of our transformation goals in rural South Africa' (ANC 2007: 4).

The resolution does recognise that attention must be given to the substantial population of poor black people living on white-owned farmland as wage workers, but does not indicate that they may have independent and long-standing relationships with the land, and may have no other home. It addresses the dire situation in which farm workers and dwellers live and work, and calls for support for them to be organised, but stops short of acknowledging that existing approaches to securing the land rights of farm dwellers have been wholly inadequate and that evictions undermine the gains of land reform. It does not indicate the direction of future policy on farm dwellers, beyond regulating the movement of people off farms: for instance, it does not affirm their rights to remain where they are; it does not envisage that they might expand their access to arable and grazing land for their own use *in situ* (the original vision of tenure reform); it does not consider the need for opportunities for people to combine smallholder production with continued employment in commercial enterprises. Ultimately, it does not adhere to the Freedom Charter's declaration: 'The Land Shall be Shared Among Those Who Work It!' (which could suggest that those already living and working on commercial farms might be a priority category).

Instead of a distinctive argument about transformation on commercial farms, the resolution merely (and correctly) notes a generalised problem of weak political voice from the rural areas and argues that the state's programme must provide spaces to support rural people to organise, to articulate their interests and needs (which are not differentiated in the resolution itself) and to define the direction of development. This is equally applicable to 'the poor' in general, who are envisaged as central actors in the process (though how this is to come about remains somewhat unclear):

The participation of the poor in the design, implementation and monitoring of rural development programmes is a key objective of the developmental state... Social movements and land-owners all have a role to play in the realisation of our vision. The ANC and its alliance partners too have a critical role in mobilising and organising rural communities behind the objectives of the NDR [National Democratic Revolution] in general, and the goals of rural development in particular. (ANC 2007: 4)

The resolution, then, fudges the real political hot potato – what land reform, rural development and agrarian change will mean for the established commercial farming sector and the class relations it has produced. It remains equivocal on whether (or to what degree) the aim is to transform or to retain the structure of commercial farming. Despite the commitment to promoting a smallholder farming sector, the resolution elides the obvious problems of doing so in the current liberalised economic policy environment. It appears to presume, instead, that agriculture's growth path will continue to be export-led and that, legitimated through the growth of a black capitalist farming class and a growing smallholder class, commercial agriculture will continue to predominate.

The post-Polokwane political terrain

So, has Polokwane created new political conditions favourable for advancing land and agrarian reform? The foregoing analysis shows political conditions that are still not open to thoroughgoing



Woman worker on restituted farm under strategic partnership, Limpopo, September 2008. Photo by Ruth Hall.

reform, either in the provisions of policy or in the kind of politics supported by the ruling alliance. In large measure, the anti-Mbeki challenge has been about grievance and conspiracy politics, demands for inclusion of an elite group in decision-making, hype, sensation and the now infamous 'coalition of the wounded'. All this can potentially lead to the systemic demobilisation of progressive and popular forces, the forsaking of democratic values and the undermining of democratic impulses in broader society. In this scheme, politics becomes a kind of theatre in which a few become vocal players on the stage, but the majority of the people are reduced to disempowered spectators. In such a plot, we see the death of progressive democratic politics. Such politics have a debilitating effect on popular forces struggling for the deepening of democracy.

Without doubt, however, the succession battle has opened up some space that could lead to the creation of conditions for a more democratic ANC and more progressive state policies. Still, even the 'emotive forces' of Polokwane recognise that the 'post-Polokwane' reality has not challenged the structural dimensions of power in our society. Less clear is whether it has opened the way to question, critique, challenge and replace the liberal-democratic framework with a more empowering script of participatory and direct democracy. For now, the play seems set to continue on a preset stage. In any case, there are serious questions about the strategic and tactical capacity of the ANC's alliance partners on the left (the SACP and COSATU) to optimise this policy space.

A critical factor is whether the new ANC executive and the possible Zuma-led government will have the required policy vision, capacity and ability to take forward the Polokwane resolution; this has not been demonstrated. The situation leaves the possibility for policy capture by elite interests. In fact, from October 2007, Zuma's seduction of investors, credit rating agencies, business houses and even emerging domestic elites has affirmed the continuities and certainties of the so-called 1996 class project. Clearly, Polokwane has not created the necessary political conditions for Zuma to act very differently to his predecessor, nor does he show the will to do so. Even if it did, and he did, it is another matter whether the ANC has yet developed the political will to lead a concerted challenge to vested interests and transform society by untangling the foundations of inequality, underdevelopment and poverty. On the contrary, agrarian and other fractions of South African capital are applying pressure across the board to ensure policy continuity. If this continues alongside growing inequality, poverty and unemployment, a compromise with capital can be combined easily with ameliorative welfare and dangerous populism.

There is an alternative path, though: a struggle aimed at transforming the balance of forces, transforming ownership patterns, and thoroughgoing structural transformation of our economy. This must rest on taking 'the power of the state away from capital' (Lebowitz 2006). But is an alternative path possible? In addition to the multiple (food, energy, ecological) global capitalist crises, important space for domestic autonomy has been created. The South African state is in control of massive resources that provide important economic leverage at some distance from capital. These conditions are more favourable than the triumphalist neo-liberal years of the early 1990s. Considered in this changing global context, the post-Polokwane spring is pregnant with strategic potential.

Critical political conditions

In view of the above discussion, we suggest three critical political conditions required for thoroughgoing land and agrarian reform and wider transformation of our society:

- *Mobilisation of progressive social forces*: this remains the most important challenge and will require imaginative work to root rural people's organisations in very specific local contexts, while

a compromise
with capital can
be combined
easily with
ameliorative
welfare and
dangerous
populism

building bridges between them in order to create common platforms. The 'single issue' politics of 'land reform' is unlikely to provide the basis for broad-based movements. Rural people's movements are beginning to show the way to sustained and more effective rural mobilisation, linking livelihood demands – for food, security and dignity – to questions of land rights, agrarian change, production and markets. Increased political work and social mobilisation would need to be directed both at agrarian capital and at the state.

- *Progressive political leadership*: for too long rural people's groups have engaged with the state as if it were monolithic; however, there are clearly progressive individuals and institutions with whom engagement could be productive. Given the shifts in the ANC following Polokwane, and the ambiguous embrace of a stronger social justice agenda, there may be further spaces to be explored. It is very likely that the ascendant leadership of the ANC will be tested in terms of how far it goes with progressive policies in the alliance, and the state, that would limit paths of accumulation for agrarian capital, and there are few agrarian reformers within the state and the ANC who might champion such a cause. Even so, the ability of rural people's organisations and civil society structures to work constructively *with the state*, while also defending their autonomy, is crucial.
- *Building strategic alliances*: the third condition for progressive change in land and agrarian reform is the forging of strategic alliances around (elements of) a common alternative vision of development. Rural people's movements are very unlikely, by themselves, to pose a political challenge either to agrarian capital or to the ruling party; it is only in alliance with other social forces (the rural petit bourgeoisie, the urban working class and the urban unemployed) that such a movement can acquire leverage over state programmes. Given the different class interests and geographical locations, such alliances should be expected to be wracked with complications, not least because the ANC's alliance partners could be important allies. A crucial factor will be their ability to work together, and independently, to challenge agrarian capital while exerting pressure on, and working with, the state.

the ability of
rural people's
organisations
and civil society
structures
to work
constructively
with the state...
is crucial

A major challenge facing the landless is to develop strategies and tactics to contest the social and economic power, influence and interests of agrarian capital. Clearly, this would have to include a combination of an anti-capital popular struggle, as well as some level of social dialogue. For the poor to exert leverage would require a combination of different tactics to engage with the state and the alliance, while putting pressure on agrarian capital and locking it into concessions. It may be possible that agrarian capital can be pressurised to compromise in return for improved agricultural support and trade protection.

To create conditions for engagement in broad social dialogue, with domestic agribusiness in particular, there is a need for both political leadership and progressive social forces to build a shared vision for an alternative path of development and accumulation that can resolve the social crises of rural livelihoods, as well as the related crises of food prices, energy prices (and shortages) and environmental depletion. While *elements* of such a vision have become apparent, from the activities of emerging social movements and from the ANC's resolution, these remain somewhat inchoate. There have been few spaces for frank engagement between social movements and political leadership around what this vision, and its realisation, would entail in terms of policy change, institutions and resources. Whether the ANC's alliance partners use their growing leverage within the ruling party to open up such spaces for others may be a crucial determinant of whether a shared vision can be developed.

Conclusion

Political rhetoric has overstated the degree to which the position of the state has changed regarding land and agrarian reform

Political rhetoric has overstated the degree to which the position of the state has changed regarding land and agrarian reform. It is important not to lose sight of *policy continuity*, and the degree to which, beyond the changing terminology, policy proposals and personalities involved, the conditions that inform state policy remain unchanged. It remains to be seen whether a new administration in 2009, and the (expected) greater influence of the ANC's alliance partners will cement these trends, and so pave the way for more progressive stances on land reform and the agricultural sector. However, one should not mistake this expanded space as signalling a stronger commitment to land reform per se; rather, it remains a *by-product* of wider political shifts. Whether or not this translates into substantially changed policy and practice, giving some content to the somewhat vacuous notions of 'agrarian reform' and even 'agrarian revolution' that now pepper political discourse, will depend on whether rural social movements and their allies are able to realign themselves.

The linkages between movements of the rural poor, urban movements and organised labour around common campaigns are critical. The leadership that is emerging in the new rural movements, popular organisations and farmer groups has been shaped by the struggles for access to land and livelihoods of the past decade, and is distrustful of and distant from mainstream politics. This is a new leadership shaped by the challenges of globalisation and the transition in South Africa. Like the Treatment Action Campaign, as post-transition social movements they will have to build a group of vulnerable people into a social force with weight and voice. Since the courts could be another platform for the land struggle, they will need to strategically combine sustained mass mobilisation with an advanced litigation strategy.

Although the current conjuncture signals expanded space to push for progressive new departures in land reform and agrarian change, political conditions indicate that this space should not be overestimated. Two basic conditions for radical change are not present: the ability of the rural poor and landless to create sufficient political uncertainty for elites, and the interests of elites, to bring about major restructuring from above. What then is feasible within the existing political terrain? While the language of key social forces is about 'restructuring', what we can expect for now is more modest: increased resources for land reform and a gradual expansion of support to smallholder agriculture.

Key steps from the government's side, which would suggest a serious shift in practice, are:

- policy mechanisms to ring-fence resources for the poor, or clear articulation about how resources will be rationed between competing people and needs in favour of those without their own capital to invest;
- willingness to subdivide farm holdings and to support changed, low-input land uses and production technologies;
- substantial investment in the institutions responsible, through increased current (operating) budget allocations to the DLA and DoA, and the creation of a single authority for rural development and land and agrarian reform, as proposed in the ANC's resolution;
- revision of spatial development policy to make possible the creation of new settlement patterns in support of smallholder production; and
- reintroduction of production (i.e. input) subsidies and public support for input, processing and marketing co-operatives.

In conclusion, there are various contradictions that we are seeing. These suggest that, in key political spaces, the stakes are higher than in the past. Land reform matters. Agricultural production by, and food for, the poor matters. Some of the increased importance of land and agriculture arises from the failure of the macroeconomic policies of the GEAR era, and the recognition of the need for a 'developmental state' to direct state investment and promotion of more accessible markets in the 'second economy'. For this reason, the (apparent) newfound emphasis on fast-tracking proactive land reform, and embarking on agrarian reform (or 'revolution') is largely the by-product of this higher-level shift. While still limited, there is more political space than at any time since the mid-1990s for rural people to mobilise in favour of progressive change. However, this space is not being well used. There are few instances where such a social movement is pushing visibly and vocally for changes on the ground. For now, with the exception of the Western Cape and KwaZulu-Natal, the rural areas have remained a secure ANC vote-bank and, ironically, this is most clearly the case in the poorest rural provinces of Limpopo and the Eastern Cape. When mobilisation starts to challenge electoral politics, a new configuration of social forces may emerge.

there is more political space than at any time since the mid-1990s for rural people to mobilise in favour of progressive change

References

- Aliber, M. 2003. Chronic poverty in South Africa: Incidence, causes and policies. *World Development* 31(3): 473–490.
- Amin, S. 2003. World poverty, pauperization and capital accumulation. *Monthly Review* 55(5): 1–9.
- ANC (African National Congress). 2007. Resolution on rural development, land reform and agrarian change. 52nd National Conference, Polokwane.
- Angus, I. 2008. Food crisis – Part one: The greatest demonstration of the historical failure of the capitalist model. *The Bullet*. Socialist Project E-Bulletin No. 102, 28 April. Available: www.socialistproject.ca
- Bernstein, H. 1992. Agrarian reform: Which way forward? Paper presented to the Ruth First Memorial Colloquium, University of the Western Cape.
- Borras, S.M. Jr. 2004. Rethinking redistributive land reform: Struggles for land and power in the Philippines. DPhil thesis in Development Studies, Institute of Social Studies, The Hague.
- CDE (Centre for Development and Enterprise). 2008. *Land reform in South Africa: Getting back on track*. CDE Research Report No. 16. Johannesburg: CDE.
- COSATU. 2008. Walking through the doors project: Political discussion paper. Cosatu Central Executive Committee, April 2008.
- Cousins, B. 2007. Agrarian reform and ‘two economies’: Transforming South Africa’s countryside, in Ntsebeza, L. & Hall, R. (eds) *The land question in South Africa: The challenge of transformation and redistribution*. Cape Town: HSRC Press.
- De Swardt, C. 2003. Unravelling chronic poverty in South Africa: Some food for thought. Paper presented at the conference ‘Staying poor: Chronic poverty and development’, University of Manchester, 7–9 April. Available: www.chronicpoverty.org
- DLA (Department of Land Affairs). n.d. Terms of reference for the accreditation of strategic partnerships for the land reform programme’. Mr MP Shabane. Deputy Director-General: Land and Tenure Reform. Available: <http://land.pwv.gov.za>
- DTI (Department of Trade and Industry). n.d. *A national industrial policy framework*. Pretoria: DTI.
- Du Toit, A. 2004. *Forgotten by the highway: Globalisation, adverse incorporation and chronic poverty in a commercial farming district*. Chronic Poverty and Development Policy Series No. 4. Programme for Land and Agrarian Studies, University of the Western Cape.
- Du Toit, A. 2005. *Chronic and structural poverty in South Africa: Challenges for action and research*. Chronic Poverty and Development Policy Series No. 6. Programme for Land and Agrarian Studies, University of the Western Cape.
- Du Toit, A. & Ally, F. 2004. *The externalisation and casualisation of farm labour in Western Cape horticulture*. Research Report No. 16. Programme for Land and Agrarian Studies, University of the Western Cape.

- Du Toit, A. & Neves, D. 2006. *Vulnerability and social protection at the margins of the formal economy: Case studies from Khayelitsha and the Eastern Cape*. Programme for Land and Agrarian Studies, University of the Western Cape.
- FW De Klerk Foundation. 2007. *Land reform: A contextual analysis*. A study on land reform for the FW De Klerk Foundation by Frouwien Bosman. Johannesburg: FW De Klerk Foundation.
- Gumede, W.M. 2005. *Thabo Mbeki and the struggle for the soul of the ANC*. Cape Town: Struik.
- Hall, R. 2004. A political economy of land reform in South Africa. *Review of African Political Economy* 100: 23–37.
- HSRC (Human Sciences Research Council). 2004. *Fact sheet: Poverty in South Africa*. Tshwane/Pretoria: HSRC.
- Lebowitz, M. 2006. *Build it now: Socialism for the 21st century*. New York: Monthly Review Press.
- Makgetla, N. 2008. A developmental state for South Africa? in Turok, B. (ed.) *Wealth doesn't trickle down: The case for a developmental state in South Africa*. Cape Town: New Agenda.
- Makgetla, N & Watkinson, E. 2002. *South Africa's food security crisis*. Johannesburg: National Labour and Economic Development Institute (NALEDI).
- Manuel, T. 2008. Food prices: The challenge of feeding the poor. *ANC Today* 8(17).
- Masemola, K. & Watkins, E. 2008. Food monopolies feed South Africa's hunger pains. *Amandla!* 2(2).
- May, J. 2006. Constructing the social policy agenda: Conceptual debates around poverty and inequality, in Padayachee, V. (ed.) *The development decade? Economic and social change in South Africa, 1994–2004*. Cape Town: HSRC Press.
- Moyo, Sam. 2005. History and role of social movements, in *The land question in Africa: Research perspectives and questions*. Dakar: CODESRIA Green Book Series.
- Nasson, B. 1984. *Bitter harvest: Farm schooling for black South Africans*. Cape Town: SALDRU.
- Natras, N. & Seekings, J. 2006. *Class, race and inequality in South Africa*. Pietermaritzburg: UKZN Press.
- Ntsebeza, L. 2006. *Democracy compromised: Chiefs and the politics of land in South Africa*. Cape Town: HSRC.
- SESG (Second Economy Strategy Group). 2008. Draft review of second economy programmes. Commissioned by the Presidency, produced by the Second Economy Strategy Project, January.
- SACP (South African Communist Party). 1999. Rural transformation: Discussion document for the 1999 SACP Strategy Conference. Available: www.sacp.org.za
- SACP. 2006. Bua Komanisi - Special Edition 1. *Bua Komanisi* 5(1). Available: www.sacp.org.za
- Xingwana, L. 2007. Agriculture and Land Affairs Department Budget Vote 2007/08. Budget Vote Speech 24 and 28 for Ministry of Agriculture and Land Affairs, by Ms Lulu Xingwana, Minister for Agriculture and Land Affairs, 18 May.

PART 3

ALTERNATIVE
POLICY OPTIONS

NEW 10 INSTITUTIONAL MECHANISMS?

Lionel Cliffe



Introduction

Since the 2005 Land Summit, new approaches to land reform have been on the agenda, yet there remains little clarity on the way forward. The main focus has been on means of accelerating the redistribution of land through new modes of acquiring land. Acquisition is an important matter, but if treated in isolation risks mis-specifying the core problems evident in land reform in South Africa.

A new phase of land reform located within a wider agrarian reform is needed and will require new institutional arrangements. Any alternative strategy will have to revise the institutional mechanisms that have been handling land reform thus far. Are the procedures and the institutions that are in place to design and implement land reform adequate and appropriate to the kind of new tasks envisaged? What new farming units and activities are intended, and what post-transfer support will be required to make this agricultural system productive? This chapter explores mechanisms appropriate to one kind of agricultural alternative: a vision of a productive, small-scale, essentially household farm sector.

What kind of land reform?

Most critical comment on South Africa's land reform has focused on the 'willing buyer, willing seller' (WBWS) mode of land acquisition. However, one other dimension of past programmes also needs critical re-examination: South Africa has sought so far to conduct the transfer of land on a one-by-one basis, matching the seller of an individual property to a specific group of purchasers, and with a plan specific to that farm. In such practice, the government plays only a facilitating role. In some other experiences – Namibia since the 1990s and Zimbabwe in the 1980s – the WBWS formula simply meant no compulsory purchase and transfers through the market, at current prices, but the willing buyer was the government.

a farm or business plan has to be drawn up for each land transfer. This has proved to be a major bottleneck

One consequence of the South African practice of WBWS is that each property is acquired and transferred individually, and a farm or business plan has to be drawn up for each land transfer. This has proved to be a major bottleneck and has also added greatly to the costs of the programme. This practice in effect militates against the possibilities of smallholder farming. The employment of a consultant and the drawing up of detailed business plans would hardly be economically justifiable for one smallholding. An analogy with the housing programme would be to require a separate architect to draw up plans for each house, to be commissioned by and possibly paid for by the prospective occupant. If that had been the practice, the country would be even further short of meeting the needs of the homeless. Instead, the country's housing programme has been made possible by whole estates being planned on the basis of one or a very few model structures – the only way such an ambitious building programme could have been achieved. In the housing context, such a one-by-one approach can be seen to be absurd, yet it has been followed in land reform and must be rethought if large numbers of 'disadvantaged' are to benefit.

This reliance on owners to determine which land will be sold, and the process of transferring each property separately, has had the further consequence of precluding broader strategic planning in land reform. As a result, there is no clear understanding of the ultimate intention of land reform. There could never be a one-formula-fits-all strategy in South Africa, as the large commercial farm sector encompasses a range of different types of production units – but not an infinite variety, such as to defy the kind of categorisation that aids planning. The type of agriculture that has resulted from land reform since 1994 is in no sense clear-cut, but amounts to whatever the buyers and their business plan consultants (and subsequent trial and error) have made of it.

The enormous scale and diversity of actual projects – and, thus, the impossibility of using them to generate replicable models – has been illustrated elsewhere, with examples of a mix of redistribution outcomes ranging from two brothers on a peri-urban smallholding running a garden and livestock fattening business, to an integrated and effective irrigation co-operative of 20 households working collectively, to the transfer of ownership of a former 'black spot' to a legal entity representing a community of almost 10 000 people trying to clear small communal fields, while allowing gardens and common grazing on the remainder (see Cliffe 2000).

Policy, too, is vague about what kinds of farming are to be promoted. The small grants available under the initial Settlement/Land Acquisition Grant (SLAG) in practice required applicants to pool their resources and form a common property group, such as a communal property association (CPA) or a trust, and government officials have tended to assume that each existing holding would continue to be farmed as a unit.

From 2001, the Land Redistribution for Agricultural Development (LRAD) programme increased the size of grants, targeting would-be commercial farmers, but also required matching inputs, and retained the requirement of a business plan prior to grant approval, thereby perpetuating the one-by-one transfer approach. The conception of the type of farming remained vague, beyond distinguishing 'food security' or 'production for markets', which may differ in their purpose and the scale of production, but with no conception of forms of production. Will either or both of these types be mechanised? Will they be based on individual family farms or some corporate or co-operative working pattern? The other type of project under LRAD is the buying into existing farm enterprises through equity schemes. Obviously, here the production unit would remain essentially unchanged.

Historically, in South Africa and other 'settler' farming systems, the notion of a viable size of operation has put legal blocks on subdivision but, on scrutiny, these are based on a 'minimum income target' that has nothing to do with calculations of efficiency or livelihood creation (Van den Brink et al. 2006). It is remarkable that this bias within the agricultural establishment has survived the democratic transition in South Africa, and remains intact even within a programme of land reform.

Attention must now be paid to the neglected question of what kind of farming systems should be the outcome of land reform. No district-level planning, as is now being rolled out through area-based planning, is possible without including a clarification of this issue, or it will lead merely to the replication of a version of the existing agrarian structure. In particular, it is not possible to specify what kind of pre- and post-transfer support is required, and thus what agencies need to be in position with what resources, unless there is a clear resolution of this issue.

The failure to clearly specify an alternative farming system is indicative of an enduring hostility to smallholder farming as a possible end-product of land reform, as several commentators have noted, including those as different in their outlook as Ben Cousins of PLAAS and Rogier van den Brink of the World Bank. This alternative perspective has pointed to the advantages of smallholder production:

- it can be commercial (i.e. it is not synonymous with 'subsistence') and it can be a mix of production for own consumption and for markets;
- it can be more intensive and provide more livelihoods in a given area;
- it can lead to inverse returns to scale;
- it can be located on subdivided holdings to make use of underutilised land; and
- it is available to a wider range of beneficiaries, including the poor.

This chapter strongly concurs that an alternative policy framework for land and agrarian reform in South Africa must include smallholder farming as a major element, but the kind of smallholder production, and the other options that should be promoted (e.g. workers' co-operatives on existing farm units) should be worked out in terms of what is appropriate to objectively defined social needs and agro-ecological parameters. Specific proposals then need to be worked out at the provincial and district levels. This much is acknowledged in some of the current discourse.

Alternative strategies should not necessarily seek the short-run optimisation of total production and yield per hectare, but rather should aim to provide increased numbers of livelihoods from the land presently in the commercial farm sector (including that which is not fully utilised). The large farm sector has lost workers on a huge scale in the last 20 or so years. By 2002, total employment in agriculture had dropped about 30% from some 1 320 000 in 1985 to 940 000. The loss of livelihoods is illustrated more dramatically by taking into account that the number of those in full-time employment has almost halved, as a result of labour being made more casual. There is an implicit assumption that such losses are a result of 'efficiency gains', but they may be a consequence of land being left idle or changes in types of production. No systematic research has been done to clarify the reasons for this trend, and thus no strategies are on offer to counter it. The large commercial farm sector has been leaking a generation of people and livelihoods – the exact opposite of what economic development and anti-poverty programmes require. The challenge is to design a land reform strategy that can reverse that trend and aim to have not just more people dwelling on the land but more people gainfully occupied, deriving part if not the whole of their livelihoods from the land.

Alternative strategies should not necessarily seek the short-run optimisation of total production and yield per hectare

New institutional requirements

Alternatives to the past programmes of land redistribution will require agencies to perform new or amended roles. The resolutions of the 2005 Land Summit mark a departure from earlier policies in

A recognised weak link in land reform so far has been the provision and co-ordination of all kinds of financial, extension and infrastructural support

two main directions: a more rapid and efficient transfer of land with priority to the needs of the poor; and the acquisition of at least some of the land through compulsory purchase. Future policies will have to be worked out about what kinds of land will be targeted for transfer – whether geographically defined, by type or extent of current usage, or by some equity criteria like ceilings on holdings. Mechanisms to operationalise planning and targeting of such proactive acquisition will have to be specified. A lesson from other countries' experiences is that the planning and execution of land acquisition should be undertaken with the type of future production system and beneficiaries in mind. A recognised weak link in land reform so far has been the provision and co-ordination of all kinds of financial, extension and infrastructural support. If new strategies for targeting land for acquisition for specific production systems and beneficiaries are indeed to include a strong emphasis on intensive smallholder farming, specific new tasks of designing programmes and providing support for such small-scale production will be required. This has not been part of the one-by-one approach in South Africa, and it is questionable whether any existing institutions are equipped to perform such roles.

Land reform always involves a complex set of activities requiring a wide range of skills and expertise. This is more the case when it is planned as part of a broader process of agrarian reform wherein support is provided to those who receive land for the consolidation of their productive activities and livelihoods on a sustainable basis. Moreover, land reform is by definition an intensely political matter.

The policy guidelines coming out of the Summit either imply new tasks, which are beyond the core business or the capabilities of existing agencies, or involve some public bodies taking on new responsibilities that have so far been transacted privately. The institutional issues can be summarised by way of the following list of questions:

- If the 'willing buyer-willing seller' model is not to be the sole method of acquisition, what mechanisms, including the legal instruments, will be employed to plan and approve the designation of such land and to expropriate such farms? Which land is to be acquired? Where? Who will decide this and on what basis?
- Presumably, some form of compulsory purchase will legally necessitate acquisition by a public body, possibly for onward disposal. Should such an agency also, as in some Latin American countries, purchase such land as continues to be offered by willing sellers, rather than all transfers being made to an ultimate willing-buyer user?
- Which institution will plan new farming systems appropriate to new land users, and how will this be co-ordinated with the identification of people's needs and the targeting of land, so as to ensure that land acquired is appropriate for alternative land use after redistribution? Will this be achieved through a unifying agency or by close collaboration between departments?
- How should infrastructure, service provision and credit be linked to beneficiaries at the appropriate stages? Existing provisions are currently inadequate and are performed by different central and local government departments, the Land Bank and other agencies.
- How should the participation of communities and civil society be ensured in these functions?

The legacy of South Africa's institutional structures and actual experience with land reform has left a deficit of appropriate and effective mechanisms to perform these roles. Planning and co-ordination of the kind indicated has been weak, scarcely involving any unit beyond the project or individual farm. Moreover, some of the responsibilities are unclear or shared between national and provincial departments, local government, non-governmental organisations, the private sector and outsourced bodies. Despite the debate on alternative policies, little attention has been given to which institutions will be needed.

However, the massive and glaring missing link in existing agencies is who is to perform this crucial role: the design of regionally appropriate spatial plans for smallholder farming units. No existing agency currently sees this as its remit, and few of the existing bodies have the specialist technical expertise required.

One institutional option is a single, dedicated land reform agency – either a government department or a parastatal – that takes on the task of co-ordinating all these functions. This is a model that has been pursued, in different forms, in a number of other countries that have undertaken substantial agrarian reforms. Some knowledge of these comparative experiences may provide a useful reference point. There are two key distinctions among these.

First is the kind of transition, whether from pre-capitalist mode of production (landed estates or landlordism) or from large-scale capitalist farming, and whether to smallholder, medium or large capitalist farming, co-operatives or state farms. South Africa's planned transition is largely from existing large-scale capitalist farms, although it is not clear what production units are to be created. Sometimes, the policy objective seems to be either to 'Africanise' them, with or without subdivision, as private or co-operative enterprises, or to subdivide them into small farm properties. In the case of the latter, the experiences that correspond closest to it are Peru and, in Africa, Kenya and Zimbabwe.

Distinctions are also drawn between the circumstances in which land reform is launched: as part of a revolutionary or post-revolutionary surge (as in Mexico, Bolivia, Cuba, Chile and Nicaragua, and Algeria and Zimbabwe) as opposed to more of a reformist and negotiated process (as in Peru, Colombia, Namibia and Kenya).

One institutional option is a single, dedicated land reform agency

Latin American experiences

Land reform measures can be traced back to the early part of the 20th century, after the revolution in Mexico in 1912, in Bolivia after the revolution of 1952 and, of course, in Cuba after 1959. The high tide of land reform, however, was in the 1960s when some 15 countries enacted land reform legislation, most of it 'from above' and with the intention of pre-empting social unrest, rather than as part of a social revolution.

The pattern in most countries was to set up a specialist, dedicated, multi-tasked and multidisciplinary body. The spread of this formula was not accidental, as there had been a continental Inter-American Committee for Agricultural Development (CIDA), which provided a network for exchange of thinking on land reform, among other agrarian challenges, and an accumulated pool of expertise and insights. Several countries also launched agrarian reform institutes, which became important repositories of research findings, knowledge and expertise that could fuel reforms and provide an unparalleled understanding of the dynamics of agrarian society. Often, these institutes, with their committed personnel and knowledge, provided information and mobilisation to civil society bodies as well as providing expertise to government.

The Latin American experience still provides a useful checklist of what has to be addressed and co-ordinated to avoid failure, even if it is no longer fashionable that all these tasks and the co-ordination should be solely government functions:

Several countries also launched agrarian reform institutes, which became important repositories of research findings, knowledge and expertise

The major share of responsibility of executing the agrarian reform will have to be borne by the government...But our governments in practice rarely act as if they were a unit, and

indeed one of the more serious problems from this point of view of the organization and efficacy of action is the coordination of the activities of the various organs of government... For the success of an agrarian reform process it is necessary to act simultaneously and complementarily in various fields: land has to be redistributed among the peasant beneficiaries; they have to be organized and given credit in order to carry out various investments and to operate the new enterprises that are created; they have to receive the timely supply of various productive factors; they have to receive technical training and education; their crops have to be bought at prices that will compensate them for their efforts; markets and cooperatives have to be organized; the produce has to be bought and distributed to urban centres, etc. All these functions are complementary and if one of them does not work well or fails, a large part of what is being done in the other areas will be frustrated. (Chonchol 1964)

In Colombia, an agency, INCORA (Instituto Colombiano de Reforma Agraria) was set up in 1961, with responsibilities for the acquisition of land through voluntary purchases from willing sellers, and compulsory purchases of land that met the legislation's criteria for purchase (above ceiling size or underutilisation), the distribution of such land and of state lands earmarked for redistribution, development of infrastructure in support, provision of agricultural credit to beneficiaries, and the direct running of irrigation and drainage projects. Under a more progressive government from 1966, INCORA greatly expanded its budget for acquisitions and other purposes. It also promoted peasant associations to mobilise for expanding land reform, which later led to some invasions, but also to the formation of a National Association of Peasant Beneficiaries that provided political support for land reform measures and also provided a part of the administrative structure through which the reforms were implemented. After 1971, under a conservative government, the pace of land reform and the extent of INCORA's role were slashed, a moratorium was declared on its further acquisition of land and it was criticised by the right wing for its support of radical rural social movements.

In Peru, the 1964 reforms were aimed at bringing the landed estates in the mountains (the Sierra) into modern farming, although, in fact, they had become partly commercialised. These reforms achieved little, except to spark land invasions by peasants. The radical military government enacted its own land reform in 1969, targeting instead the export-oriented commercial plantations in the coastal area (De Janvry 1981). Commercial enterprises were expropriated and converted into co-operatives, comprised mainly of the previous workers on the plantations – one of the most extensive reforms in Latin America. One crucial task was the provision of state-appointed management advisers to liaise with the agricultural co-operatives (CAPs) and issue them with advice (often, in fact, directives). Later governments partially reversed this process, as part of structural adjustment, and parcelled out the co-operatives' land. One institutional innovation in Peru was the setting up of independent land tribunals, which had the final say in appeals about whether a landowner could, by virtue of size or underutilisation of holdings, be subject to the rules for takeover. Thus, one dimension of expropriation was not directly in the hands of a central agency. Financial institutions of government were also involved, as the system of compensation was through deferred payments of bonds, which, in turn, were supposed to finance industrial growth.

In Chile, the first land reform under Christian Democratic governments in the 1960s was intended to pre-empt social unrest and to modernise agriculture. The Agrarian Reform Corporation (CORA) was empowered to purchase land from willing sellers – though the law allowed deferred payments in the form of 25-year bonds – and to expropriate underutilised land and land above certain ceilings (Bellisario 2007). An Agricultural Development Institute (INDAP) not only conducted research but promoted peasants, trade unions and co-operatives to give a popular push to the process, and it was estimated that half the *campesinos* (peasants) were organised under such bodies. Under

Allende's Popular Unity government, the head of INDAP, an agricultural engineer, became Minister of Agriculture and implementation was given a much greater thrust (six times more land was redistributed in the first year than in the previous six years). In addition, agricultural marketing, input supply and credit agencies were nationalised, though not placed under CORA, so there had to be mechanisms for co-ordination. In fact, there was close collaboration between CORA and the Ministry of Agriculture, both under dynamic, committed leadership. They, in turn, fed into Centres for Agrarian Reform that organised tenants, former workers and nearby peasants on the ground, so as to benefit from the reforms.

In Venezuela in the 1960s, a National Institute for Agriculture (IAN) was set up as an autonomous agency of the Ministry of Agriculture and Livestock to be the 'responsible executing agency' for land reform. Its responsibilities covered land acquisition, assessment of compensation to be paid, determination of sizes and holdings to be allocated, actual distribution of land, construction of basic infrastructure, technical assistance and extension and administration of the Agriculture & Livestock Bank.

By the 1970s and 1980s, most Latin American countries had shifted to 'integrated rural development' without land redistribution. In the process, these institutions were dismantled and much of the accumulated knowledge and experience was lost. Venezuela, Bolivia and Chile are exceptions, where some emphasis on land reform has re-emerged in the new millennium.

these institutions
were dismantled
and much of
the accumulated
knowledge and
experience was
lost

African experiences

Experiences comparable to South Africa are limited to the former 'settler colonies', where there was extensive occupation of the land by white immigrants. This history also left a legacy (as in South Africa) of a distinctly dualist structure of agriculture, with large-scale commercial farms, ranches and plantations, on the one hand, and 'reserves' of peasant family holdings variously constrained by limits on land, access to markets and support services, finance and legal prohibitions, on the other. This dualism was reflected in the bipolarisation of government structures. Departments of agriculture provided high levels of servicing, often including the design of farm plans, supply of farming inputs, credit and state marketing exclusively for the white-owned land, while 'native administrations' were concerned with social control and land matters, with some added-on farming support services. Clearly, land reform designed to reverse the dualism also required some governmental restructuring of this inherited divide between service provision for large farms and mere administration of land and people in the 'reserves'. Those countries that have undertaken significant redistribution of such land include Algeria, Mozambique and Angola, but the cases of the anglophone ex-colonies of Kenya and Zimbabwe are most relevant.

Kenya was the first anglophone ex-settler colony to launch a programme of transferring land from white to African farmers. The Million Acre Scheme launched in 1961, just before independence, targeted one type of farming enterprise in the former 'White Highlands': the owner-manager individual holdings under mixed farming (mainly maize, wheat and cattle), particularly those bordering the African 'reserves', but left untouched the tea, coffee, sisal and sugar plantations. It was initially led by a Land Settlement and Development Board, heavily influenced by the interests of the white farming community in determining which land should be transferred, but this was replaced by a Central Land Board, which became the agency for purchasing the land. The Ministry of Lands, later amalgamated with the Ministry of Agriculture, was also responsible for post-transfer support of the smallholdings.



Picture of women on their smallholding, taken by another farmer, in Maragoli, Kenya. (Verma, 2001)

In sum, there was a co-ordinated agency at the core of resettlement, but the relations between this body and ministries and departments were characterised by political confrontation, and in wresting some control from the white settlers, a degree of co-ordination over the acquisition and settlement processes, and between administration of land transfer and support to post-transfer farming, was lost. After the ten years that the Million Acre Scheme lasted, the state withdrew from land redistribution; indeed, there was no longer any co-ordinating body such as the Central Land Board and, thus, no institutional memory survived.

The land and agricultural departments... were brought together under one ministry

In Zimbabwe, after independence in 1980, the new government set itself the aim of resettling 165 000 peasant families on formerly white-owned farms. The land and agricultural departments that had dealt with white farming areas and communal areas were brought together under one ministry; the two distinct extension and servicing departments were combined within the ministry to form AgriTex, which was responsible for agricultural infrastructure, extension and production support, and was a considerable store of technical know-how.

However, the land acquisition unit in the separate Ministry of Lands operated autonomously from AgriTex, and the new co-ordinating agency for resettlement, DERUDE (see below), bought up a stock of some 2.5 million hectares – about 30% of the white-owned farms – in the short period from 1980 to 1982. Its decisions about which farms on offer to purchase (many of which had been abandoned during the liberation war) were taken without any real consideration of suitability for resettlement, and this was the basis for criticism by the planners who later had to put the land to use. Many of the acquired farms bordered communal lands, often the site of fighting during the war, and by and large were the less fertile areas. Out of this inherited structure, mechanisms had to be put together to

design and implement a programme for resettlement, involving continuing acquisition of white-owned farms and the resettling of African farmers on the land.

The planning branch of AgriTex in the separate Ministry of Agriculture designed the land-use formulae and the physical layout to be used on the former commercial farms and, thus, the whole nature of the 'resettlement schemes'. Its considerable technical expertise and experience, however, was based on the 'land-use planning' of single large-scale commercial enterprises, so it had to adjust its thinking to smallholder alternatives without much experience. Alexander (2006) and Moore (2005) criticise this technicist approach and its bureaucratic implications. AgriTex proposed four models for the schemes, of which the most widespread by far, Model A, envisaged smallholder farming: individual households were allocated a homestead plot, arable fields plus shared access to a sizeable area to be used in common for grazing livestock and collecting firewood and other natural products. There were also models for co-operatives, for out-grower schemes around estates with processing facilities, and for the extension of communal area grazing land.

individual households were allocated a homestead plot, arable fields plus shared access to... grazing

A third agency, specially created for the purpose rather than a 'retread' of old agencies, the Department of Rural Development (DERUDE), was then set up within a third ministry, that of Local Government, Rural and Urban Development, and charged with selecting households from those registering their need, placing them on the plots, administering the schemes, co-ordinating the construction of infrastructure, and seeing to the extension of access to credit. Many of the new field staff recruited for these tasks were ex-liberation movement fighters, who saw themselves as mobilisers and on the 'side of the people', of a different ilk to the old guard of the settler-colonial bureaucracy. Although DERUDE came into existence too late to co-ordinate acquisition with the planning of schemes, it did develop some co-ordinating expertise and also provided a pro-reform political constituency within an otherwise conservative bureaucracy. Eventually, it did come close to being a 'dedicated' land reform agency.

These three institutions were scaled back in the late 1980s, and DERUDE was finally disbanded in the early 1990s as part of structural adjustment. In the process, much accumulated experience was lost. The absence of any co-ordinating agency has meant that the fast-track land reform since 2000 has not only suffered from an absence of planning, but has also left new land users with limited, if any, support for production. The sheer scale and speed of these recent transfers has also been such that the institutions intended to provide technical support, credit, inputs and administration (including settlement of the many disputes over the transferred land) have been overwhelmed.

Implications for South Africa

There is no single structure that is ideal in all situations. What is appropriate will depend on the political context and the strategy for land reform. However, a number of criteria may be isolated:

- From a public administration perspective, it is important to have a capable single agency or set of institutions that can plan and implement this demanding task.
- Sheer capacity has to be on a scale sufficient for the extent of the operation, and a major quantitative shift would be necessary for South Africa to reach its targets.
- Choices have to be made about the extent to which new bodies are created or existing ones restructured and redirected to undertake the required new tasks.

- Given the multidisciplinary nature of the tasks and the several stages of the process, co-ordination is a high priority. One strategic decision is how to achieve this: a dedicated agency or committees that network and can command executive authority.
- Both property and bureaucratic interests will be challenged in any land reform. The political task is not to inflate the opposing interests but to assess and mobilise the political forces that are likely to support the reforms.

Several of the country experiences above offer examples of a dedicated agency attempting to co-ordinate, if not always being the sole implementer of, a range of activities. However, the problems of co-ordinated planning and implementation are often contested and subject to conflict, perhaps inevitably. In reconstituting institutions appropriate for a second stage of land reform in South Africa, there are lessons, both positive and negative, that might be applied.

countries were victims of institutional architecture rooted in their past politics. South Africa is similarly constrained

One lesson is that countries were victims of institutional architecture rooted in their past politics. South Africa is similarly constrained by the inherited dichotomous responsibility along racial lines for agriculture, land and local government, with the great preponderance of expertise and resources in those structures that ministered to white farming needs. A further problem in getting institutions right is that the Constitution specifies Land Affairs as a national government competency, whereas operational responsibility for agriculture lies with provincial governments. There are obvious benefits to housing all relevant functions under one institutional roof, but this may sideline land reform in practice, if such a body is starved of a strong political voice at the centre of government and of the means to implement its plans, including an adequate budget of its own.

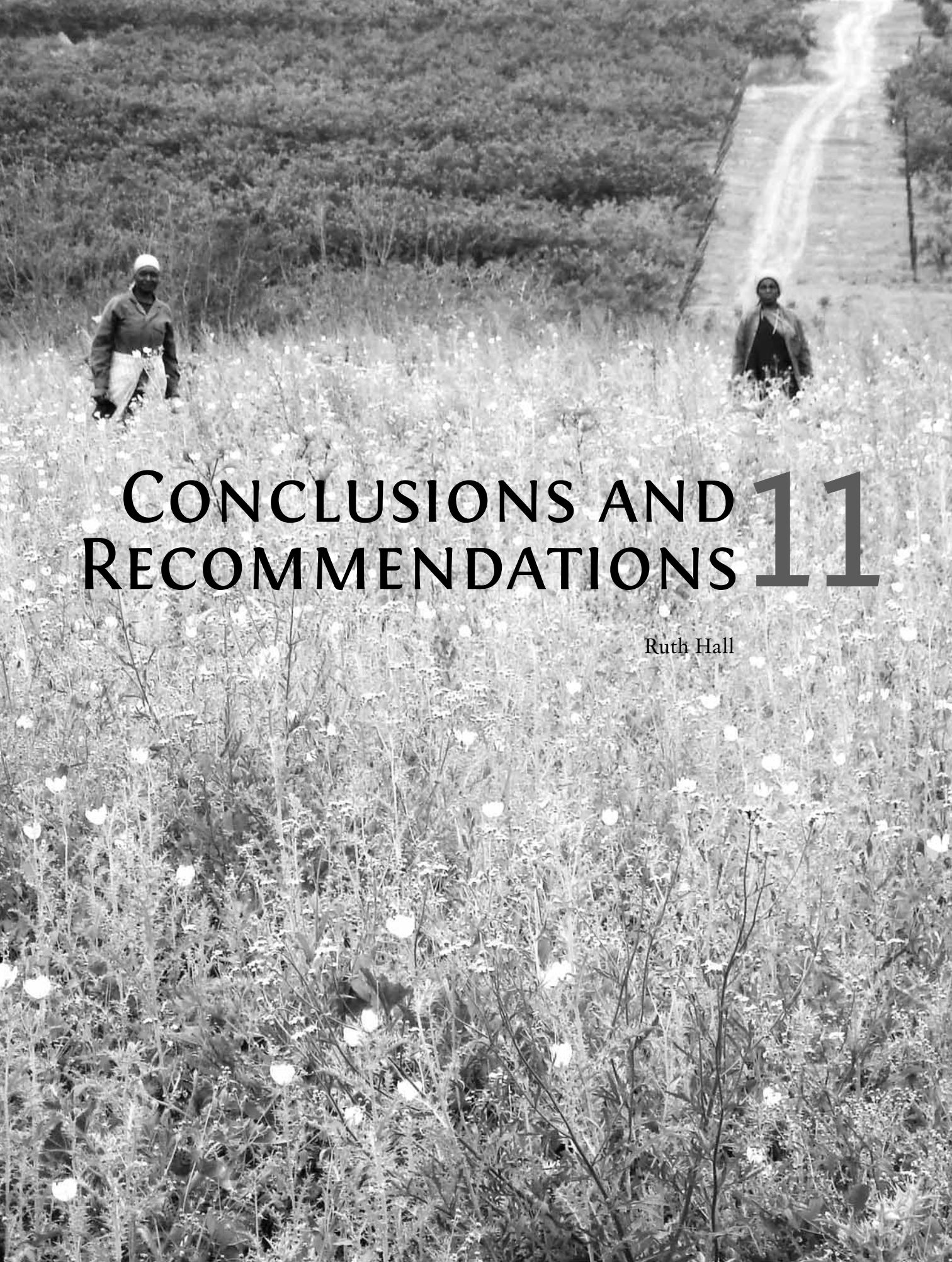
The Department of Land Affairs, which has been central to land reform, at present does not have the expertise for some tasks or the will to be an effective co-ordinator. Municipalities, charged with co-ordinating local economic development, may not be able to draw in national or provincial departments, especially of agriculture, which must have some crucial technical role. Responsibility for some required tasks (e.g. for the design of area-based plans, and for state purchase of land) is not clearly specified.

A new multidisciplinary, dedicated land reform agency would perform a range of tasks. But where would it be located and to whom should it be answerable? Would it be a specialist unit within municipalities, or an autonomous body with a degree of independence? How would civil society organisations and rural communities themselves have an input into planning and holding the implementers accountable? Participatory structures should ideally seek to co-ordinate non-government bodies within plans, rather than have them as alternatives to the government institutions. Experiences elsewhere in the world suggest that civil society bodies are crucial in driving broad popular mobilisation without which public bodies might be reluctant to move at all.

The conclusion offered here is not to draw up a new organogram or blueprint, but to encourage policy debates to include a working group that can look at the range of organisational reforms that will be needed to take a new agrarian reform strategy forward.

References

- Alexander, J. 2006. *The unsettled land: State-making and the politics of land in Zimbabwe, 1893–2003*. Oxford: J. Currey.
- Bellisario, A. 2007. The Chilean agrarian transformation: Agrarian reform and capitalist 'partial' counter-agrarian reform, 1964–1980. Part 2: CORA, post-1980 outcomes and the emerging agrarian class structure. *Journal of Agrarian Change* 7(2): 145–182.
- Chonchol, J. 1964. Eight fundamental conditions of agrarian reform in Latin America, in Stavenhagen, R. (ed.) *Agrarian problems and peasant movements in Latin America*. New York: Anchor Books.
- Cliffe, L. 2000. Land reform in South Africa. *Review of African Political Economy* 84: 273–286.
- De Janvry, A. 1981. *The agrarian question and reformism in Latin America*. Baltimore: Johns Hopkins University Press.
- Moore, D. 2005. *Suffering for territory: Race, place and power in Zimbabwe*. Harare: Weaver Press.
- Van den Brink, R., Thomas, G., Binswanger, H., Bruce, J. & Byamugisha, F. 2006. *Consensus, confusion and controversy: selected land reform issues in sub-Saharan Africa*. Washington DC: World Bank.
- Verma, R., 2001, *Gender, Land and Livelihoods: Through Farmers' Eyes*, Ottawa: IDRC.



CONCLUSIONS AND RECOMMENDATIONS 11

Ruth Hall

Introduction

Radical reform that might transform property relations and restructure the agricultural sector has been severely circumscribed in South Africa – not only by the terms of the negotiated transition but also by broadly neo-liberal economic policy from the mid-1990s onwards. The latter involved the deregulation of the agricultural sector through the removal of key state functions such as price controls, marketing and heavily subsidised credit. If land reform is to be scaled up and form the centrepiece of an agrarian reform, a range of other policy changes will be required to alter production patterns and improve rural incomes. For this reason, moving beyond a market-based approach to land acquisition – which has received much attention of late – will need to be located within a wider policy shift.

This concluding chapter first outlines competing paradigms that could frame future policy. These are characterised by varying degrees of restructuring. Second, it sets out a few considerations, fleshes out some of the big choices and trade-offs to be made, and makes an argument in favour of a broad direction for land and agrarian policy. Third, it is argued that if the objective of land and agrarian reform is to maximise the number of livelihoods in agriculture and the contribution to poverty reduction, then a paradigm of substantial state intervention in markets (not only land markets) would be needed to enable new types and scales of production. This will require a clear role for a 'developmental state' and a new division of labour between the state and the private sector. While meeting a variety of needs, priority should be placed on those who are already engaged in production in some way, as a part-livelihood in the communal areas or around urban settlements, or in the form of employment on commercial farms.

Paradigm choices

At present, there is no vision for agrarian reform to guide land reform. Government policies and practices are at worst conservative (resisting change in the agrarian structure) and at best agnostic about what this process is to achieve (beyond the quantitative target of 30% of white-owned farmland). There is no specification, for instance, about whether reform is to alter the size distribution of landholdings, or technologies of production, or, indeed, what types of produce should be supported – despite national concerns about food security. Future policy in this area will need to outline a vision that clarifies which elements of the existing farming sector should be preserved and which should be transformed, which should be allowed to shrink over time and which should constitute a new engine of growth.

Four broad approaches or paradigms... differ in their characterisations of the existing problem, their prognoses... and their prescriptions for appropriate roles of state, market and community

Four broad approaches or paradigms can be discerned from debates about future policy on land and agrarian reform. They differ in their characterisations of the existing problem, their prognoses for agrarian change and their prescriptions for appropriate roles of state, market and community.

The *market-based approach* is characterised by a focus on commercial production, reliance on the market to determine which land is redistribution and what is produced on it, and a prominent role for the private sector in provision of support. Continuation of current trends and an unsupportive public policy environment for agriculture will probably lead to a growing gap between the structure of agricultural capital and land reform beneficiaries' enterprises. This would see a two-track path of land reform: commercial enterprises undertaken by groups of poor people (or better-off individuals), on the one hand, and the growth of joint ventures and strategic partnerships as a dominant form, on the other.¹

Gearing up with the private sector is characterised by the promotion of a range of types and scales of production by improving resourcing for post-transfer support, without extensive state intervention or restructuring of markets but, through partnerships with the private sector for the packaging and planning of projects and delivery of support, contributing to the de-racialisation of the existing farming structure to the benefit of a limited group of the better-off.²

The *developmental state approach* is characterised by restructuring in favour of smallholder family farming through state interventions in land, input supply and output markets, including through co-operatives, public investment in appropriate rural infrastructure and agro-industry, introduction of targeted production subsidies, and a substantially enlarged extension service, to create a mixed farming sector of which smallholder production is a substantial part, dominating in certain commodities.³

Radical restructuring is characterised by heavily punitive policy or legal measures to counteract the dominance of agribusiness, and the conversion of the agricultural sector in one of two directions: one dominated by smallholder production without a core of commercial farming⁴ or one dominated by state-controlled estate farming on nationalised land.⁵

Deciding what is possible, and where to focus policy proposals, requires an assessment of the current political parameters and the changes that are likely in the period to follow. This is a complex matter. For the purposes of this discussion, and debating which paradigm is to be pursued, four assertions are made as base assumptions (see Chapter 9).

First, the current impasse in land reform and its very limited contribution to poverty reduction and equitable development is a source of anger and frustration among the rural population, in particular,

¹ Similar to Scenario 1 in Chapter 6.

² Similar to Scenario 4 in Chapter 6.

³ Similar to Scenario 3 in Chapter 6.

⁴ Somewhat similar to Scenario 6 in Chapter 6.

⁵ Similar to Scenario 5 in Chapter 6.

a political embarrassment and poor investment from the point of view of the state, and a concern for agribusiness and the commercial farming sector, as well as other private sector actors. The market-based approach to land acquisition and, more generally, to agricultural development has lost some of its key supporters in recent years.

Second, the level of organisation and political voice of the rural poor is low, rural social movements are extremely weak and fragmented, and there has been a failure up to now to build strong alliances with the organised labour movement. Pressure ‘from below’ for radical restructuring remains weak.

Third, the established agricultural industry has expressed its vision for a de-racialised but structurally intact sector in its strategic plan drawn together in the Presidential Working Group. There are clear moves in the government towards greater reliance on the private sector to deliver land reform and to partner with new farmers, a role the state hopes to leverage through agricultural black economic empowerment (AgriBEE) and the Land and Agrarian Reform Project (LARP), as part of its strategy to ‘fast track’ land reform (DTI 2008; RSA 2008).

Fourth, over the past year or more, the ANC and its ascendant leadership and tripartite partners have been discussing the notion of a ‘developmental state’, which would intervene more strategically in the economy, spend more on supporting production and livelihoods in the ‘second economy’, impose stronger regulation on the ‘first economy’, and expand the public service, in order to transfer resources to the poor and to invest in areas of the economy considered catalytic of pro-poor growth (see, for instance, ANC 2007; Turok 2008). Agriculture is a key such area.

Some tentative conclusions follow. Only the most reactionary favour the current path of heavy reliance on markets, or argue that land reform should be abandoned. A paradigm of radical restructuring is also politically unfeasible in the current period, in view of the weakness of rural social movements and the power held and positions taken by both the state and the private sector. The argument for a stronger role for the private sector in shaping land reform and supporting production and marketing has gained ground through AgriBEE. However, the government recognises the urgency of making land reform (and rural development) work and is considering various interventions to restructure the economy by investing more heavily in the ‘second economy’ in order to tackle poverty directly. It seems that the paradigms of a ‘developmental state’ and ‘gearing up with the private sector’ are dominant. Elements of these may not be mutually exclusive, but policy will need to be clear on which approach the government is to take. AgriBEE and various industry agreements are already confirming the role of the private sector (DTI 2008).

One of the few points of convergence at the conference where the findings of this project were presented (and as argued in Chapter 2) was on the need for smallholder farming to constitute the focus of the government’s land reform and agricultural development initiatives in the future. This need not be to the exclusion of opportunities for black people to enter into medium- or large-scale farming, to partner with commercial farmers or become shareholders in farming enterprises or agribusiness. This is clearly a necessary dimension of transformation and demands for such opportunities are likely to increase over time with the growth of a black middle class. AgriBEE mechanisms to leverage concessions from the existing agricultural industry to respond to these needs must be strengthened and enforced. ‘Emerging’ farmers with the potential (and the resources) to ‘emerge’ into commercial production are favoured by private sector institutions, which have an obvious preference for supporting black capitalist farmers who will become counterparts in a white-dominated commercial farming sector – rather than poor people whose interests in, and uses of, land differ significantly from those of commercial farmers. This preference has been made explicit by the commercial farming establishment, which, through AgriSA, has identified a four-fold typology or ‘continuum’ of land reform projects, ranging from group-based and household labour-intensive production for livelihood

the paradigms of a ‘developmental state’ and ‘gearing up with the private sector’ are dominant. Elements of these may not be mutually exclusive

purposes, through to small-scale marketing (such as commonage, smallholder cultivation or extensive livestock grazing), to more risky and capital-intensive commercial production by better-resourced groups, and finally to highly commercial enterprises, which it considers feasible only in the context of joint venture partnerships (AgriDev 2004). The agricultural establishment does *not* envisage itself supporting the first two categories, which it views as the sole responsibility of the state.

What is needed, then, is the definition of a clear division of labour between the state and the private sector

The more commercial end of land reform can be expected to have a much more limited impact on poverty reduction, and also to attract more support from the private sector than smallholder options. What is needed, then, is the definition of a clear division of labour between the state and the private sector in which the state prioritises small, resource-poor land users and supports their production for livelihood purposes – both for consumption and for sale. In the light of this argument, what is needed now is policy for a ‘developmental state’.

What would a developmental state do about land and agrarian reform?

An agenda for agrarian reform

What distinguishes agrarian reform from land reform is that it goes well beyond the redistribution of land by restructuring production and restructuring upstream and downstream markets. The details of agrarian reform in South Africa still require elaboration in policy and public debate. However, some preliminary elements can be identified:

- change the *size distribution of landholdings* in favour of smaller production units to cater for poor producers;
- support *land tenure rights* of those acquiring land through land reform, as well as those living on land owned by others (on commercial farms and in communal areas), through ongoing public investment in decentralised systems of land rights administration;
- support *production* for consumption and for sale, and promote low-risk production technologies through appropriate inputs and infrastructure;
- alter the *labour regime* by promoting self-employment in agriculture and encouraging labour-intensive production where there is waged employment;
- build linkages into *value-adding* for small producers through incentives and/or regulation of processing industries, and by prioritising co-operatives in agro-processing;
- provide opportunities for *non-farm economic activities* among small producers to strengthen diversified livelihood strategies and provide inputs and investment into part-time farming;
- alter the spatial planning approach to *settlement patterns* by investing in settlement on redistributed land, allowing more dispersed settlement on the urban fringe to support part-time farming, and formalising and servicing small rural settlements; and
- change the *policy environment* in favour of new land users, by revisiting key areas of agricultural policy.

In most of the above areas, land reform has had limited impact. The retention of existing farm boundaries and the priority placed on continuation of existing land uses and production are key factors that shape the outcomes of land reform projects (Aliber & Mokoena 2004). A break from this, and an approach that privileges the needs of the poor, would place priority on access to land for food production for household consumption, in the first instance, with the aim of selling surplus and increasing the scale of production over time being a second and not an essential goal. This involves not only changing ownership patterns but also challenging the attachment to commercial and large-scale farming that is embedded in agriculture departments, financial institutions and elsewhere.

If this is to be the way forward, then alternative policies must enable:

- subdivision of farms to make possible smallholder units suited to the needs of poor land users;
- economies of scale in planning and infrastructure provision for small farmers, by acquiring land, dividing and allocating it at scale in areas of high demand;
- increasing overall state support to the agricultural sector and, within this, shifting priorities towards greater support for low-input small-scale primary production;
- subsidised inputs into production – including seeds and implements;
- sequencing interventions in input and output markets to support smallholder production;
- promotion of and public investment in agricultural co-operatives for input supply, processing and marketing;
- investment in transport and storage infrastructure, as well as irrigation infrastructure, to support smallholder production; and
- subsidised interest rates with a reasonable no-repayment window period.

Two further points merit attention. First, an agrarian reform will need to call into question the ‘rural’ identity of land reform, given the important role that access to land for production (for cultivation and livestock) plays in the livelihoods of poor people living on the edges of rural towns and even metropolitan cities. The economic value of such production, even at a micro scale, is routinely ignored, yet contributes to the livelihoods of some of the most poor and vulnerable households. Access to land for production by the poor on the urban fringe must constitute a focus of land reform and a key element in local economic development.

Second, with deregulation and concentration of ownership has come growing vertical integration of value chains, putting more power in the hands of major buyers, particularly supermarkets. This means that in agricultural markets private regulation has substituted for the now-withdrawn public regulation (Bernstein 1996). Transforming agriculture, therefore, requires overcoming monopoly power in product markets and limiting the exposure of primary producers to risk due to fluctuations in input and output market prices. In the absence of the crucial role played by state-controlled agricultural marketing boards in the past, and presuming that these will not be reintroduced, the role of a developmental state will be to intervene in forms of *private regulation* of agricultural product markets that create barriers to entry for farmers who are poor, practicing low-input forms of production or operating on a small scale. A two-pronged approach will be needed: to support smallholders to meet these requirements, and to place positive obligations on market players to include smallholders as a growing proportion among their suppliers. This deserves to be the focus of investigation both by state players and in policy research.

an agrarian reform will need to call into question the ‘rural’ identity of land reform

Recommendations: towards another countryside

In place of the existing market-based approach, which is agnostic on the question of what kind of change land reform is to bring about, this book makes an argument in favour of a specific strategy. The lesson of the past 14 years of land reform is the need for a new direction – a directive strategy – that will involve a greater degree of state intervention, planning and support; less reliance on markets; greater participation and decentralisation; and better coherence and integration between land and agricultural policies. The broad outlines of such a strategy are sketched in the recommendations that follow.

The commitment to strategy is essential for those who believe that policy should not be an eclectic collection of mechanisms.

Nevertheless, in some respects the recommendations that follow are not components of a neat and whole ‘alternative’; some recommendations are not entirely compatible with one another. Recommendations that do not converge are, on the one hand, subdivision of farming units and transfer of ownership of these to smallholder producers and, on the other, the call for a stronger state role in securing tenure, including the question (raised in Chapter 4) of whether the state should retain some role in holding land and investing public funds in administering land rights, in order to ensure that the poor can gain access to land without the costs and risks associated with private ownership. Clearly, this is a major choice for future policy, and it may be that different models will be appropriate in different agro-ecological regions and for different people involved in different types of production. These recommendations are intended not as blueprints but as options and directions for further elaboration.

Land use, production and land-based livelihoods

The recommendations on this theme, arising from Chapter 2, are divided into those that deal with land use planning itself; land uses and production regimes that should be prioritised; how land use should be regulated; systems of support for production and marketing; and monitoring and evaluation.

Planning for land use and livelihoods

Building on existing livelihoods

- The process of planning should start on the basis of existing livelihoods, resources and skills of beneficiaries at project inception – which is not currently required in all business planning terms of reference.
- Priority should be placed on land uses and production that provide possibilities for short-term benefits in terms of consumption and local sales (e.g. use of own livestock and cultivation of food crops for consumption).

Front-load planning

- Thorough facilitation of decision-making is needed prior to business planning or even, in the case of redistribution, prior to the identification of land.

- Demote the ‘project’ as the key unit of planning; plan at the level of household, project and area (i.e. economy), within the framework of national and provincial guidelines.

Planning imperatives

- Start with a socio-economic profile of beneficiaries and the variety of land needs.
- Attend to different interests in land among project participants (e.g. variation by gender, class, generation).
- Do not merely perpetuate existing production and land uses.
- Allow for individual household production alongside ‘project’ production.
- Diversify production (within agriculture).
- Diversify non-farming economic activities (i.e. diversification out of agriculture).
- Provide for value-adding to produce.
- Attend to low-input farming methods (i.e. reducing capital-intensity).
- Attend to market access and mechanisms to access markets.
- Attend to the dynamics of a start-up phase.

Promoting smallholder options

- The option of individual or household-based smallholdings should be promoted through *formal subdivision* of larger properties.
- The option of individual or household-based smallholdings should be promoted within group-based projects through *informal subdivision* of plots, with registered rights to discrete land parcels for residential and cropping purposes, and/or to a defined number of livestock on common grazing land.
- Diversify land uses to spread risk; where possible, extend into value-adding and provide for non-farm economic activities to generate income, particularly where agricultural activities provide a highly seasonal pattern of income and labour demand.

Clarifying rules for group-based projects

- Rules regarding the distribution of benefits in group-based projects should be formalised to define who shares in the produce and income from sales, and to what degree, or, in the case of joint ventures and strategic partnerships, access to employment and the timing and distribution of dividends.

Separating CPIs from operating enterprises

- In project design, a clear distinction should be drawn between communal property institutions (CPIs) as landholding entities and the land uses and/or enterprises (whether individual or collective) that take place on this land.

Priority areas for new land uses and production regimes

Smallholdings on high-potential land

- Promote smallholdings for production for consumption and for the domestic market, particularly in the high-potential regions of the Western Cape and KwaZulu-Natal.

- To overcome barriers to market access related to scale, two models should be prioritised:
 - small farmer co-operatives for processing and handling (and for primary production only where appropriate and the preference of beneficiaries), with state support; and
 - contract farming and/or with commodity organisations that can provide extension services and inputs as well as a secured market (see Adams in LAPC 1994).

Small producers of fresh produce for urban (including informal) markets

- Demarcate extended commonage for food production allotments around rural towns and villages, along with public investment in fencing, water supply and security for produce.
- Promote part-time production as an option to enable people to diversify their livelihood sources.

Mixed farming on medium-potential land

- Promote mixed farming on medium-potential land, particularly in areas dominated by grain production, such as the 'maize triangle', which have the potential to support both intensive food cultivation and livestock grazing.
- Options here could include subdivision into family-based smallholdings, or separate arable plots and common grazing land. Equipment-sharing schemes will be essential for those who embark on grain production.

Low-potential land for grazing

- This is a priority for the more arid areas of the country, where most poorer livestock owners have been restricted to limited commonage.
- Because of the extensive nature of livestock grazing in these areas, subdivision is not an optimal solution.
- Instead, priority should be placed on the extension of commonage, improvement of infrastructure, veterinary services and access to auctions and abattoirs.
- A key strategy for extending commonage is to acquire adjacent land and to invest in the fencing of camps.

Regulation of land use

Limit conversion of land use

- Impose limits on conversion of agricultural land to non-agricultural purposes and luxury developments like game farms, golf courses and exclusive housing estates, particularly in key areas such as coastlines, through the Land Use Management Bill.

Cut red-tape for the poor

- Remove the requirement of a business plan for smallholders; retain it for commercial enterprises including joint ventures.

Prioritise settlement

- Support settlement for smallholders (a dispersed pattern) to minimise 'straddling' and costly commuting between existing homes and newly redistributed land.
- Support settlement for 'communities' (in closer settlements) on redistributed land where joint

activities are to be undertaken, to allow for public provision of basic infrastructure and services (which may require registration of servitudes).

Support for production and marketing

Make agricultural support comprehensive

- Automatic provision of a basic core of funding and services on confirmation of land rights.
- Prioritise implements and inputs.
- Extend to subsidies for input supply.

Revamp agricultural support services

- Employ within the DoA agricultural economists and extension officers dedicated exclusively to smallholder production and marketing.
- Expand and reorientate the Agricultural Research Council towards low-input production.

State supported co-operatives

- Establish and support input supply and marketing co-operatives for small farmers – both to overcome barriers of scale and to build solidarity.
- Establish and support co-operatives in agro-processing, particularly to add value to produce of smallholders on high-potential land.

Make credit available on better terms

- Credit is needed on highly preferential terms, at discounted interest rates and with a zero-interest no-repayment window for the first few years, accessible through decentralised lending institutions.
- For banks, administrative costs have an inverse relation to the size of the loan (e.g. verifying collateral), and so they prefer to deal with larger borrowers.
- This requires the reintroduction of budgetary transfers to the Land Bank and subsidisation of other financial institutions to allow them to offer preferential rates through their institutions to a specific target group of small borrowers.
- The question of collateral will also be centrally important, and attention is needed to alternatives to land-as-collateral, as well as access to credit among members of legal entities.

Infrastructure

- Invest in fixed infrastructure, particularly for storage, sorting and packing, for smallholder producers.

Monitoring and evaluation

Build on the Quality of Life survey

- The Quality of Life survey should be refined and administered every two years, using the 2006–07 study as a baseline, by extending the sample each time to include newer projects, as well as returning to the same beneficiaries, in order to constitute a longitudinal panel data set.

Survey control groups

- Build into the Quality of Life survey control groups of those *not* acquiring land *and* established farmers in the same regions. This was not done in previous surveys.

Improve agricultural data collection

- Specify production from land reform sources and production in communal areas in the agricultural census and annual statistics.

Reintroduce land classification systems

- Create a single national land classification for regional planning and mapping, so that planning within political territories (districts) can be related to planning for agro-ecological zones.

Investigate multiplier effects

- Evaluate the impact of land and agrarian reform *beyond* the farm, to impacts on the local economy, using social accounting matrices but also qualitative methods to understand the wider impacts of land access among formerly landless households.

Land demand, targeting and acquisition

On the basis of the discussion in Chapter 3 of a 'proactive needs-based' land reform strategy, several recommendations for policy are indicated. These address how targeting of people and land should take place; how land identified for redistribution should be acquired; how compensation is to be determined; what sharing of information will need to happen; and how available state land is to be reserved for land reform purposes.

Targeting people and land

Identify land needs

The DLA should work with civil society organisations and local government to roll out a methodology for participatory land needs assessment, as a prerequisite for area-based plans in each district. This will require the extension of the current process, which has been outsourced to service providers, many of whom have no method for engaging with the varied needs for land.

Clarify national targets

Beyond the racial eligibility criterion in place in the redistribution programme, who is to be targeted is not clear. Nor is it clear what mechanisms will give effect to the commitment to prioritise 'marginalised groups' (women, farm dwellers, the disabled and youth). It is proposed that the following targets and mechanisms be adopted:

- 50% of (the value of) benefits should accrue to women, and at least 50% of beneficiaries should be women; and
- some income-based criterion should be used in the rationing of resources.

Prioritise land needs

Area-based planning should result in a typology of different land needs for identified categories of people, as well as a prioritisation of these land needs. If land reform is to be a pro-poor programme, needs should be prioritised in this order, which can be expected to reflect the range of land needs from the poorest to the less-poor:

- land for part-time cultivation of food for consumption and for livestock grazing;
- land for full-time production primarily for consumption; and
- land for full-time production primarily for sale.

Identify land for redistribution

Area-based planning should result in maps designating land to be acquired for redistribution, based on identified land needs. Priority attention should be given to the following categories of land:

- land surrounding rural towns;
- land adjacent to transport networks (road and rail);
- land adjacent to communal areas (former 'homelands');
- land in regions with potential for high-value smallholder production;
- land in districts with high levels of restitution claims; and
- land in low-rainfall areas suited to extensive, low-input livestock production.

Prioritise land needs of farm dwellers

Support access to land for farm workers and dwellers, not *instead* of employment, but, for those who have jobs, as a part-time activity to augment the meagre incomes that farm workers typically receive. Based on identified land needs, the state should negotiate with landowners to release portions of their farms for farm dwellers' own use and, if this cannot be secured, expropriate subdivided portions of larger farms for use by farm dwellers.

Accept new restitution claims

Since many potential claimants, quite possibly the majority, who were eligible in terms of the Restitution of Land Rights Act 22 of 1994 were unaware of the deadline or, for other reasons, did not lodge claims prior to December 1998, the Commission should re-open the claims process and embark on a second phase of land restitution. These claims need not be dealt with in the same way as claims to date, but could be dealt with within wider area-based planning approaches, enabling those with historical claims to be prioritised. However, this *should not jeopardise* existing, lodged claims. Claims submitted before the end of 1998 should be processed first, before those submitted in this second phase.

Acquiring land

Prepare to acquire land

Designate land required for redistribution by placing public notices and by informing owners by letter.

Move away from the one-by-one approach

When acting on designated land, acquire in bulk rather than in a phased approach, allowing for planning, subdivision, settlement and related start-up costs to happen at the same time.

Abolish the grant system

A rationing mechanism is required to ensure fairness. However, this should be achieved through placing a ceiling on the amount of land the state will acquire per household, rather than requiring people to apply for grants (which have declined in real terms over time and which bear no relation to the very varied market prices of land, infrastructure or operating costs).

Ceiling on land ownership

Instead of the popular call for ‘one-farmer, one farm’, which focuses on the *number* of farming units owned, a ceiling on the total *area* or hectarage owned by a single person or corporate entity must be put in place, and the size of land allowed should differentiate between different agro-ecological conditions. This should be the subject of a commissioned study. A land ceiling, even without enforcement, may lead to de-concentration. Expropriation of surplus land in designated areas of identified priority land need, combined with a highly progressive land tax that is punitive to very large landowners, could contribute to stopping or reversing the trend evident over the past 15 years towards consolidation of land ownership.

Use land markets

Impose a right of first refusal on designated land with a guaranteed offer of market price.

Negotiate to acquire land

Approach owners of designated land and offer market price for a limited period, after which the government will move to expropriate.

Expropriate land

Where owners of designated land refuse the government’s offer to buy at market price, the state should institute expropriation proceedings and offer compensation that is deemed ‘just and equitable’ in terms of the Constitution.

Foreclose on bad debt to state institutions

State institutions should foreclose on bad debt among established commercial farmers who own land already identified as needed for land reform. The state effectively owns this land already.

Promote donations

Promote and deal effectively with land donations – provincial offices of DLA should prioritise responses to such offers. Enable landowners donating land to use this towards their AgriBEE score.

Link water reform to land reform

Use reallocation of water rights to leverage land rights for the poor, reducing allocations to commercial farmers and increasing allocations to land reform beneficiaries and other small and poor users. Explore the allocation of water rights to farm workers and dwellers as a basis to leverage concessions from commercial farming enterprises in the form of (a) equity sharing and (b) access to land for workers’ own use.

Determination of compensation**Use constitutional criteria**

Compensation for expropriated land should be based on the five criteria listed in Section 25(3) of the Constitution, namely:

- the current use of the property;
- the history of the acquisition and use of the property;
- the market value of the property;
- the extent of direct state investment and subsidy in the acquisition and beneficial capital improvement of the property; and

- the purpose of the expropriation.

Defer payment for expropriated land

If capital budgets for land acquisition cannot keep up with the pace of land acquisition, options other than payment in full in cash should be explored. Payment in government bonds over a period of 5–10 years should be explored, particularly where large landowners with other enterprises are involved. The constitutional test of whether the manner and timing of payment is ‘just and equitable’ applies.

Amend the Expropriation Act 63 of 1975

Either amend this Act to bring it in line with the constitutional criteria, or replace it with a new Act, as it stipulates payment of market price and restricts expropriation to ‘public purposes’.

Information and partnerships

Monitor the concentration of land ownership

Monitor on an annual basis the trends in concentration of land ownership – a Gini co-efficient for the distribution of agricultural land.

Publication of land audits

Audits of ownership of both public and private land, and the identification of small parcels close to towns, are now essential. These should be made available for public scrutiny to assist in area-based land reform planning initiatives.

Division of labour between state and private sector

The state should remove itself from establishing equity schemes and large commercial enterprise projects, except where its involvement is strategically targeted to leverage substantial additional resources from private sector actors. These are areas in which the private sector has better expertise, and its contributions to these types of projects should be leveraged through AgriBEE, allowing state institutions (the DLA, DoA, Land Bank and municipalities) to focus exclusively on interventions that directly target the poor.

Public land

Moratorium on the sale of state land

No state land should be disposed of other than for land reform purposes, unless it can be established that there is no interest in this land from black South Africans, particularly those who are poor. This should apply to all categories of state land, including forestry land, coastal areas, municipal land, military land and land owned or controlled by parastatals, such as Transnet. In many instances, people already residing on this land have a strong interest and, arguably, rights that should be prioritised over other potential users or owners. State land earmarked for disposal should be publicly advertised through local radio stations and through community meetings to would-be beneficiaries, with a call for expressions of interest in access to this land.

Cancel leases on commonage

The leasing of commonage land to private commercial farmers should be stopped and existing leases cancelled. Municipalities will require information from audits as well as legal support to achieve this. Resource-strapped municipalities dependent on revenue from leased-out commonage should be compensated by the DLA for this loss of income, for a defined transitional period. Commonage should

be promoted, and the DLA should proactively approach municipalities to identify land that could be acquired for commonage.

Tenure arrangements and support for land rights⁶

Resettlement

Achieving tenure security on resettlement schemes, whether arising from redistribution or restitution programmes, requires a thorough reconceptualisation of resettlement, reduced emphasis on ownership, a more active role for the state in the allocation of individual plots (and possibly as nominal owner of land where appropriate), development of a detailed generic template for protection of individual and group rights that can be modified over time, and a comprehensive support programme for resettled farmers. An alternative vision of tenure security within resettlement schemes should address the following five broad areas.

Land acquisition

The state should play a central role in the identification and acquisition of land, and the initial allocation of individual plots, working closely with interested groups and individuals and encouraging self-organisation among intended beneficiaries.

Land allocation

Land acquired should not be limited to individual farm properties, but should be smaller or larger than one farm as appropriate. Similarly, allocation of individual plots should not be overly influenced by existing farm boundaries. In other words, consolidation and subdivision of existing holdings should be facilitated in order to match demand. This should include options for low-cost surveying and support for allocation of rights to households for residential and cropping land, accompanied by registration of these rights, maintenance of land rights registers and support for dispute resolution. Systems must be developed that allow for the entry of new members to group schemes, and the exit of old ones, so that the formal record corresponds as closely as possible to the situation on the ground.

Rights to individual plots

Rights to individual plots should vest in the approved occupiers, but not necessarily in freehold title, which places full responsibility for maintenance of title on the plot-holder, exposes the plot-holder to the risk of forfeiture in the case of bad debts secured against the land and complicates the future re-allocation of land. A new form of leasehold may be required that allows nominal ownership to remain with the state for a period while vesting substantive rights in the occupiers. To protect the rights of women and other household members, land should be registered in the name of all adult members. The definition of occupiers' rights and responsibilities, and the creation of an institutional framework that will actively support the rights of occupiers, should be the main focus of tenure reform in this area. There is a need for the development of a detailed, generic template as a basis for occupiers' rights under such circumstances, with provision for local adaptation, rather than expecting beneficiaries on every scheme to develop their own rules at the outset. Provision should be made for a transition to individual ownership at some future date, but this should not be seen as a necessary or inevitable outcome. Under this model, occupiers (effectively long-term tenants of the state, along Zimbabwean lines) are effectively independent of the group in so far as occupation and use of individual plots is concerned, but are free to engage in collective forms of production should they so decide.⁷

⁶ Edward Lahiff is the author of this section of the recommendations, which emerge from his analysis in Chapter 4.

⁷ Another occasion where collective structures are typically involved, and which will inevitably arise over time on resettlement schemes, is the re-allocation of land when an occupier dies or otherwise has no further need for the plot, or when a family member requires a new plot of his or her own. Provision could be made to give the collective a say in the allocation of unused land, but it seems unreasonable to expect existing schemes to take responsibility for meeting future needs (akin to the redistributive dimension in the existing communal areas). This could perhaps be better left to the individual household (e.g. through subdividing existing holdings), or to the state (through the acquisition of additional land for resettlement as the need arises), or even to individuals to take their chances on the open market (especially if the state's commitment to redistribution is reduced over time, as South African society 'normalises').

Communal resources

Where it is appropriate to hold resources in common – perhaps in the case of grazing lands – this should be subject to decentralised (local) management, but not necessarily ownership. It might make sense for individual occupiers on a number of adjacent farms to share certain resources, and management should vest in structures representative of all the users, supported by state officials (as in the evolving models in the communal areas of Namaqualand, or as applied on former South African Development Trust lands in the past). Again, there is a need for a detailed generic template for land administration and land rights in these circumstances to serve as a default until local modifications can be introduced by the users. This land could remain the nominal property of the state, as there is no compelling reason for transferring it in title to the group that manages it.⁸

Collective agriculture

Specific provision has to be made for resettlement schemes where there is a clear preference for collective land use, although this is likely to be in a small minority of cases. If the resource is to be used collectively, or leased out for collective gain, then it makes sense that it be held collectively. If no individual use of land is envisaged, and this is accepted by the members of the group, then collective management of the resource *is* appropriate. As with other forms of common property, however, there will remain a need for external support to the group, in terms of their business affairs and management of the collective resource and benefit stream. Again, it may be appropriate for nominal ownership of the land to remain with the state until the beneficiary group feels ready to take on this responsibility. Overall, however, a collective business venture – which, it must be stressed, is unlikely to be typical of land reform projects in South Africa – presents less of a challenge in terms of tenure reform than resettlement schemes based largely on individual (and possibly non-commercial) production, and may be better suited to outright ownership.

Farm dwellers

Achieving tenure security for farm dwellers requires urgent action to reduce the threat of eviction and to promote long-term and secure access to land for both residential and productive purposes, either on-farm or on suitable alternative land. As well as changes in policy and provision of additional resources on the part of the state, it will require renewed dialogue among farm dwellers, landowners and the state. Specific recommendations in this area follow.

Maximum enforcement of the current provisions of ESTA and LTA, pending new legislation

- Vigorous enforcement of all the provisions of the Extension of Security of Tenure Act 62 of 1997 (ESTA) and the Land Reform (Labour Tenants) Act 3 of 1996 (LTA) dealing with evictions will require a concerted effort by the DLA, South African Police Service, Department of Justice (and particularly the prosecution service), Legal Aid Board, municipalities and NGOs, with a view to reducing evictions to a minimum. This will require rapid response by land reform officials to all threats of eviction, provision of legal aid to occupiers, the obtaining of injunctions against abusive landowners, effective contestation of all applications for eviction orders and criminal prosecution of those who break the law.
- This, in turn, will require a significant increase in resources for the farm dweller programme within the DLA and the deployment of sufficient trained staff to all affected districts. The DLA, nationally, and the Minister of Land Affairs, will be required to give clear political and strategic leadership for such a campaign, including perhaps a joint ministerial directive from the Ministers of Justice, Safety and Security and Land Affairs.

⁸ Such an approach would inevitably be attacked by conservative elements as ‘expanding the homelands’ and reproducing the ‘problem’ (of state ownership of land) that CLRA and TRANCRAA were intended to resolve. Countering this argument would require challenging the foundations of existing policy as regards the reform of communal land, with a reduced emphasis on ownership and more on access to land, and the acceptance of a continuing role for the state in the administration of resettlement schemes.

- A moratorium on evictions has been called for repeatedly by organs of civil society. This is a far-reaching demand and will certainly face major legal and political obstacles. It is suggested that a campaign to ensure maximum enforcement of existing legal provisions not be neglected by those calling for a moratorium, if only as a short-term measure.

Amendment of ESTA

ESTA should be amended to:

- provide substantive statutory tenure rights to long-term occupiers and confer on them the status of non-evictable occupiers;
- extend the definition of long-term occupier to include any person who was born on a farm, has lived there his or her whole life, and is above a certain age (e.g. 45 years);
- offer additional protection to women and children who are dependent on men for their occupier status;
- protect (and ideally expand) the right of farm dwellers to maintain livestock and to access land for their own use (this could be linked to the AgriBEE scorecard, which requires 10% of land on farms to be made available to farm dwellers);
- specify the process by which farm dwellers can apply to upgrade their tenure *in situ* or to become freehold owners of a portion of the farm on which they live; and
- specify the entitlements to alternative land, and the process whereby it can be obtained, for those evicted from, or voluntarily leaving, farms.

In addition, proposals to 'consolidate' ESTA with the LTA should be treated with caution, as for over seven years they have been used to rebuff criticism of official inactivity and to avoid discussion of substantive issues. Rather, critical attention should be given to the specific needs of labour tenants and farm dwellers, which may be addressed through a range of policy changes and legislative amendments.

Establishment of a dedicated and well-resourced official programme on farm dweller tenure

- Promotion of farm dwellers' rights will require the recruitment and training of additional staff and a significant reallocation of resources within the budget of the DLA.
- This will also require a reconceptualisation of the objectives and strategies of the official farm dweller programme – aiming to preserve and extend the rights of all farm dwellers and to provide sufficient land and other resources for farm dwellers to improve both their tenure security and their livelihoods in a sustainable manner.

Renewed dialogue among farm dwellers, landowners and the state

- At present, the state responds in a largely reactive way to threats of eviction. There is a need to engage proactively with farm dwellers to ascertain their needs and plan suitable and timely interventions.
- Farm dwellers themselves need to be mobilised if they are to bring effective pressure for reform. In this, they require support from trade unions, NGOs, political parties and others.
- A combination of radical rhetoric from politicians, the ready availability of court orders permitting evictions and a general neglect of farm dwellers by the state sends conflicting messages to landowners. It is far from clear, from the landowner perspective, whether the state expects them

to retain the maximum number of farm dwellers on the land, and will support them financially and otherwise in doing so, or is more interested in resettling farm dwellers in townships and agri-villages where they can be provided with housing and other services. There is a need for a clear and consistent message to be sent to landowners as to what is expected of them under the present circumstances, what assistance they can expect, and what the sanctions are for non-cooperation. Halting evictions and promoting long-term security of tenure on farms may also require the drawing up of agreements between the state and organisations representing farm dwellers and landowners.

Legal implications

Act 70 of 1970

The President should sign into law the Subdivision of Agricultural Land Act Repeal Act 64 of 1998.

The Land Use Management Bill

To limit conversion of agricultural land into non-agricultural uses (e.g. luxury developments), the Land Use Management Bill should be amended by placing specific requirements on municipalities to consult with local communities prior to such changes being approved.

Right of first refusal

This will be required to give the state the right of first refusal in all sales of agricultural land, and will need to stipulate a reasonable time period within which the state must either buy land offered for sale or waive its right to do so. In practice, this right should be invoked only in cases where land has been designated as required for redistribution, through area-based planning, where it is subject to a restitution claim or a labour tenant application, or where farm dwellers are residing on that land.

Social obligations clause

A clause affirming the right of landless people to public or private land they have openly occupied for five years, and which they are living on and using for their own livelihoods, without hired labour, would protect them from dispossession and amount to upgrading insecure tenure rights. This would confirm society's interest in the social utility of land. It may require constitutional amendment or could be accommodated under an amendment to existing legislation, such as through an amendment to the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act 19 of 1998, though under current political conditions this is unlikely.

ESTA

If they are to advance the objectives of land reform, the long-awaited amendments to ESTA should: provide stronger substantive statutory tenure rights to long-term occupiers; extend the definition of this category to a wider range of occupiers; offer stronger independent tenure rights for 'secondary occupiers', particularly women; provide mechanisms to expand the rights of occupiers to use land for their own production; and specify the mechanisms for the 'developmental' process envisaged in Section 4 for the upgrading and extending of tenure rights, including to ownership.

Institutional implications

Institutional restructuring

To drive a process of agrarian reform, integrated frameworks, policies, budgets and delivery mechanisms will be needed. Two options are:

- existing government departments with single endpoint delivery mechanisms, for instance through one-stop shops; or
- a dedicated agency that plans and implements, which may imply the merging of the DoA and DLA.

Development of dedicated subdivision skills

- Agricultural officials should be instructed to facilitate the subdivision of agricultural land for the purposes of land reform projects.
- Given the increasing centrality of subdivision to the land reform programme, the DLA or DoA will need to acquire internal capacity to subdivide land, including land surveyors and conveyancers.
- This should minimise delays involved in tendering and securing external service providers, and enable subdivision to become a routine function.

Development of dedicated land acquisition skills

- A 'proactive, needs-based' approach to identifying and acquiring land for redistribution may require a specialist land needs and land acquisition team for each province, which would work with local communities, municipalities, landowners and other government departments to identify needs and plan for reform, and would move across the districts regularly to take forward this work.

Development of a dedicated tenure support function

- Tenure support must be established for the internal configuration of rights, including formal and informal subdivision, within land reform projects.
- There must be investment in institutional capacity for low-cost surveying and support for allocation of rights to households for residential and cropping land, a detailed, generic template as a basis for defining occupiers' rights, registration of these rights, maintenance of land rights registers and support for dispute resolution.

Financial implications

No detailed financial projections are provided as yet. However, it may be expected that a very substantial increase in public funding will be needed. Scaled-up redistribution and more substantial public support for settlement and production are likely to increase costs, but more cost-effective modalities may also be found. A proactive and needs-based approach to land reform will cost more than the current approach, and the implications in terms of staffing and operating budgets for implementing institutions will need to be defined. The cost of acquiring land is also uncertain, depending on whether compensation is determined at or below market price and if land markets are affected. For now, it is necessary to identify the areas in which further funds will be needed and to provide estimates for capital budget:

- *National agriculture budget*: these need to provide capital budgets for production support; capital budgets for support to input supply and marketing co-operatives; and current budgets for implementing agencies. If existing levels of support for land use, as of the 2008/09 financial year, were to be doubled, and extended to all land reform beneficiaries rather than a minority (i.e. tripled, based on estimates from the Comprehensive Agricultural Support Programme and the Micro-Agricultural Finance Initiative of South Africa), then capital budget lines would need to be increased six-fold. If, hypothetically, delivery were to scale up to 30% by 2014 (i.e. 13-fold),

then capital budget lines for agriculture would need to be increased 78-fold (National Treasury 2008a).

- *Provincial agriculture budgets:* current budgets for implementing agencies would need to rise by a similar order of magnitude.
- *DLA current budget:* proactive land acquisition will involve a substantial increase in staffing of the DLA (or other implementing agencies), at provincial and district level, plus the creation of a highly skilled and resourced land acquisition negotiations team and the establishment of dedicated skills and resourcing for a farm dweller programme. This will require a substantial injection of state resources, though filling existing (and vacant) posts can potentially address some of this shortfall.
- *DLA capital budget:* substantially increased capital budgets will be needed to acquire land, whether through negotiation or expropriation and for settlement support. If acquired at the current market rate, the cost of 30% of agricultural land with fixed improvements only would be R22.9 billion at 2004 prices (DoA 2006). However, the cost of 30% of land with improvements, implements, vehicles and livestock would be R38.8 billion – more than 31 times the current (adjusted) capital budget of R1.24 billion for land reform (excluding restitution) (National Treasury 2008b). In other words, a six-fold increase in the budget would be required over the coming five years (National Treasury 2008b, 2008c). However, all of this is contingent on whether the state chooses to drive down prices to minimise these costs, by paying below the market level of compensation suggested in the Constitution, by choosing alternatives to paying compensation in cash and upfront, or paying market-price in full.

References

- Aliber, M. & Mokoena, R. 2004. The land question in contemporary South Africa. In Daniel, J., Habib, A. & Southall, R. (eds) *State of the nation: South Africa 2003–2004*. Cape Town: HSRC Press.
- AgriDev. 2004. *Agricultural development continuum: A tool for land reform and rural development*. Pretoria: Agri South Africa.
- ANC (African National Congress). 2007. *52nd National Conference 2007 – Resolutions*. Polokwane: ANC.
- DTI (Department of Trade and Industry). 2008. *AgriBEE Sector Charter on Black Economic Empowerment*. Government Gazette, No. 314. Pretoria: DTI.
- LAPC (Land and Agriculture Policy Centre). 1994. *Land Redistribution Options Conference, 12–15 October 1993: Proceedings*. LAPC: Johannesburg.
- National Treasury. 2008a. Vote 23: Agriculture. In *Estimates of National Expenditure*. Pretoria: National Treasury.
- National Treasury. 2008b. Vote 27: Land Affairs. In *Estimates of National Expenditure*. Pretoria: Government Printers.
- National Treasury. 2008c. Vote 27: Land Affairs. In *Medium-term Budget Policy Statement*. Pretoria: National Treasury.
- RSA (Republic of South Africa). 2008. *Land and Agrarian Reform Project (LARP): Project Charter*. No publication details.
- Turok, B. (ed.). 2008. *Wealth doesn't trickle down: The case for a developmental state in South Africa*. Cape Town: New Agenda/South African Journal of Social and Economic Policy.