Evaluating land and agrarian reform in South Africa

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4

Support for agricultural development

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List of acronyms and abbreviations

ARC	Agricultural Research Council
Batat	Broadening Access to Agriculture Trust (of the NDA)
BRC	Border Rural Committee
CBO	community-based organisation
CFSP	Comprehensive Farmer Support Programme
CPA	communal property association
CRLR	Commission on the Restitution of Land Rights
DAC	district assessment committee
Danced	Danish Cooperation for Environment and Development
DLA	Department of Land Affairs
DPLG	Department of Provincial and Local Government
FEDIC	Farmer Entrepreneur and Incubation Centre
FSS	Farmer Settlement Support
Gear	Growth, Employment and Redistribution macroeconomic strategy
IDC	Industrial Development Corporation
IDP	integrated development plan
ISRDP	Integrated Sustainable Rural Development Strategy
LEDF	Local Economic Development Framework
LRAD	Land Redistribution for Agricultural Development programme
LRCF	Land Reform Credit Facility
LRPP	Land Reform Pilot Project
LRSP	Land Reform Support Programme
M&E	monitoring and evaluation
MDA	Mineworkers' Development Association
MTEF	Medium-Term Expenditure Framework
NDA	National Department of Agriculture
NGO	non-governmental organisation
NHFC	National Housing Finance Corporation
PDoA	provincial department of agriculture
PLRO	Provincial Land Reform Office (of DLA)

QoL report	DLA 'Quality of Life' report
RDF	Rural Development Framework
RLCC	Regional Land Claims Commission
SLAG	Settlement/ Land Acquisition Grant
SPP	Surplus People Project
SSDP	Settlement Support and Development Planning unit of CRLR
TRAC-MP	The Rural Action Committee-Mpumalanga
Tralso	Transkei Land Services Organisation
USAID	US Agency for International Development

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1. Introduction

In South Africa, land reform has to be more than securing land rights and transferring a certain number of hectares to black people. Broadly speaking, it has to take into account the uneven spatial development patterns created under colonial and apartheid rule. People who have secured land rights and access to land must be enabled to improve their livelihoods and deal with other challenges afflicting rural areas: high unemployment, poverty, HIV/Aids and dilapidated infrastructure.

Land reform as a whole, particularly the redistribution and restitution programmes, have assisted poor rural people to gain access to land for a range of purposes. Most land reform beneficiaries are interested in using the land for agricultural production. Although this is an integral part of equalising access to agricultural resources and facilitating sustainable, land-based livelihood strategies and support after land transfer has been neglected by the state. Small-scale production to support multiple livelihood strategies has gained little attention in official policy circles.

A dominant thrust in early thinking on post-transfer support in the Department of Land Affairs (DLA) was to regard it as 'welfare or after-care catering to the rural poor' (DLA 1997a). To date, government has been unsuccessful in developing a clear and coherent policy on post-transfer support. In practice, *ad hoc* arrangements have filled the space with limited success.

This report deals mainly with support to rural people who acquired farm land through government's land reform programme. It addresses the following major questions:

- What kinds of agricultural development support for land reform participants are stipulated in legislation or policy?
- What has been the impact of post-transfer support on livelihoods and development?

In order to answer these questions, this report draws mainly on existing reports and reviews, including unpublished material. These are complemented by interviews with staff of the provincial land reform offices (PLROs) of DLA, the National Department of Agriculture (NDA), provincial departments of agriculture (PDoAs), private sector service providers, financial institutions, the Department of Provincial and Local Government (DPLG), NGOs and other institutions which provide support to beneficiaries after land transfer has taken place.

This report assesses state support services for agricultural production with particular focus on the performance of the NDA and provincial departments of agriculture responsible for these services. The specific areas of support examined here are agricultural extension, training, infrastructure, finance and access to markets.

2. Background: The land reform programme

The Constitution provides the legal foundation for the state's land reform programme. The land reform programme has three distinct components, namely tenure reform, restitution and redistribution (DLA 1997b).

Tenure policy provides security of landholding rights to people living and working on private and state-owned land. Currently, land tenure policy distinguishes between farm tenure, protecting the rights of workers and farm dwellers on commercial farms, and legislation dealing with tenure issues in communal areas.

Restitution aims to restore land rights of eligible claimants who have been dispossessed of their land in rural and urban areas after 19 June 1913. Claimants, who have submitted valid claims in accordance with the Restitution of Land Rights Act 22 of 1994, may either have the land under claim restored, or receive alternative land or financial compensation.

Redistribution sets out to change the unequal racial distribution of land. Eligible applicants can get grants to purchase land through willing seller-willing buyer transactions. Land can be acquired for agricultural development, settlement and non-agricultural enterprises, for example tourism. Since 1994, the redistribution programme went through an important shift when the Settlement/ Land Acquisition Grant (SLAG) was replaced with a new grant programme – Land Redistribution for Agricultural Development (LRAD).

After a slow start, the pace of land delivery to beneficiaries has picked up considerably. By the end of 2002, approximately 1.9 million hectares had been delivered, mainly through restitution and redistribution. In the case of restitution, it is generally argued that the shift to a more administrative approach to claim settlement has accelerated delivery. However, the bulk of rural claims involving mainly requests for the restoration of land remain outstanding. LRAD, the flagship redistribution programme, has gathered momentum while the other sub-programmes (notably commonage and settlement) are at a virtual standstill.

A comparison of actual land transfers with the targets stated in policy documents shows that government is still falling short of its own delivery targets. Transferring 30% of the approximately 85 million hectares of commercial agricultural land over 15 years to black people, as was the government's original promise, would require the delivery of about 1.7 million hectares to land reform beneficiaries per year. It has, however, taken government approximately nine years to reach the target it set for the first year of the programme. As the process of land delivery moves ahead, challenges facing newly-settled farmers are beginning to emerge more clearly.

DLA has commissioned three 'Quality of Life' (QoL) surveys since the start of the land reform programme documenting, among other things, the experiences of land reform beneficiaries after land transfer had taken place. Production loans, agricultural extension, infrastructure and project management training were the critical support services identified for the sustainability of land reform projects in the first QoL report (DLA 1998:23). It is not clear how the post-transfer support budget of R15.7 million allocated under the Land Reform Support Programme (LRSP) was spent (DLA 1998:23). DLA reports in the post-1998 period give no clear indication of how much of this money had been spent on the production credit facility option. The second QoL report, conducted in 1999 and made public in 2000, confirmed some of the findings from the first survey. It found that more than 80% of land reform beneficiaries expected that the programme would allow them to engage in some crop farming and generate an income from agriculture, while more than 90% expected the programme to deliver better homes and services. Only a small percentage of households reported that their expectations have been realised by land reform (May & Roberts 2000).

The emphasis on pre-project planning rather than post-project sustainability has been noted as a key feature of land redistribution, but is arguably also the case in restitution and tenure reform (Turner & Ibsen 2000). In contrast to the onerous requirements concerning the compiling of business plans and establishment of legal entities, 'there was little attention to the provision of long-term support to beneficiaries after they had taken ownership of redistributed land' (Turner & Ibsen 2000:14).

If land reform is to become the foundation for a sustainable rural development strategy, it must cater for different land-uses and provide adequate support to participants to access complementary services to improve their livelihoods.

3. Agricultural support policy and institutions

DLA's *White Paper on South African Land Policy* (DLA 1997b) distinguishes between equitable distribution of land and the provision of complementary development services. Support services, or complementary development support, as specified in the White Paper, include assistance with productive and sustainable land use, infrastructure support, farm credit, agricultural inputs, and access to markets for farm outputs (DLA 1997b:16). However, the Mid-Term Review and Final Review of the Land Reform Pilot Project (LRPP) identified the absence of a comprehensive post-transfer support policy, particularly the lack of agricultural support that is critical during the early phases of small-scale farming projects (DLA 1997a; DLA 1999). This section presents an overview of some key state institutions that support land reform beneficiaries that gained access to land for farming. These agencies are: DLA, NDA, the provincial departments of agriculture, and the National Development Agency.

Government's first land redistribution subsidy, SLAG, made no provision for post-transfer support. In 2001, DLA unveiled a new redistribution grant package called LRAD and directed at individuals planning to acquire land for farming. The LRAD policy sets out to close the post-transfer support gap that prevailed under SLAG. The design of LRAD was ostensibly informed by the need to link land acquisition to support for participants to use their land effectively to improve incomes and livelihoods (MALA 2001:3). It sets out the division of labour between various departments after land transfer: NDA and the provincial departments of agriculture will be responsible for agricultural development support, while DLA retains only a monitoring and evaluation function.

The different institutions adhere largely to an application-based or demand-led approach to post-transfer support. This means that land reform beneficiaries who need support have to approach project officers or extension officers working for PDoAs (McIntosh & Vaughan 2000:225). Before a project is approved, beneficiaries have to go through an onerous process of having business or development plans drawn up by private sector design agents. These plans outline the farming activities and kinds of support services required in projects. After settlement on the land, however, government agencies and land reform beneficiaries rarely adhere to the farming operations and supporting roles prescribed for the different agencies in these plans. An application-based approached transfers responsibility for agricultural development support from the state to resource-poor participants and is highly inefficient, given the considerable investment in staff time and resources by the provincial departments of agriculture during project planning.

The roles of DLA and the CRLR

DLA is the lead agency responsible for land reform policy, land delivery (through its PLROs) and monitoring and evaluation (M&E) of the impact of land reform. Land delivery has been gradually decentralised, which has introduced district-level planning and implementation among different directorates DLA (DLA 2001:139). In each district, a one-stop service delivery centre is to be established that has to include the PLRO, Surveys and Mapping, Cadastral Services and others. Project Mutingati, the shared service concept developed by DLA to accelerate delivery and piloted in KwaZulu-Natal since 2001, has now been extended to other provinces, including the Western Cape and the Eastern Cape. Although Project Mutingati is a potential framework for integrated multi-sectoral intervention in post-transfer support, its activities so far have been restricted to land delivery.

As has been said, DLA's role after the transfer of land is limited to ongoing M&E of projects and disbursement of the balance of any grant which beneficiaries are able to access for agricultural development purposes. According to the division of labour between DLA and the departments of agriculture prescribed in the LRAD policy, post-transfer support falls outside the mandate of the DLA. Project information must therefore travel between DLA and the relevant department of agriculture, requiring an integrated data management system to ensure efficient post-transfer service delivery. DLA has limited M&E capacity and its project officers lack expertise in agricultural aspects of projects, a matter they usually refer to extension officers in the PDoAs. In terms of resources, DLA has committed no budgets to post-transfer support for redistribution projects, while targets for tenure reform with the necessary budgets are linked to the implementation of the Integrated Sustainable Rural Development Programme (ISRDP) (DLA 2002:19; 23).

Rights-based restoration of land is the responsibility of the Commission on the Restitution of Land Rights (CRLR), where the concept of developmental restitution has taken root in recent years. A shortcoming identified in the restitution process is that it has not enabled claimants to create sustainable livelihoods on productive farmland restored to them (Broderick, pers. comm.). At a national level, the CRLR has endorsed a framework for post-settlement support to beneficiaries and in April 2002 the commission, the Land Bank and the National Development Agency adopted a co-operation agreement for this purpose. Resources would be made available to assist restitution claimants to farm on the agricultural land restored to them (CRLR 2002).

Several Regional Land Claims Commissions (RLCCs) have set up Settlement Support and Development Planning (SSDP) units and a co-ordinator was appointed in the CRLR Chief Commissioner's office. In 2002/03 the Eastern Cape SSDP unit supported 17 transferred projects, the majority of which combine housing settlement and agriculture, out of 57 restitution claims earmarked for post-transfer intervention. Makhoba (see Box 1) and Dwesa-Cwebe are the most prominent examples of post-transfer support by the Eastern Cape SSDP unit. The creation of SSDP units in the CRLR is timely in the light of the agricultural development challenges posed by outstanding rural restitution claims. Rural claimants, as anecdotal evidence and the validation process have confirmed, demand land restoration in order to practice a range of livelihood strategies. However, SSDP units merely co-ordinate support, they lack financial resources and capacity, and they possess no expertise in the area of agricultural production.

Box 1: Post-transfer support in the Eastern Cape – the Makhoba claim

Post-transfer support in the case of restitution is clearly a complex and drawn-out process. A major challenge for farming support after land restoration is aligning the priorities of other state agencies with the objectives and timeframes of 'developmental restitution', as illustrated in the Makhoba restitution claim.

The Makhoba land claim was settled in early April 2002 with the acquisition of 11 000ha of commercial farmland for the benefit of 1 400 households (about 17 500 people). Development and business plans were drafted to give effect to consensus among claimants that large-scale commercial farming operations would continue on the property in order to improve the quality of life of the claimants. The area is located in an ISRDP node in the Eastern Cape where there are better prospects for complementary support from local government than is often the case.

The five villages on the Eastern Cape side of the Umzimvubu River near Kokstad where the claimants live are characterised by unemployment, a land shortage, stock theft, a lack of electricity and water, and poor roads. Claimants agreed to settle on the rangeland and production will be split into three units: food crops and cash crops; animal production units; and intensive production units (for dairy and other production). A farm manager will be appointed on a five-year contract to enhance the commercial farming skills of the restitution beneficiaries.

The development plans of service provision agencies are not aligned with the post-transfer support plans of the CRLR. Housing settlement, according to the KwaZulu-Natal Department of Housing, can only be implemented from 31 March 2007, in line with its five-year settlement implementation plan. The Department of Housing and the National Development Agency have been co-operating to deal with the housing issue. Bricklaying courses were offered to the community, but now the community project is lagging behind the commercial project. Electricity will be made available from the end of 2005.

The SSDP unit in the Eastern Cape Regional Land Claims Commission and the National Development Agency drove this post-transfer intervention. The provincial departments of agriculture in the Eastern Cape and KwaZulu-Natal, the Mineworkers' Development Association (MDA) and the Greater Kokstad Municipality all pledged their support for the Makhoba project.

Source: Eastern Cape Regional Land Claims Commission 2002

Specific provision has been made for post-settlement support for land restitution projects, according to DLA's Medium-term operational plan (DLA 2002:19). In each year, DLA plans to support a certain percentage of projects. During the year 2002/03, 25% of all restitution projects will be supported by DLA, a number which is set to increase to 50% of all projects in 2003/04. In 2004/05 and 2005/06, post-transfer support will be provided for 25% of the projects in each year.

Integrating post-transfer support into redistribution and restitution are steps in the right direction at policy level. However, neither DLA nor the CRLR are well placed or suitably structured to attend to this task.

The role of the national and provincial departments of agriculture

Post-transfer support in the area of farming falls outside DLA's mandate. Other agencies, like NDA and the Land Bank, are given prominent roles in this area (DLA 1998). PDoAs became involved in farmer support activities around the beginning of 2001, after the DLA had initially attended to post-transfer support services itself. NDA and the provincial departments of agriculture have been restructured around six directorates or line functions, ostensibly to deliver better services to land reform beneficiaries (NDA 2001; 2002b). A Farmer Settlement Support (FSS) directorate has been established in NDA. FSS units in PDoAs co-ordinate internal intervention in land reform projects, disburse the infrastructure grants and liaise with PLROs.

Aside from a supervisory role over provincial departments of agriculture, the role of the FSS directorate at national level is poorly defined.

NDA's Comprehensive Farmer Support Programme (CFSP), the LandCare programme and the *Strategic plan for South African agriculture* describe the kinds of farming support it seeks to offer (NDA 2001). Two grants have been proposed under the CFSP, one for capacity building and one for on-farm infrastructure. In order to access on-farm infrastructure grants ranging from a minimum of R5 000 to maximum of R100 000, beneficiaries must make an 'own contribution' along a sliding scale similar to that of the LRAD grant programme. It is a once-off support package designed for LRAD beneficiaries. With the aid of the 'sunrise packages' or a 'quantum leap mechanism', participants will be assisted to enter the commercial agricultural sector. Grants allocated as capital transfers by the NDA are to be administered jointly by the PDoAs and the PLROs. However, no capital budget exists for this programme.

Box 2: Areas of farmer support

The strategic plan for South African agriculture released in 2001 lists the following post-transfer support priorities:

- improved ability and efficiency of the extension personnel within the private sector and PDoAs
- on-farm infrastructure support (for example, support for fencing, dip tanks, contours, soil conservation works, finance for livestock purchases and boreholes)
- improved market access and removal of market barriers to new entrants
- enhanced transfer of technology to new farmers through one-stop farmer support centres at local level
- implementation of a human resource development plan, which includes young entrepreneurial development and mentorship projects
- improved access to a comprehensive range of rural financial services via outreach and efficient rural finance institutions
- improved focus, collaboration and co-ordination between government institutions, organised agriculture, non-governmental organisations and civic associations that are involved with farmer development programmes through forums at national, provincial and local level.

Source: NDA 2001

The role of the National Development Agency

Other statutory and non-statutory institutions also engage in post-transfer support to land reform beneficiaries. Some agencies participate directly in land reform projects, while others deal with land reform as ancillary to their broader mandate to facilitate rural development. The National Development Agency, located in the Ministry for Social Development, is party to a trilateral agency agreement with the CRLR and the Land Bank. This agreement, signed in April 2002, commits the three agencies to allocate resources to restitution projects in order to facilitate sustainable rural development. The National Development Agency piloted its proactive approach to post-settlement support in the case of the Makhoba land claim and facilitated the drafting of the business plan (see Box 1). Land reform is in fact a specified sub-category in the rural development sector, one of five sectors funded by the agency.

The agency has offices in five provinces, with the Gauteng office also carrying responsibility for North West and Free State. Between three and five land reform projects receive National Development Agency support in each province. In the Eastern Cape, the agency provided three LRAD projects with an amount in the range R420 000–R607 600 per project. It is not clear what National Development Agency's support involves beyond the disbursement of funds.

In the Southern Cape, the agency disbursed R148 300 to Khuphuka Mntwana Outreach, a land reform project near Mossel Bay. Land was obtained through the George district land reform office from the SLAG programme. Six years ago, when the beneficiaries acquired the land, they had no money, infrastructure or equipment to work the land, which is generally of poor quality and is located in an area which experiences regular droughts. Part of this project involves agricultural work and the rest is funding for a welding project. The agricultural project required funding for land clearing, fencing and agricultural inputs to farm 0.5 ha of land as a community development project. Several members of this group also received training for a food gardening project.

Although the National Development Agency's involvement in non-restitution projects has taken off, there is little co-ordination with other agencies involved with land reform and rural development.

Monitoring and evaluating post-transfer support

Monitoring and evaluation during the post-transfer process is the responsibility of the DLA's M&E directorate. While occasional Quality of Life reports broadly summarise what has been happening on projects post-transfer, no national database exists to keep track of productive activity and livelihood impacts of land reform. There is no evidence that the findings of the QoL reports result in intervention or result in better services after transfer. In cases where extension officers working for PDoAs keep separate records of different projects, this information is not being fed into DLA's M&E system. Only two of the nine provincial departments of agriculture were able to compile and make available projects lists for the author – the Western Cape (Western Cape Department of Agriculture 2003a) and the Northern Cape (which provided a summary list of its projects).

From 2002 until 2006, M&E will be allocated a budget of R1 million per year to monitor post-settlement support of restitution projects. It will produce one system review per year, but the first, scheduled for September 2002, has not yet been made available.

An economic and fiscal impact study of the land reform programme is in the pipeline. It will be co-ordinated by NDA, DLA and academic researchers. It is anticipated that 90% of the information required on land reform projects will be obtained from the PRLOs and that a select number of projects may be visited in the course of this study (Melatji, pers. comm.).

The rigid distinction in South Africa's land policy between land delivery and agricultural development has resulted in post-transfer support being largely neglected. There is no comprehensive policy on support for agricultural development after land transfer and the agencies entrusted with this function have made little progress in this regard. Agricultural assistance for individual land reform projects is *ad hoc* and policy makers are generally guided by an application-based or demand-led approach to post-transfer. A demand-led approach to agricultural support unnecessarily duplicates efforts invested in preparing business and development plans during the project-planning phase. There is a critical lack of information necessary to monitor and evaluate the impact of land reform and agricultural support. The next section assesses key elements in a comprehensive agricultural development support package.

4. Functional areas of support services

Land reform beneficiaries wanting to farm need easy access to agricultural development support. Evidence from the DLA M&E directorate's land transfer format indicates that there is a serious interest in some form of agricultural production among roughly two thirds of people to whom land has been transferred (DLA 1997a). Agriculture-related projects transferred under the previous redistribution grant programme (SLAG), failed to receive the support they needed (Danced 2001). Where the beneficiaries have not abandoned the project, farming activities continued despite the absence of support from PDoAs as Boxes 3 and 4 illustrate. In this section, the focus is on key functional areas of support to land reform beneficiaries who are using the land for farming. These areas are:

- extension services: farming advice
- skills development and capacity building: a variety of training programmes including management and mentorship programmes aimed at skills transfer
- financial assistance: grant finance, but mainly credit to assist with farming operations (or working capital)
- infrastructure support: bulk on-farm infrastructure like irrigation and fencing
- access to markets, ranging from informal local sales of output to marketing arrangements with commodity organisations.

Box 3: Agricultural production under SLAG: Noko Development Trust

Noko Development Trust is a SLAG project in the District of Lydenburg, Mpumalanga. Five years ago neighbouring farmers warned that this project would degenerate into a squatter settlement, but it recently won the best farmers' award.

There are 411 participants in this project, working a 321ha farm of high-potential agricultural soil. The beneficiaries started farming paprika, a low-input crop, and then expanded into wheat production. They then started growing lucerne for a market 180km away. The trust used the balance of the grant to enter a hire-purchase agreement with an agricultural co-operative to purchase a tractor.

Participants of Noko Development Trust aim to generate income from farming and upgrade their houses near to the farm. The farm is presently operating on a reduced scale with one beneficiary as an elected manager, responsible to five trustees, representing all the members. Noko has been included in a mentorship and management pilot programme initiated by TRAC-Mpumalanga.

Source: TRAC-MP 2002; Chris Williams, pers. comm.

The Noko Development Trust and Delindlala cases indicate that communities are able to innovate and experiment with production and distribution activities. However, both farms under-utilise their land and agricultural resources. Recent QoL reports also found large tracts of land lying fallow or people practising a single type of agricultural activity like grazing on farms that are suitable for multiple or diverse land-uses (May & Roberts 2000). The scale of under-utilisation is due to the lack of post-transfer farming support.

Box 4: Agricultural production under LRAD: Delindlela

Delindlala is an LRAD group project in the Queenstown district of the Eastern Cape. A nine-member communal property association (CPA), with women in the majority, owns the land on behalf of the beneficiaries. The Eastern Cape Department of Agriculture in Dordrecht was approached with requests for soil tests and assistance with fertiliser and seed. No reports could be obtained to show whether agricultural officers regularly visit the project or not.

The size of the farm is about 2 029ha, with more than 50% of the land described as hilly, and less than 10ha under cultivation. Potatoes and cabbage have been harvested for own consumption as well as for sale through a shop owned by a neighbouring farmer.

Delindlala operates along the lines of a co-operative farm, while individual agricultural activities continue in the village where the beneficiaries reside. Livestock owners ‘lease’ livestock to the project in order to build up its capital stock. Land under irrigation is usually used for crops like lucerne, mixed veld grass, cabbage and maize. Agrilink II, a private initiative funded by the US Agency for International Development (USAID), recommended expanding the lucerne fields in order to provide good fodder during winter and to raise income from the sale of the surplus. The area is well known for stock farming, especially cattle and Dorper sheep. Livestock owners are pleased with the visible improvement in the health of their cattle (better grazing fields) and the sale of milk produced by their cows.

The group had no start-up capital. It therefore decided to lease 569ha of the farm to neighbouring farmers for stock production, which could generate about R23 000 annually. The NGO Calusa conducted many skills training workshops with the Delindlala group, including sessions on bookkeeping. It also arranged exchange visits with other projects. Unable to access the balance of its grant and having been cautioned against approaching the Land Bank for a loan, Delindlala has managed to sustain itself for more than a year. Production continues despite the lack of agricultural extension services and poor access to markets.

Sources: Dyantyi, Eleni, Qayi, Ncapayi and Thabo, pers. comm.

Even relatively limited agricultural development support has succeeded in raising the extent of land use and increasing output and income (Zimmerman 2000). In the Western Cape, a range of land reform projects are being supported by the PDoA, ranging from LRAD, to church land to commonage and food-garden projects in townships like Khayelitsha near Cape Town. The main focus of post-transfer support has been in the area of agricultural extension services and infrastructure support (Conradie, pers. comm.).

A project list available for the Boland and Swartland districts of the Western Cape summarises post-transfer aspects of 31 projects, including 11 projects that benefited from LRAD grants (Western Cape Department of Agriculture 2003a). The report includes such details as project location, target group, number of beneficiaries, an approximation of the funds spent over the last two years, main agricultural activity, duration of support service to the group, and outcomes, mainly in the form of output and income. The length of time support was provided ranged from a minimum of two months to a maximum of three years. In several of the non-LRAD cases, land is being hired from a municipality and production is primarily for own consumption, with only two projects selling output through local commercial farmers.

Most projects (about 55%) engaged in mixed farming, either cultivating different crops or mixing crop and livestock farming (cattle, sheep, goats and pigs). Some of the farms operated by LRAD beneficiaries acquired new or improved infrastructure, a few concluded marketing agreements and one purchased additional cattle. Three of the LRAD projects reported a lack of production capital and indicated they intended to apply for Land Bank loans. The LRAD projects also appear to be more viable income-generating ventures, where two projects, in vegetable and wheat farming respectively, realised incomes of R45 000 and R156 000 after the first year of operation. All projects received similar support and more research is needed to fully explain why, on average, LRAD projects produced higher output and income than non-LRAD projects.

Limited agricultural development support can therefore enhance productive land-use that is critical to sustain multiple livelihoods. Six priority areas of post-transfer agricultural support will now be examined.

Extension services

Agricultural extension services comprise information dissemination by extension workers to farmers (Anderson & Feder 2003:3). The *Strategic plan for South African agriculture* (NDA 2001) commits the national and provincial departments of agriculture to provide extension support to land reform beneficiaries. Extension services are particularly important where farmland cannot be expanded easily and, as a result, the existing unit of plot has to be farmed intensively (Machethe & Mollel 2000). This is particularly the case among small-scale producers who gained access to farmland through the land reform programme.

Agricultural extension officers serving land reform projects usually work for the departments of agriculture or may be attached to the Agricultural Research Council (ARC). Commodity sector associations, like the Sugar Cane Growers' Association in KwaZulu-Natal, have their own extension officers to advise land reform beneficiaries who have commodity contracts with companies like Illovo and Tongaat-Hulett. In addition to good technical knowledge of agricultural science, extension officers need to be sensitive to the requirements of small-scale producers and have a background in informal adult education methods. Extension officers convey crucial farming information between the small-scale farmer and the department of agriculture. Extension support is an entry point to other agricultural development assistance.

Agricultural extension capacity varies greatly across provinces. Within South Africa's agricultural sector, a two-track extension system developed: well-developed extension support for large-scale commercial agriculture alongside services for small-scale producers in the former homelands. With the scrapping of the homeland system, former homeland departments of agriculture merged with the new provincial departments of agriculture. Although provinces that have inherited former homeland departments of agriculture like Limpopo and Eastern Cape have a larger number of agricultural extension officers, there are vast differences in their quality and efficiency (Thupana, pers. comm.).

In the Western Cape there are 26 extension officers serving 142 projects, of which approximately 40% could be classified as small-scale farming projects. The total staff capacity of the PDoA currently stands at 680 people, including workers on experimental farms who do not provide extension services. The entire budget for extension services in the Western Cape stands at R11 million for the 2003/04 financial year. Salaries and wages consume R9 million, leaving only about R2 million for operating capital (Simon, pers. comm.). Transport and communication constitute the bulk of the operating capital budget.

The Gauteng PDoA began supporting land reform beneficiaries in 1996 when it started to transfer state land to communities on contractual basis. Throughout the province there are 20 extension officers serving approximately 150 projects, comprising a mixture of group and individual farming ventures. Although extension services are provided to the entire agricultural sector, approaches differ between the commercial and food safety-net sectors. In the commercial sector, extension support is of a reactive nature, while in the emerging farmer and food safety-net sectors the approach is more proactive.

Gauteng was the only example where extension officers, introduced to land reform beneficiaries during project planning, adopted a proactive approach instead of waiting for beneficiaries to apply for assistance.

The 69 extension officers in the Free State deliver services to 186 projects at least once a month. Extension officers in the North West visit a minimum of 20 land reform projects at least once a week. In the Northern Cape, extension officers visit projects twice a month.

The frequency of visits by an extension officer to a farming project is related to the availability of resources, staff and the nature of agricultural activity. In the Northern Cape, where extensive grazing is very common, extension officers visit projects less frequently. Lack of capacity appears to be the main factor affecting the frequency of extension visits. Anecdotal evidence from most provinces indicates that extension officers visit projects less frequently than they should. Ideally, an extension officer should visit a project at least once a week but, in practice, the visits take place once a month or once every two months. Where projects have managers or mentors, extension officers meet only with this person and never establish any direct contact with the rest of the community. Visits can also occur through commodity-based forums: training sessions arranged in study groups around a specific commodity (Hanekom, pers. comm.).

Extension officers represent the PDoA in district assessment committees (DACs) where LRAD applications are discussed and recommendations made for the consideration of the provincial grant approval committee. In the Western Cape, two directorates sit in DAC meetings. In other provinces, the PDoA co-ordinates or chairs the grant approval committee.

Land reform farming projects face enormous risks when they begin. Where agricultural extension support is available, it is inadequate because the resources of the PDoAs are severely stretched from having to serve the entire spectrum of farm types. Extension workers provide a critical link between farming projects and the government agencies responsible for providing agricultural development support after land transfer.

Stilwell (1997:6) suggests that extension advice could best be provided by contract arrangements with the private sector but, according to Anderson and Feder (2003), almost 80% of extension support services throughout the world are publicly funded. Private sector involvement, as evidence from the Western Cape shows, is confined to commercial agricultural co-operatives under the auspices of the Agricultural Business Chamber. The history of extension services in South Africa is one of large institutions created to serve large-scale commercial agriculture, next to inferior extension support in the former homelands. Specially designed state-assisted agricultural support programmes are necessary to provide support for agricultural development in land reform programmes.

Infrastructure

The CFSP makes provision for on-farm infrastructure grants to be made available to land reform beneficiaries. These grants, with a sliding scale structure similar to LRAD, will not be exclusively for land reform beneficiaries, but be available to all emerging farmers, including those who want to capitalise on niche opportunities in the export sector.

The KwaZulu-Natal PDoA is the only one so far to develop infrastructure grants for emerging farmers. These grants will be available not only to LRAD beneficiaries, but also to other farmers who may want to expand into niche export markets. The grant mirrors the LRAD grant scale and is not ring-fenced. Grants range from a minimum of R4 000 to a maximum of R100 000. In order to access the grant, an applicant must make an own contribution, either in cash or labour (or a combination of the two), ranging from R1 000 to R400 000 at the top end of the scale. Although historically disadvantaged individuals will be given preference in the allocation of funds, specific allocations for this group have been excluded from the main policy document. Large irrigation schemes will be developed as part of the plan to commercialise agriculture in the communal areas. Sixty percent of the budget is earmarked for large anchor projects and 40% for bulk infrastructure and medium- to small-scale projects. The scheme will support food security and small-scale commercial projects. Commercial projects can either be in the form of shared bulk infrastructure projects or individual projects. Overall, the programme aims to foster independence and self-reliance.

There are infrastructure grants in the Western Cape, but according to the head of the FSS unit in the province, this grant is not being used (Isaacs, pers. comm.). The Gauteng PDoA is in the process of developing a policy for infrastructure grants.

Training, mentorship and management

Farmer training is critical for the viability and sustainability of agricultural projects. Three methods to facilitate the skills transfer to land reform beneficiaries are training through agricultural colleges, mentorship, and management programmes.

The main capacity building (or training) model proposed in the CFSP is the Farmer Entrepreneur and Incubation Centre (FEDIC) (NDA 2002a). These training centres are to be set up within agricultural colleges and commercial farms for on-farm training. Modules will be tailored to farming needs of the beneficiaries and cater for their language preferences. Provincial departments of agriculture are to develop strategic partnerships with the ARC and the farmers' organisation AgriSA to assist with such training. NDA must allocate the necessary funds from its Farmer Settlement and Support budget to provinces to implement the FEDIC programme (NDA 2002b:11).

Where NDA has provided financial support, it only covers the first year of training. Thereafter, the cost must be covered by income from farming operations. Budgetary provisions for training of land reform beneficiaries in the Western Cape, for example, amounted R200 000 for the 2003/04 financial year. Officials reported that this amount is insufficient to meet the training needs of an increasing number of beneficiaries entering the land reform programme and requesting training (Simon, pers. comm.).

Several agricultural colleges, such as Cedara in KwaZulu-Natal, operated by the PDoA, and Elsenburg in the Western Cape, operated by the ARC, provide training but these are oriented toward commercial farming. Course materials do not always cater for the language needs of land reform beneficiaries and attendance at formal instruction sessions requires trainees to be away from home for an extended period. Budgets ring-fenced for training by NDA and transferred to provinces remain inadequate to cover the training costs of beneficiaries. Individuals whose applications for training are accepted must pay for the courses themselves.

Although training needs are identified and stipulated in business plans, actual training only starts after transfer, rather than at the time of preliminary project approval by the DACs. In the Western Cape, where training has been provided upfront, it did not correspond with the farming activity post-transfer. The LRAD projects driven by the sugar industry in KwaZulu-Natal carry important lessons in this regard. Immediately after the small-scale farmers have been selected for joint venture projects and about six months prior to transfer, the participants are put through an agricultural training programme. Beneficiaries are therefore well prepared for the first year, considered the most critical phase of any agricultural project.

Box 5: A post-transfer training initiative driven by an NGO

The communities of Noko, Ardwick, Ebukhosini and Sitama Impilo accessed land through SLAG grants between 1997 and 2000, and two more groups, Amazing Farmers and Coromandel, accessed land through LRAD grants. All of these beneficiary groups had secured access to good agricultural land in Mpumalanga under the redistribution programme, but no sustainable improvement in their living conditions could be observed. The PLRO did not provide any post-transfer support. The RLCC had identified the need for post-transfer intervention, but did not take any action. A training programme designed by the PDoA was poorly thought-through and motivated primarily by the desire to spend money left over in the budget.

TRAC-Mpumalanga, an NGO active in the land and rural development sector, aimed to test whether management deficits and a lack of training are the major cause of the failure of these projects. The projects had failed to generate working capital. However, marketing opportunities are quite promising, and in some cases there are purchasing agreements in place (for example, to supply lemons to Coca Cola), but these cannot be optimally exploited due to production shortages. Few employment opportunities have been created and, in most cases, these are low-paying seasonal jobs. Specifically lacking in most of these projects has been financial management and administration. What all six of these projects have in common, according to a TRAC investigation, is large-scale under-utilisation of what is high-potential commercial farmland. Overall, only 64% of the 7 700ha of land the six groups have between them have been under cultivation, including land under lease.

TRAC secured donor funding to design a pilot programme of economic and organisational training as well as a management and mentorship programme in order to try to break this pattern of resource under-utilisation. Overall, the pilot project will affect about 3 200 people. A two-track training programme has been proposed. Firstly, it is proposed that young people interested in farming be given assistance to get a college qualification in agriculture. Secondly, it has been proposed that a mentor should be appointed for at least three years and receive a salary from a mentorship grant at about 20% of project cost.

The aim is to develop this pilot into a multi-stakeholder intervention involving agencies such as DLA, PDoA, the Department of Housing, the Land Bank and the Agricultural Development Corporation. Other role players like local government and the Department of Water Affairs and Forestry will be drawn in to provide services to the projects. A steering committee has been set up and meets quarterly to manage the programme and to draw lessons from experience. It is currently debating where the programme should be housed for its duration.

Sources: TRAC-MP 2002; Chris Williams pers. comm.

Other ways to develop the technical and management skills of LRAD beneficiaries are mentorship and management programmes. The most extensive mentoring arrangements are in the Free State, but these have been described as ‘paternalistic’. According to the director of FSS unit in the Limpopo PDoA, the management model has been a disaster in that province (Olivier, pers. comm.). Mentors and managers are most likely to be farmers from neighbouring farms, the person who previously farmed the land in question, or even extension officers who were former employees of the PDoA. These models vary, depending on the specific farming enterprise.

The Land Bank offers a rebate on interest payments to commercial farming debtors who are prepared to mentor new farmers. Another mentorship model promoted by the Land Bank proposes paying mentors R1 000 per project per month. Mentorship could be provided by the previous owner as beneficiaries are said to generally have a positive attitude towards this person. In cases of share equity schemes, the owners stay on as managers (George and Ngubane, pers. comm.). Ithala Bank proposes that mentors be appointed on the basis of recommendations from commodity producers’ associations (Pringle and Van der Heever, pers. comm.).

In all the provinces, PDoA and DLA officials express verbal support for mentorship and management assistance, but only the KwaZulu-Natal PDoA has developed a mentorship policy framework thus far. TRAC-Mpumalanga has developed a three-year mentorship pilot programme for redistribution projects in the province (see Box 5).

Access to finance

An effective agricultural development programme requires adequate funding. The state can meet some of the financial needs of small-scale land reform producers through specifically earmarked capital budgets. To date, however, grant funding for agricultural support post-transfer has not been forthcoming, and land reform beneficiary farmers find it difficult to access credit. LRAD grants may be granted purely for investment in agricultural production, but it is unclear from current national-level M&E data what percentage of the grants has been for this purpose.

Budgets

As part of its constitutional commitment and its endorsement of international conventions, government has committed itself to a special LandCare budget to promote sustainable land use and land conservation among the rural poor. DLA has no dedicated capital budget for agricultural development support, although it does retain effective control over the payment of any balance of a grant after land has been purchased. Agricultural development support requires dedicated institutional capacity and significant financial resources for extension services, training and infrastructure, as proposed in the CFSP:

> *The NDA also commits itself to deliver the necessary support services and grant resources. The National Department of Agriculture will provide the necessary budget to the provincial departments to finance the agricultural project components of a particular approved project under LRAD* (NDA 2002a:13).

Agriculture is a ‘concurrent competency’ under the Constitution (that is, it is subject to concurrent national and provincial legislative competence). Provincial departments get their budget allocations from the provincial governments. Table 1 shows that although the FSS budget increased significantly, it remains a small fraction of the total national budget for agriculture, and is set to fall over the duration of the Medium-Term Expenditure Framework (MTEF) for the period 2003–2006.

Table 1: National Department of Agriculture budget (R million), 1999–2006

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Total agriculture	677	723	871	919	1 072	1 015	1 120
FSS	10	12	99	128	146	60	7
FSS as % of total agriculture budget	1.5%	1.7%	11.4%	14.0%	13.6%	6.0%	7.0%

Source: National Treasury 2003

Budget data for five provincial departments of agriculture are in Table 2, including the budget earmarked for land reform support. On average, these PDoAs receive between 1% and 3% of the total provincial budgets, the lowest being in the Western Cape and the highest in KwaZulu-Natal.[1] In KwaZulu-Natal, there is a downward trend in the share of agriculture in the overall budget in the period 2000–2006, from 2.6% to 2.2%.

Over the period 2000–2003, KwaZulu-Natal and the Eastern Cape have the largest agriculture budgets, and the Eastern Cape PDoA has received a substantial increase in that time. Budgets are set to marginally increase over the period of the current MTEF, except for the Eastern Cape which is set to fall below its 2002/03 level.

Table 2: Provincial departments of agriculture budgets (R million), 2000–2006[2]

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Free State	118.2	119.6	162.9	170.1	177.5	185.9
Agricultural development and technical services	*60.5*	*61.4*	*81.2*	*95.6*	*99.1*	*103.9*
Eastern Cape	450.8	563.3	565.1	735.4	688.5	718.2
Extension and advisory	*81.5*	*83.8*	*88.6*			
Farmer support services				*101.6*	*105.0*	*106.0*
Western Cape	93.6	114.4	139.7	169.1	198.0	207.8
Farmer settlement	*13.5*	*14.8*	*19.3*	*30.7*	*38.6*	*36.4*
KwaZulu-Natal	561.9	654.2	719.7	789.2	828.9	877.9
Agricultural development services	*279.1*	*298.2*	*345.7*	*388.1*	*407.3*	*431.8*
Gauteng	112.7	110.7	231.4	212.1	222.2	230.3
Farmer settlement	*3.9*	*3.6*	*6.3*	*7.2*	*8.2*	*9.2*

Source: Eastern Cape Department of Agriculture 2003b; Free State Department of Agriculture 2003; Gauteng Department of Agriculture 2003; KwaZulu-Natal Department of Agriculture 2003; Western Cape Department of Agriculture 2003b

In many provinces where there is a great need for post-transfer support, most of the agricultural budgets are allocated to personnel. In some provinces, this includes a significant proportion of 'supernumeraries' – staff identified as being surplus to requirements. This is coupled with a strong welfarist approach to rural poverty eradication. In the Eastern Cape, where two-thirds of the population lives in poverty, unemployment runs at 50% of the workforce, and massive infrastructure backlogs remain in the ex-homeland regions, land reform does not appear in the strategic plan of the PDoA (Eastern Cape Department of Agriculture 2003a). This PDoA received a 41.7% injection of finance for a massive food production programme (Mamase 2003). This programme aims to expand maize production and provide food parcels to the poor instead of investing in support services for longer-term sustainable production.

Access to credit

Sustainable production and income generation depend on access to finance for production start-up inputs like seed and fertiliser, and for fixed capital improvements.

According to the 1998 Quality of Life report (DLA 1998), few land reform beneficiaries had access to financial services because communities or their legal entities seldom met the conditions set by financial institutions. Where trusts applied for credit from commercial banks, they had to submit business plans, pledge collateral and have enough cash on hand for a deposit. Access to credit in 1998 was close to non-existent, and communities requested government to intervene (DLA 1998).

In the case of redistribution beneficiaries, any balance on a grant can be used to pay for initial post-settlement services, while restitution beneficiaries depend on discretionary grants. However, land reform beneficiaries usually spend the entire grant on land acquisition, leaving no funds for production start-up (DLA 1997b:24). Accessing the balance of a grant is an onerous process. An official in the Western Cape Department of Agriculture said that lack of clarity of on the balance of grants has had a significant negative impact on post-transfer support to land reform projects in this province (Isaacs, pers. comm.).

Other funding sources include grants from parastatal development financial institutions, credit from the private sector or commercial banks, and funds from other government departments. The National Development Agency, which enjoys access to public money and a pool of donor funds, only targets land reform projects where investment in these projects can significantly help the fight against rural poverty. The European Union and USAID are two of the donors who have provided financial support for agricultural development in land reform projects.

A widespread presumption is that finance for land reform beneficiaries can best be provided by the Land Bank. When DLA established the Land Reform Support Programme in the mid-1990s, it wanted the Land Bank to administer its revolving production credit facility (DLA 1998). The Strauss Commission on rural finance (1996:74) recommended that the role of the Agricultural Credit Board as lender of last resort be subsumed within the Land Bank. Having previously restricted itself to commercial farming areas within ‘white’ South Africa, the Land Bank was to extend its operations to all parts of the land and agriculture sector, including land reform projects. The Land Bank is due to take over a R118 million lending to agriculture portfolio from the Development Bank of Southern Africa.

A new mandate for the Land Bank was defined in the Land and Agricultural Development Bank Act 15 of 2002 to bring the role of the bank in line with the agricultural sector strategy (Didiza 2002). It is one of four focused national parastatal development financial institutions, the others being the Industrial Development Corporation, the National Housing Finance Corporation and Khula.

As part of the agency agreement entered into between DLA and the Land Bank late in 2001, DLA transferred R50 million to the bank for disbursement to LRAD beneficiaries according to the grant-loan ratio of 1:4 – one part 'own contribution' and four parts loan finance. Two 'products' were designed to meet the credit needs of small-scale farmers, namely the 'step-up loan' and the 'special mortgage bond', both with concessionary interest rates. The fixed rate at the time of writing was 10.47%. According to the Land Bank's 1999 annual report, it had 32 000 step-up clients, the majority being women, and it achieved a repayment rate of 87%, well above the banking industry average. Applications for Land Bank loans for land reform are still mainly aimed at land purchase, but there are some cases of applications for production support. In one project in the Western Cape, beneficiaries applied for a production loan from Land Bank after they acquired land through LRAD.

The Land Bank has to verify the 'own contribution' of LRAD applicants, which in KwaZulu-Natal consist mainly of branded livestock. In a Port Edward project, producing crops like sugar cane and bananas, the Land Bank has a power of attorney over the cane proceeds as a collateral on the bond, allowing it to collect R120/ton from the first delivery.

Khula administers the Land Reform Credit Facility (LRCF), which was initially capitalised with R63 million from DLA. A further disbursement in 2001 brought the total up to R120 million. This facility lends up to R400 000 per person participating in an equity scheme and up to R600 000 in mortgage finance per person. At present, 80% of LRCF's projects are equity schemes, but it plans to grow its role in mortgage finance. Here, as in other areas, the LRCF is treading on Land Bank turf. While the Land Bank is a 'retailer' of loan finance, the LRCF is a 'wholesaler', but the Land Bank will increasingly be moving towards leveraging private sector finance for land reform projects (Oricho, pers. comm.).

Ithala Development Finance Corporation Ltd. is a KwaZulu-Natal-based development finance agency which is also active in providing loan finance to LRAD applicants through its special mortgage bond facility. Ithala Bank has its origins in the KwaZulu Finance and Investment Corporation, established in 1976 as part of government's development strategy in the former KwaZulu homeland (Ithala Bank 2002:5).

Ithala's agri-business division, comprising 1 400 clients, finances primary agriculture and immediate value-adding enterprises in the sugar industry, with some limited involvement in horticulture and livestock. When direct financial support from government ceased in the early 1990s, the focus of Ithala's core debtors also shifted from mainly subsistence farmers in the communal areas to emerging farmers (including white farmers aiming to expand into export markets). A decade ago Ithala had about 6 000 clients on its books with an average loan of R5 000. Currently, it has approximately 400 clients with an average loan size of R500 000 (Pringle, pers. comm.).

Land reform beneficiaries mainly apply through Ithala's medium-scale farming product for finance. This loan facility was launched in 1994 and is promoted as the chief alternative to Land Bank's 'special mortgage bond'. It offers a 1.5% interest rate discount – prime plus 0.5%.

To date, loan finance for many subdivisions of sugar plantations in this province has been provided by Ithala. Approximately 120 people are involved in the sugar plantation subdivision scheme, with a book value of R110 million at the end of 2002. A recent transaction involved R1.6 million and the return was R12 million. Ten percent of this covered the direct cost of subdivision, while 13% was received from an interest rate subsidy. While the maximum project value of LRCF is about R600 000, some Ithala project loans exceed R1 million (Pringle, pers. comm.). Ithala Bank currently has 12 projects fully paid out and it processed 11 of the first 12 projects approved in KwaZulu-Natal. Ithala regards the financial bottlenecks in DLA as the key constraint to delivery and wants to fast-track the project cycle. It describes its relationship with the KwaZulu-Natal PLRO as constructive, and was appointed as design agent for two projects.

The Strauss Commission recommended that financial services through government should be limited 'to where private institutions fail and budgets allow'. Another recommendation was that 'all DFIs [development finance institutions] will operate on the principles of costs recovery and long-term subsidy dependency should not be promoted' (Strauss Commission 1996:85). The Land Bank's strong commercial orientation and lending criteria may be a barrier to land reform beneficiaries who need credit for production inputs.

In the Western Cape, two commercial banks (Absa and Standard Bank), also support land reform projects. A Land Bank official has pointed out that commercial banks may be reluctant to lend on properties where the Land Bank has the first bond (George, pers. comm.).

Access to markets

Land reform is happening in the context of the deregulation of the agricultural sector and a decrease in state support for production and marketing. Another factor is that many land reform communities want to use land for production for their own consumption rather than for markets. Nevertheless, several marketing ventures exist between the small producers in some sectors and established agri-businesses. Some small producers who have benefited from land reform sell to local markets, but assistance for accessing markets is limited even in programmes where there is a strong emphasis on production for commercial purposes.

Support should not only be confined to production and finance, but should also be connected to finding potential markets (Anderson & Feder 2003). These markets can either be formal or informal local markets, agreements with retail chains, or agreements with commodity associations or processing plants (a common arrangement in outgrower schemes such as the sugar plantation subdivisions described above). In some provinces it is part of the brief of extension officers to disseminate information about markets (prices, crops, trends and localities). Assistance for the marketing needs of small-scale emerging farmers is also being provided by through NDA's Broadening Access to Agriculture Thrust (Batat), and Agrilink II, a USAID initiative operating in the Eastern Cape and KwaZulu-Natal.

In the Western Cape, a large number of land reform projects combine subsistence-level production with sales to local markets. These local markets include marketing through co-operatives, local markets, municipal markets, hawkers and direct sales to communities. There are also food-safety net projects where production is entirely for own consumption (Aries, pers. comm.). Many PDoA officials argue that it is not part of their mandate to assist communities to obtain access to markets or the arrange marketing contracts for projects. However, in

Gauteng, where most production is for household consumption, extension officers inform communities about marketing opportunities for the specific crops they farm.

Another way to gain access to markets is to enter into agreements with millers as sugar cane projects in KwaZulu-Natal have done. In the case of the Makhoba post-settlement plan (Box 1), commercial farming enterprises are set to continue, allowing easy access to established marketing channels. AgriLink II has assisted the beneficiaries to secure forward contracts for crop production and livestock.

5. Non-statutory post-transfer support

Government agencies very often encourage collaboration with non-state actors in order to accelerate land delivery and improve the quality of land reform. Sometimes these non-state actors initiate interventions, especially where government has missed good opportunities. NGOs working on issues of post-settlement support do so mainly to secure livelihood benefits for communities.

Private sector involvement is mainly in the form of strategic partnerships. Farmers are encouraged by PDoAs across the country, for example, in Limpopo, to participate in mentoring schemes. At Equeefa, KwaZulu-Natal, land subdivision took place under the redistribution programme. The beneficiaries combined Ithala Bank loans with LRAD grant funding to acquire 11 farms from sugar company Illovo. A marketing agreement has been reached between Illovo and the new farmers, and the company has appointed an extension officer to advise the projects.

NGOs have been particularly active in land reform implementation. NGOs and statutory agencies follow different approaches to community participation during the development of post-transfer plans. In the Makhoba case driven by the SSDP unit of the Eastern Cape RLCC, the ARC and NDA drafted business plans, but their consultation with the community was irregular and of little consequence. By contrast, the Border Rural Committee spent lengthy periods in Chatha during preparation for the landmark restitution case of that community. Its fieldworkers spent lengthy periods living in Chatha doing post-transfer support work. In Gasela, another Eastern Cape rural community, BRC used the land redistribution package to contribute toward sustainable livelihoods (Rawlins 2000).

There are two NGOs of note in the Transkei area of the Eastern Cape, namely the Transkei Land Services Organisation (Tralso) and FARM Africa. Tralso provides training to small projects, and supplies irrigation in order to revive some of the projects. This training is being outsourced to a third party in Transkei.

Occasionally, provincial agricultural departments and NGOs collaborate formally or informally on specific aspects of projects. NDA's LandCare programme gives NGOs a very prominent role in implementation. TRAC-MP and the Mpumalanga PDoA collaborate around land reform beneficiary training. In the Northern Cape, FARM Africa and Surplus People Project interact on a more informal basis with the Northern Cape PDoA.

6. Integrated rural development

Current land policy assumes that local government will be the leading role player in service delivery after the transfer of land to beneficiaries (DLA 1997b). Land reform holds many implications for rural development, yet local government policies and programmes give only marginal attention to this. Land is an asset that provides multiple benefits to those who can gain access to it. The benefits of land reform often flow beyond the immediate delivery of land. Poverty is concentrated in the rural areas of South Africa, with the communal areas being relatively worse-off than rural districts where commercial farms can be found. Overcoming the legacy of segregated development will require enormous effort and a high level of committed spending. Local government seems ill-prepared to include land reform in local level delivery.

Rural development is given prominence in the White Paper on land reform (DLA 1997b). In 1997 government initiated the drafting of the Rural Development Framework (RDF). DLA subsequently accepted responsibility for completing this document. The RDF, with its heavy emphasis on rural infrastructure and rural non-farm employment, eventually fell off the list of policy priorities. In the process, land reform as 'the central driving force of a programme of rural development' fell by the wayside (Turner & Ibsen 2000:7). Government has since drafted the Integrated Sustainable Rural Development Programme (ISRDP), incorporating elements of the RDF. An ISRDP implementation plan was released late in 2002 without any commitment of resources from national government. As Turner (2002:13) argues, without an 'effective vision and additional resources, this is unlikely to have much impact on poverty and land access'.

Local government in South Africa evolved along apartheid policy lines. Segregated development in South Africa resulted in rural local governments being institutionally weak, especially in terms of finances and capacity. Under the neoliberal Growth, Employment and Redistribution macroeconomic strategy (Gear) which informs land reform policy, developmental issues are often neglected with the emphasis on service delivery by the private sector driven by commercial interest (Shepherd 2000:212).

There is a general lack of infrastructure in the former homeland areas, while calls abound for upgrading and maintenance in former white rural areas. In order to address the infrastructural disparities and calls for improved service provision, PDoAs and local authorities will be requested to review infrastructure gaps and ensure that a co-ordinated list of infrastructural development requirements is provided in the integrated development plans (IDPs) of local government. This will include attention being given to rural towns and service centres. Agriculture will be included in the focus of the identified priority local nodes (NDA 2001).

Across the country many land reform participants are unable to access municipal services such as water, sewerage, electricity and roads after land transfer. This is because, where ownership of land passes into private hands, even if the owners are a large group of poor people, the land is being viewed as private land. There has been some confusion as to whether municipalities are not allowed to provide services on private land, or simply that they are not obliged to do so.

Tenure upgrading projects have been conducted by DLA and by local municipalities, with the aim of converting settlements in areas zoned for agriculture into proclaimed townships. An advantage of establishing a township is that the municipality is able to invest in infrastructure and provide services, including roads, water, sanitation and electricity. Once the land has been surveyed, the municipality is able to transfer title to residents already on the land. In some cases the tendency of town planners to opt for settlements which are based on organised grids means that some people and their dwellings have had to be moved.

Through the Local Economic Development Fund (LEDF), launched by the Minister of Provincial and Local Government in August 1999, municipalities can apply for grants to carry out poverty relief, redistribution and job creation programmes. Rural development, which will partly be facilitated by linking communities to markets and other supply networks, is considered a priority area in this initiative. The report noted 'many successful applications from the poorer provinces are agriculture-based, such as irrigation, poultry projects, olive tree plantations, a one-day market project in seven villages and a community seed project' (DPLG 2000:4).

Parliament initially approved R42 million for the LEDF, with priority provinces – KwaZulu-Natal, the Eastern Cape and the Northern Cape – each having been allocated R6 million. The maximum level of support to municipalities has been set at R1.5 million. Only 50% of municipalities applied for a grant, amounting to a request for R750 million, approximately 18 times the amount of money approved by Cabinet (DPLG 2000). Of the 827 applications received, 17% were agriculture-related and 30% were infrastructure projects.

The ISRDP notes government spending is weighted in favour of urban areas by as much as 25% in provinces with larger rural populations (DPLG 2000:8). DLA's focus on the ISRDP has been criticised for its lack of vision and the majority of the projects identified in the 13 nodal areas tend to focus only on infrastructure (Turner 2002:13).

Through the ISRDP, rural stakeholders can use the IDP process to select programmes that address their priorities. At local government level, there should be co-operation between NGOs and community-based organisations (CBOs) on the one hand and government agencies on the other. NGOs are increasingly being seen as indispensable to consensus-building. According to the ISRDP implementation plan, starting in April 2001, in the period 2001–2004 the strategy will be expanded and a greater number of nodes are to be incorporated. From 2004–2010, the strategy is to be managed into a mature stage. Financing will be through municipal budgets, donor agency commitments, NGOs and public-private partnerships. Accelerated land reform and community-based income generating programmes are seen to be complementary activities to this integrated rural development plan.

DPLG, in collaboration with the Independent Development Trust, prepared a commitment register in which identified the commitment of the various departments to rural nodes. Fewer than 19 departments committed R1.8 billion. Anchor projects amounting to R3.7 billion with a shortfall of R3.1 billion have been identified in all the 13 nodes. The National Treasury instructed all programmes receiving money form the Poverty Relief Fund to set aside 20–30% of their budgets for projects. However, funds will be channelled from existing departments. Critical anchor projects have been identified, but appeals for more funding have been turned down by the National Treasury (DPLG 2002:9).

7. Conclusion

The report has emphasised the importance of post-transfer support to land reform beneficiaries. As the land reform process approaches its tenth year, DLA has to contend with a range of concerns, not least among them the slow pace of delivery and the targets it has missed. At the same time, pressures for post-transfer support are increasing. From the array of post-transfer concerns expressed by land grant beneficiaries, the lack of support for agricultural production deserves to be highlighted.

Peter Jacobs

The majority of land reform beneficiaries have an interest in agricultural production and consequently a need for some kind of post-transfer support (DLA 1997a). A narrow technocratic approach to post-transfer support and development planning is being pursued. The application-based or demand-led approach to post-transfer support threatens the sustainability of land reform projects, even though post-transfer needs are clearly identified in the business and development plans of these projects.

The need for post transfer support cuts across the different land reform sub-programmes and requires a holistic and integrated approach. In the CRLR, for example, the discourse around 'developmental restitution' has gained prominence, with post-transfer support seen to involve a number of different role players. After land reform beneficiaries have settled on the land, support may be required in the areas of agricultural production, infrastructure, finance and access to markets. Government, private sector and civil society organisations are some of the major stakeholders that can intervene during this critical phase of land and agrarian reform.

Agricultural extension services need to respond to the livelihood needs and land-use patterns in land reform beneficiary communities. Agricultural extension capacity varies greatly across provinces. In most provinces, extension officers visit projects less frequently than is necessary. Through their participation in the project approval process, agricultural extension officers can build a database on projects that can feed into a more proactive approach to agricultural development support. Post-transfer support can therefore be integrated into pre-project planning. Extension services should be expanded and improved to meet farming needs at different scales of production. Capacity building programmes need to be regular with flexible exit strategies, and tailored to the language and educational background of beneficiaries.

Better co-operation between statutory institutions and community-based institutions should be promoted. In order for government departments to play a more effective role in the post-transfer phase, they need to pool their resources and collectively plan what they can do to support projects during the approval phase. The declining level of community participation in project management after land transfer must receive urgent attention. Creative training programmes focusing on skills development ranging from financial management to administration and conflict resolution must be developed and implemented as a matter of urgency.

Land reform has to become a key part of integrated rural development. Land dispossession brought with it marginalisation, neglect and underdevelopment. Reversing decades of rural underdeveloped is a major challenge for the land reform programme. Careful monitoring of the range of services through future Quality of Life reports must continue in recognition of the fact that larger social factors underpin rural poverty and inequality. Agrarian restructuring is not sustainable if post-settlement support to land reform beneficiaries is lacking. At the policy level, there has been virtually no progress beyond acknowledging the need for such support. *Ad hoc* arrangements are currently filling the space with limited success and without any institution assuming any responsibility for integrating these efforts. Resources are not effectively mobilised to address the multiple needs of land reform beneficiaries. A comprehensive post-transfer support policy based on a planned and integrated approach is required to ensure that land and agrarian reform can contribute to sustainable rural livelihoods.

Endnotes

1. Between 70% and 90% of provincial budgets in these provinces go towards education, health and social development.
2. Not all provinces are listed because some did not respond to requests for data. The line items in PDoA budgets differ across provinces because they have different structures and directorates responsible for engaging with the land reform programme. The transition from one line item to another in the Eastern Cape in 2003/04 was due to internal restructuring of the Eastern Cape PDoA.

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