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INSTITUTE FOR POVERTY, LAND AND AGRARIAN STUDIES (PLAAS)



Access to land and rural poverty in South Africa

NRF 'Science and Society' lecture, September 2012

Ben Cousins

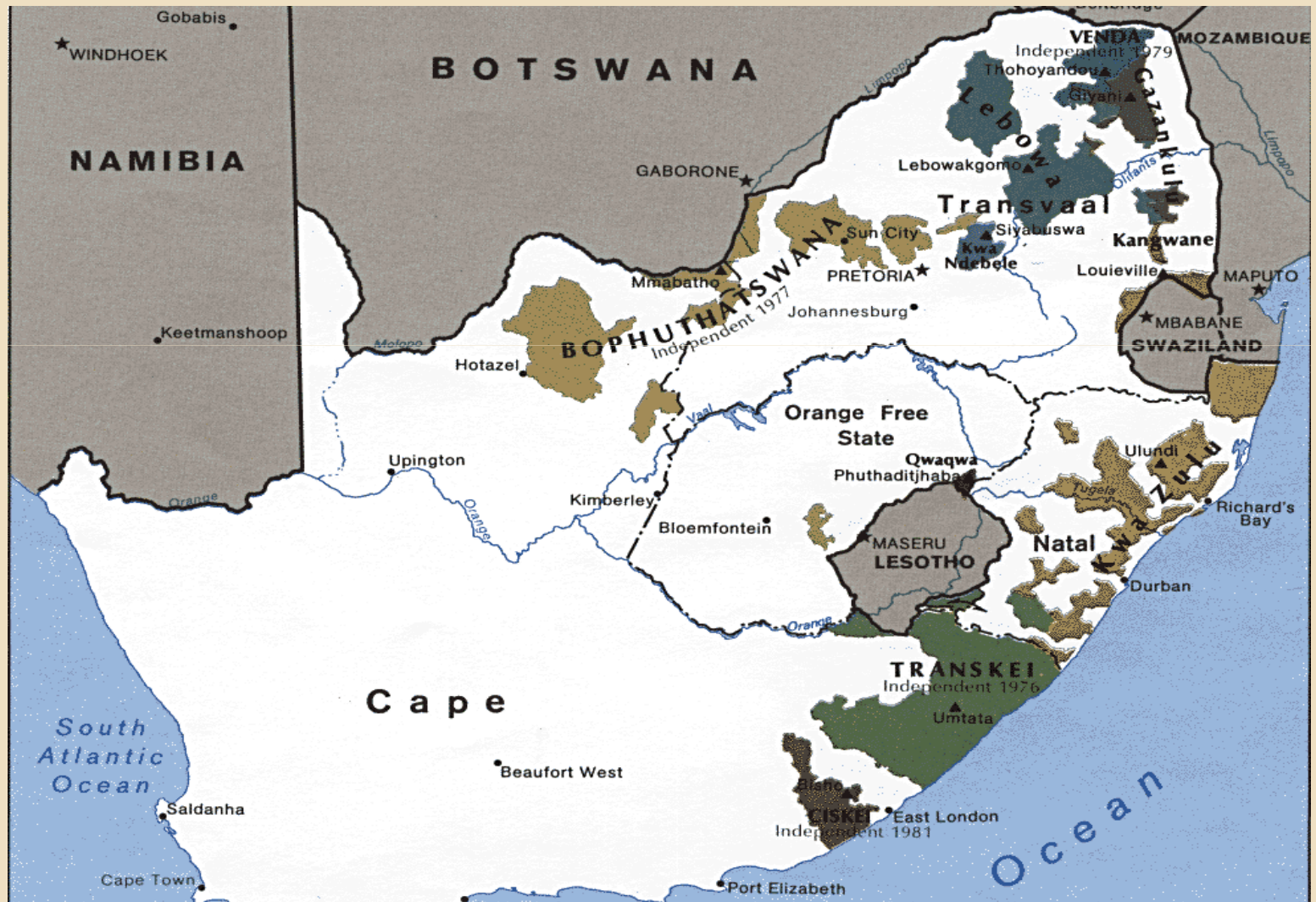
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A place of quality,
a place to grow, from hope
to action through knowledge

The big picture: some history

- **Large-scale land dispossession** from 1652 into the late 20th century
- 1913 and 1936 Land Acts: African majority confined to 13% of country
- **Forced removals** in apartheid years: 2.5 million people (1955 to 1990)
- By 1994, 82 million ha of commercial farmland owned by 60,000 white farmers
- 13 million black people were crowded into former 'homelands'
- On private farms, 3 million workers and dependents – poorly paid, lacked basic facilities, no security of tenure
- Commercial farming sector heavily subsidised by the state until the mid-1980s
- Vibrant African peasant farming sector existed in the early twentieth century, but systematically destroyed

The labour reserves: where much rural poverty is concentrated



Trends in the rural economy

- ❖ Agriculture's share of GDP:
 - fell from 9.1% in 1965 to 2.8% in 2010
 - employed 10.6 % of national work force in 2006
- ❖ Declining number of farm units (35 000) but farms are larger (2000 ha) *i.e. concentration*
- ❖ 30% of farms produce 70% of produce
- ❖ Agriculture is 'dualistic':
 - highly productive commercial sector
 - co-exists with large numbers of small ('sub-subsistence') farmers, mostly in 'communal areas'
- ❖ Most rural households engage in agriculture on a very small scale
- ❖ Depend on social grants, wage employment, remittances, and small informal sector enterprises

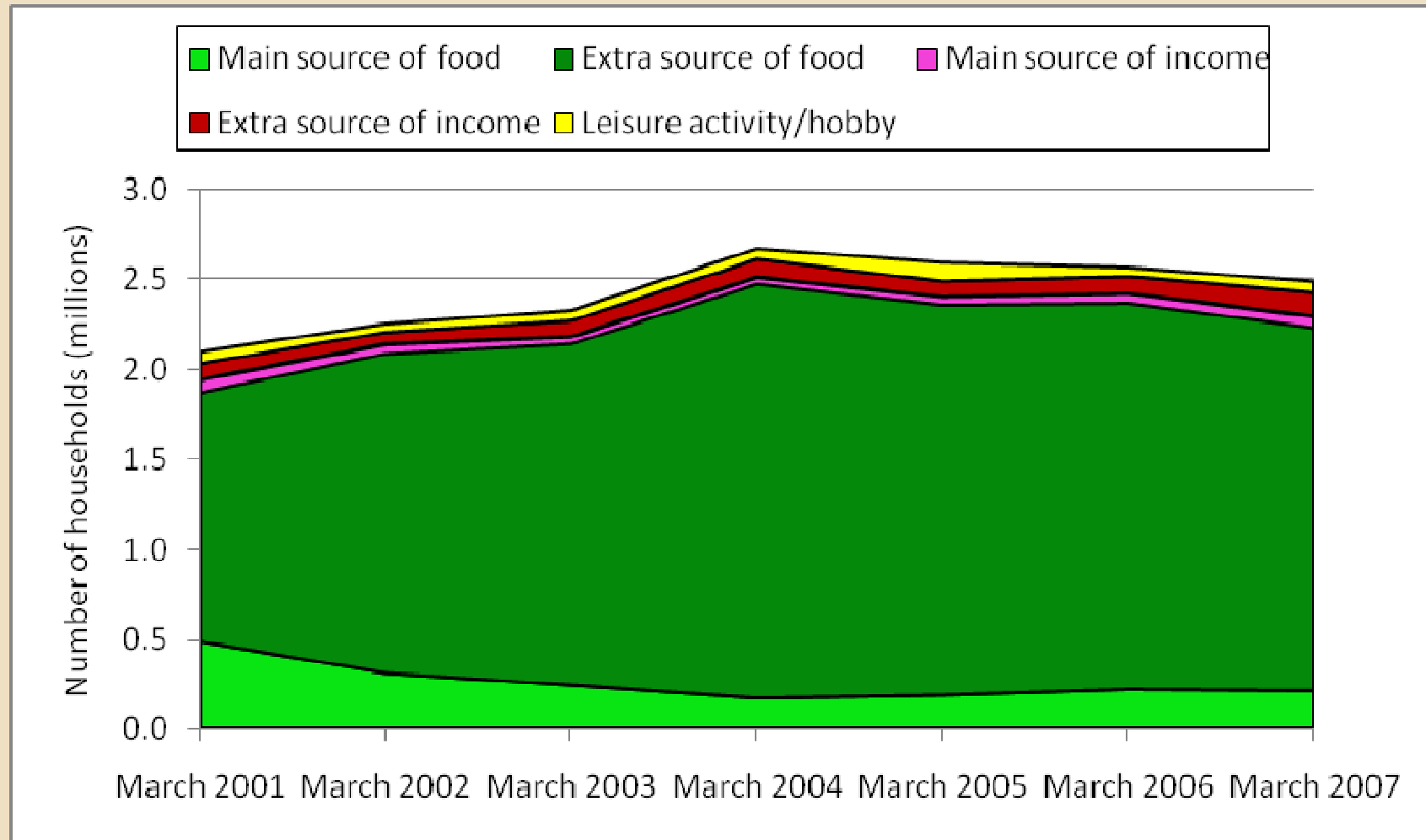
Main income source, rural households with access to land, 2006 (GHS)

	Households	%
Salaries and/or wages	292 229	22.9
Remittances	237 189	18.6
Pensions and grants	642 520	50.4
Sales of farm products	47 787	3.7
Other non-farm income	39 680	3.1
No income	12 188	1.0
Total	1 275 374	100

NB: There are strong links between the rural and the urban poles of our economy

Trends in black household involvement in agriculture, by 'main reason' according to the Labour Force Survey

(Aliber et al 2009)

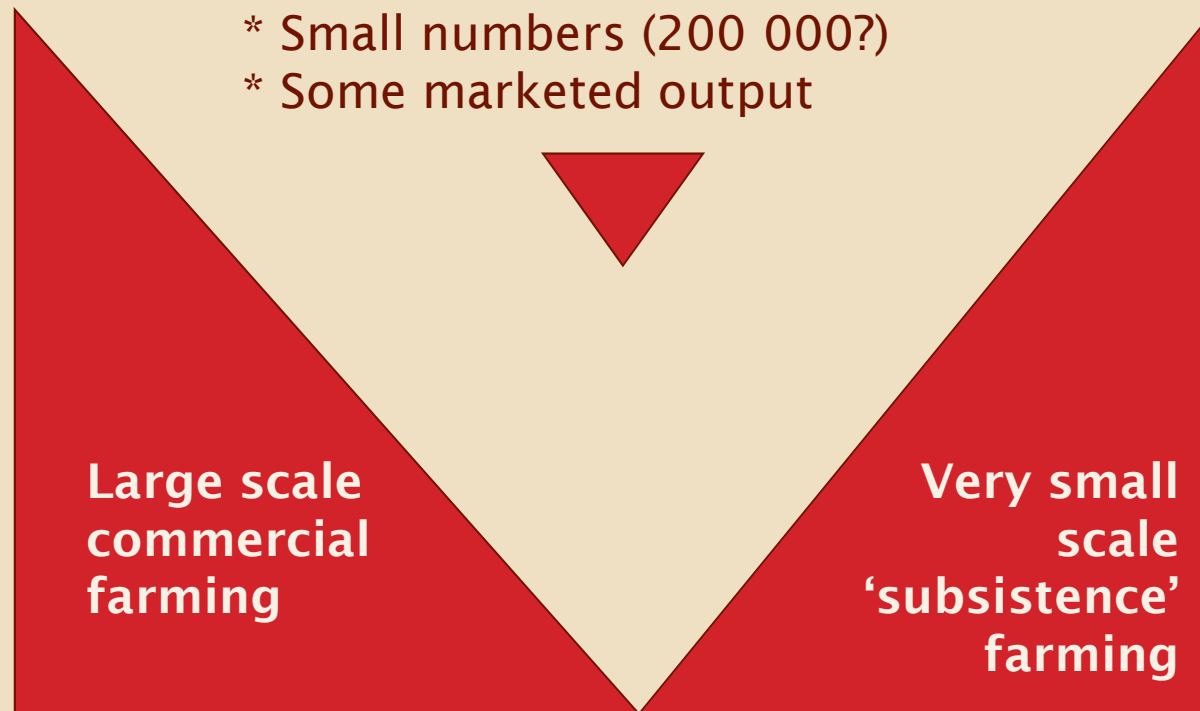


Source: Stats SA, Labour Force Survey, 2001-2007

A 'missing middle'?

Small-scale market-oriented farming

- * Small numbers (200 000?)
- * Some marketed output



- * Small numbers (37 000)
- * Large farms
- * 90% marketed output

- * Large numbers (2 million)
- * Small plots
- * Little marketed output

Policies and impacts since 1994

LAND REFORM

- Land *restitution*: restoration of land, or compensation, for land lost through racially discriminatory laws after 1913
- Land *tenure reform*: (a) tenure security for farm workers; (b) strengthen rights in 'communal areas'
- Land *redistribution*: address racial inequality in land ownership

RURAL DEVELOPMENT

- Integrated and Sustainable RDP > Comprehensive RDP

AGRICULTURE

- Agricultural development programmes for small farmers

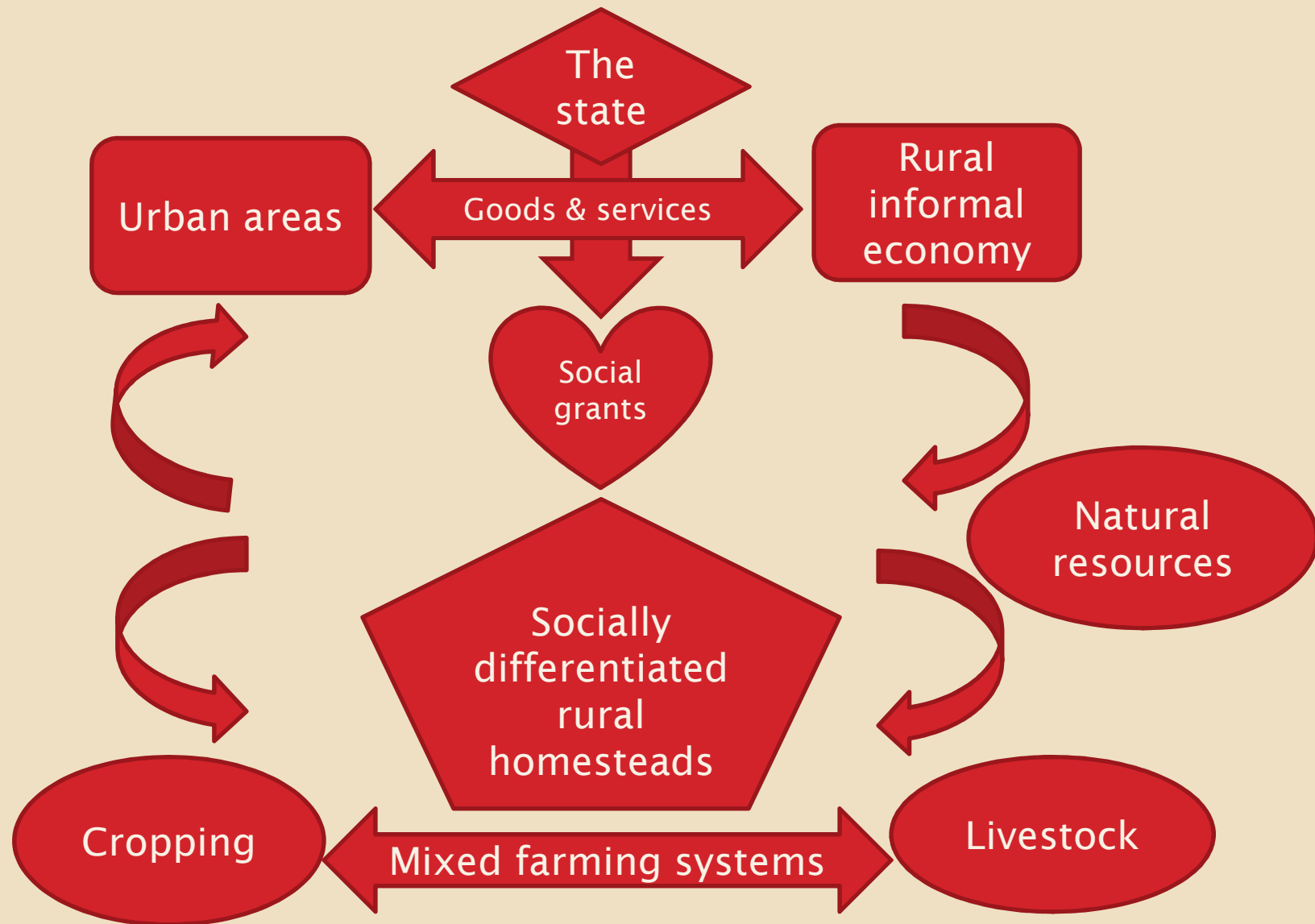
IMPACTS

- 4000 restitution claims unresolved
 - No communal tenure reform law
 - Farm worker tenure still insecure
 - 8% of agricultural land transferred (vs 30% target)
 - Post-settlement support/training absent or ineffective
- (NB Slow pace raises the political temperature!)*
- Few positive impacts to date
 - Low priority to date; currently more attention and funding

An increasing focus on smallholder farming

- **New Growth Path 2011:** 300 000 smallholder opportunities + address land reform's problems
- **National Planning Commission Vision 2030:** create 1 million new jobs in agriculture, especially from smallholders, expanded irrigation, new labour-intensive crops
- **Budget:** R1.9 bn for small farm and LR support
- **IFAD:** R2.5 bn for smallholder support
(i.e. agriculture now seen as a key sector for employment creation and rural poverty reduction)
- How feasible are these targets?
- Can research help government formulate appropriate policies?

Key challenge: basing policies on sound understanding of rural livelihood systems



Research findings from Tugela Ferry smallholder irrigation scheme



- Research under way since 2009
- Crop record sheets (106)
- Household survey (171 households)
- Household survey of workers on plots (80 workers)
- In-depth life histories and interviews

Tugela Ferry Irrigation Scheme

- Constructed in early 20th century
- Total area = 837ha, in 7 different blocks (one not used)
- Area under cultivation = 540 ha
- Supplied from weir on Tugela River by a canal 31 kms in length
- Gravity-fed, but main canal leaking badly; government is investing R20 million in repairs
- Estimated 800 - 1000 producers, most of them women
- Mean “bed” size = 0.11 ha; mean no. of beds/producer = 3.37 (0.4 ha)
- Flexible, informal land market: 42% of farmers borrow or rent between 1 & 9 beds (mean = 2.1 beds)

Tugela River



Canals to irrigation blocks



Main crops grown



- Maize: 90% (of farmers)
- Sweet potatoes: 73%
- Tomatoes: 64%
- Spinach: 50%
- Beans: 38%
- Cabbages: 34%
- Potatoes 28%
- Onions: 23%

Early green maize



**Earliest in the
province**

Tomatoes are profitable but risky



Markets are key



- Hawkers and bakkie traders buy fresh produce from farmers
- Sold in Durban, Pmb, Greytown, Dundee etc
- Some farmers also market their crops directly to consumers, in Tugela Ferry and elsewhere

Productivity and profitability (106 crop record sheets) Profit makers

Crop	Growers making a profit	Profit makers as % of growers	Positive gross margin (mean)	Positive gross margin (median)	Range
Maize	30	91%	R1439	R1344	R208 - R2916
Tomatoes	12	46%	R3166	R3545	R17 - R7163
Sweet pot	16	73%	R1172	R1243	R240 - R2785
Cabbages	5	56%	R3840	R4450	R1394 - 5146
All four crops	64	71%	R1868	R1367	R17 - R7163

Loss makers

Crop	Growers making a loss	Loss makers as % of growers	Negative gross margin (mean)	Negative gross margin (median)	Range
Maize	3	9%	R340	R106	R208 – R2916
Tomatoes	14	54%	R790	R782	R15 – R898
Sweet potatoes	6	27%	R300	R355	R9 – R1790
Cabbages	4	44%	R300	R355	R410 – R997
All four crops	26	29%	R644	R577	R9 – R1790

Annual incomes

- Gross margin of R783.80 per crop x 4 beds, growing 2 crops per annum = annual income of R6 270.40 (R13 544 per ha)
- Gross margin of R1 500 per crop x 6 beds, 2 growing 2 crops per annum = annual income of R18 000 (R25 920 per ha)

Evaluating Tugela Ferry

- Most production is small-scale (largest farmer uses 20 beds i.e. 2.0 ha)
- No households rely only on farming
- *Factors facilitating successful small-holder agriculture:* flexible and efficient informal land rental market; labour in plentiful supply; cheap water; fertile soils; access to informal markets
- *Factors constraining small-holder agriculture:* undifferentiated fresh produce market; difficulty of co-ordinating planting, leading to market gluts; shortage of supply of land relative to high demand; 'socially embedded' system of land rights which constrains expanded access to land by the wealthier farmers

Income sources for irrigation farming households (n=171)

Households with members who:	% of households
Are employed in permanent jobs	37 %
Are employed in temporary jobs	26 %
Are self-employed, employ others	5 %
Are self-employed, do not employ others	7 %
Receive an old age pension	48 %
Receive a child support grant	71 %
Receive remittances	15 %

Policy implications

- Msinga is marked by its history as a bantustan labour reserve (poor quality land, forced removals, high population densities, migrant labour, rising unemployment, violence) now, acutely dependent on state grants
- Accumulation and growth in agriculture in this context is highly constrained, even on irrigated land producing high value crops
- Implication: **expanding smallholder agriculture requires the redistribution of high quality land and water**
- New irrigation schemes in communal areas can also contribute (e.g. 15 kms upstream from Tugela Ferry is the abandoned Tugela Estates irrigation scheme ... another 500 ha, currently used as grazing land ...)

Policy implications

- Small-scale agriculture supplying informal markets can generate significant income
- Assumption that only large-scale commercial agriculture is 'viable' is clearly incorrect
- Expanded access to irrigated land by smallholders can create new rural livelihoods ('jobs')
- Effective land and agrarian reform is required to required for impact on a significant scale
- Does the state have the capacity to undertake such reform?
- Can research findings inform policy making?