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How can we
promote a range
of livelihood
opportunities
through land
redistribution?

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PLAAS Working Paper 58: How can we promote a range of livelihood opportunities through land redistribution?

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ABSTRACT

This position paper sketches an approach to improving land redistribution in South Africa in which the broad aim is to use redistribution to create a range of livelihood opportunities, in meaningful numbers, in proportion to the understood need. The approach laid out in the paper is informed first and foremost by a reflection on South Africa's land reform to date, which among other things requires contemplation of the respective strengths and limitations of government and other role-players, and market-based versus other mechanisms. The main argument is that government can and must play an active role to ensure that land reform caters to the demand for small farms on which to create opportunities for commercially-oriented smallholders, and for small plots for those whose primary need is tenure and food security. Somewhat different mechanisms can serve the interests of those seeking help through land reform to expand into large-scale farming. The paper illustrates/estimates how these diverse needs could be addressed in a balanced manner, and met in significant numbers given a larger budget for land redistribution, which is not unimaginable given the current budget's negligible size.

Keywords Land redistribution, smallholders, settlement, livelihoods

ABBREVIATIONS AND ACRONYMS

ANC	African National Congress
CPA	Communal Property Association
CSO	Civil Society Organisation
DLA	Department of Land Affairs
DLRC	District Land Reform Committee
DRDLR	Department of Rural Development and Land Reform
EWOC	Expropriation without Compensation
HA	Hectare
HH	Household
LRAD	Land Redistribution for Agricultural Development
PLAS	Proactive Land Acquisition Strategy
RADP	Recapitalisation and Development Programme
RDP	Reconstruction and Development Programme
SLAG	Settlement Land Acquisition Grant
SME	Small and micro-enterprise

1. INTRODUCTION

This position paper attempts to sketch a realistic, simple (fairly) and coherent (hopefully) approach to improving land redistribution in South Africa. The broad aim is to use redistribution to create a range of livelihood opportunities, in meaningful numbers, in proportion to the understood need. The proposed approach also takes seriously the need to racially transform the commercial agricultural sector, even though in truth the livelihood benefits of doing so will be very modest. The paper is not particularly concerned with furthering a given hectare target; however, the symbolic importance of hectares is acknowledged.

The approach laid out in the paper is informed first and foremost by a reflection on South Africa's land reform to date, which of course is assisted by others' research on the same. The paper follows the useful structure that was suggested for all the position papers presented at the land redistribution conference.¹ An important underlying theme/question is the role of government and other role-players, and market-based versus other mechanisms, bearing in mind their respective strengths and limitations.

2. WHO SHOULD BENEFIT FROM LAND REDISTRIBUTION IN RURAL SOUTH AFRICA?

One of the key failings of redistribution to date has been the lack of clarity as to who is targeted to benefit from it, or the inability to actually apply whatever targeting/categorisation scheme has been proposed.² This has allowed a drift towards larger-scale projects, that is, in which relatively large amounts of land are allocated to one or a few beneficiaries. This is problematic for various reasons, but most importantly, because: (i) ultimately, few people benefit from land redistribution, i.e. within a given annual budget envelope; and (ii) the most prevalent type of land need is neglected, which is the need for small parcels of land for tenure and food security.³

Why is there this persistent upward drift? One reason appears to be that government officials have a conscious or unconscious belief that large-scale commercial agriculture is 'real agriculture', and of course large-scale commercial farmers typically declare that they have to be large (and ever larger) in order to survive.⁴ Another reason appears to be pressure from would-be beneficiaries, which is especially strong from relatively well-to-do individuals who aspire to become large-scale (or larger-scale) commercial farmers. In other words, even though we are fairly certain that most people who want

¹ Resolving the Land Question: Land redistribution for equitable access to land in South Africa, 4-5 February 2019, UWC, Cape Town. The author would like to thank PLAAS for the opportunity to contribute to and participate in the conference, and the various other participants for the thoughtful and constructive engagement.

² Regarding the latter, the State Land Lease Policy indicates that government should target 4 categories of redistribution beneficiaries. However, it is not clear that these categories have been applied in any meaningful way. Among other things, there is no declaration of intent as to how resources should be apportioned across the different categories. The fact that the policy speaks of both farmer categories (generally ranging from small-scale to large-scale), as well as a variety of other priority types (e.g. military veterans, women, and people with disabilities), perhaps does not help.

³ For a good, brief summary, see Hall (2013).

⁴ See e.g. Hebinck et al. (2011) for an attempt to explain this pattern.

land, want relatively small parcels, this need is not loudly and forcefully articulated because this constituency is neither well connected nor well organised.

Does this mean that smallholder-focused land redistribution should be premised on the notion that small farmers are more productive and labour-intensive as per the 'inverse farm-size productivity hypothesis'? No and yes. No: it is not my position that land redistribution should be *exclusively* focused on 'smallholders', rather it should seek to accommodate a range of land needs. And No: it is difficult to make the case that small-scale farms in South Africa are more productive, i.e. in terms of output per hectare. But Yes: there is certainly evidence that smaller farms in South Africa are more labour-intensive, even within the so-called large-scale commercial farm sector, and this matters greatly in a country that is largely food self-sufficient, but in which there is rampant unemployment and household-level food insecurity. Moreover, accommodating commercially-oriented small-scale farmers means giving an opportunity to tens or hundreds of thousands of black farmers who have been doing the best they can within the confines of the former homelands for others (Cousins, 2015), thus allowing them to make better use of their talents and potentially freeing up space within the former homelands (i.e. especially in terms of access to grazing resources).

But beyond the *agricultural* economics of land redistribution, there are the livelihoods and social aspects of redistribution. People need well-located homes from which to pursue livelihood strategies, and despite the concern for settlement sprawl, the reality is that many people prefer peri-urban or semi-rural sites because they value the rural lifestyle, and/or want to avoid the high costs and other challenges associated with living in cities.⁵ Accommodating this need through land redistribution is arguably a superior alternative to developing peri-urban Reconstruction and Development Programme (RDP) settlements, which usually fail to take space for gardening or the keeping of livestock into account. Moreover, giving large numbers of people more opportunity to exercise choice, will do far more to empower women than supposedly stringent gender targeting in the context of a programme where there are only tiny numbers of beneficiaries.

So if we want to aim at a spectrum of land needs/beneficiary types, how do we categorise them? I suppose there is a need to have some system of categories, but I doubt it is wise to vest too much importance in any particular system; it is not as though people's needs fall into neat, discrete packages that can be clearly identified and which are stable over time. In other words, there is no 'correct' system of categories that can precisely mirror the reality on the ground while still being useful for purposes of implementation. But we do need something, and for now I would propose the following very simple and rough categorisation:

- Settlement-oriented beneficiaries – roughly 0.1 to 1 hectare per household;

⁵ See e.g. Mondli (2018) for a case study of a peri-urban informal settlement near East London. One might ask whether it's perhaps already too late to try to cater to this type of demand, in the sense that hundreds of thousands of households have already voted with their feet, raising the challenge of what to do in light of this. The answer is that there is no reason to believe that this need/demand has been exhausted, and the sooner we demonstrate positive alternatives to unplanned, unsupported, extra-legal peri-urban settlement, the better. The approach endorsed here is what is sometimes called 'managed land settlement' (see e.g. Afesis-corplan, 2011). Another question is whether catering to this demand is what is already happening by means of the '1 Household, 1 Hectare' (1HH, 1H) programme. Unfortunately, it is difficult to know given the dearth of information about how this programme is being implemented. From my one DRDLR-based source who has contributed to the implementation of '1 HH, 1 HA', it appears to be a highly projectised programme involving collective farming and appointed farm managers, with little or no subdivision, and no particular emphasis on settlement. This is not at all what is being proposed here.

- Small-scale farmers – roughly 1 to 50 hectares per household of arable land, but for grazing allowing for up to 40 large-stock units, including on commonage projects;⁶
- Large-scale farmers – roughly 50 to 500 hectares per household of arable land, but for grazing allowing for over 40 large-stock units.

A proposed apportionment between these three types could be very approximately as follows:

Table 1: Proposed/illustrative apportionment between different beneficiary types

Type		Number share	Hectares share	Expenditure share
Smallholders	Settlement-oriented	75%	3%	15%
	Small-scale farmers	22%	26%	32%
Large-scale farmers		3%	71%	53%

A few observations follow from this:

- The scheme assumes that the cost per hectare is far higher for settlement-oriented land than for land acquired for small-scale farmers, which in turn is assumed to be far more expensive per hectare than land acquired for large-scale farming. This has to do with the importance attached to location, as well as to the fact that both settlement-oriented projects and small-scale farmer projects should be accompanied by rudimentary infrastructure development. (However, it glosses over the fact that some opportunities meant for large-scale farming, might be on expensive irrigated land.)
- Obviously, the scheme is designed in such a manner as to provide for relatively few people seeking opportunities for large-scale commercial farming, and yet this category would still account for the vast majority of hectares and a considerable share of overall expenditure. This is another way of saying that under such a scheme, the cost per beneficiary household will differ significantly from one beneficiary to another.⁷
- This scheme is decidedly not focused on acquiring hectares, that is, it is not geared particularly towards advancing progress towards national hectareage

⁶ Not much detail is provided in this short paper about the role of commonage projects. In short, a ‘commonage project’ is where land is acquired by the state and vested in an appropriate entity (e.g. municipality or traditional authority) to be accessed by designated community members, generally for livestock farming. Commonage projects are clearly applicable to small-scale livestock farmers, but could also be used to complement settlement projects.

⁷ No doubt people will disagree with the ‘balance’ suggested here between the categories, for example that there is too much emphasis on settlement-oriented beneficiaries (‘Isn’t that a Human Settlements responsibility?’), or too large a share of the money spent on the few large-scale farmer beneficiaries (‘Elites!’). This particular proposal is not aimed at fairness (the discrepancy in per household expenditure is in fact huge), rather it is trying to accommodate quite disparate objectives, each of which is important in its own way, and bearing in mind also the importance of social stability and restorative justice. (Paradoxically, the pro-poor agenda and the social stability agenda are not at all aligned; the widely shared sense that land reform has failed is more a function of too few hectares, regardless of to whom they were transferred and whether/how transferred land is being used; we can’t ignore this reality.) In any case, I certainly accept that the proportions could be different. As for my level of certainty regarding the underlying assumptions, e.g. regarding the cost per hectare associated with different beneficiary types, this would benefit from further work. One question put to me for instance, is whether the cost per hectare for small-scale farmers will necessarily be greater than that for large-scale farmers. I think so, yes, but the answer lies in large part on clarifying the package of support associated with each beneficiary type, working out some ‘real life’ examples, etc.

targets. However, by virtue of catering to those seeking opportunities for large-scale commercial farming, the scheme provides for the acquisition of reasonable numbers of hectares. While arbitrary hectare targets should be de-emphasised, one must acknowledge the importance of public perceptions regarding the success of land reform in terms of changing the racial pattern of land ownership.

Why *households* as a beneficiary unit, rather than individuals? It probably does not matter a great deal, but one reason to be wary of counting beneficiaries as ‘individuals’ is that the numbers of official individual beneficiaries are especially meaningless, because applicants claim arbitrary adult family members as beneficiaries for the sake of gaming the grant formula (if there is one); this was true from the early days of LRAD (Land Redistribution for Agricultural Development).

Qualifying criteria will depend on the beneficiary/project type:

- For settlement-oriented projects, there should be an application of a household income ceiling, as was the case with the Settlement Land Acquisition Grant (SLAG). The purpose is to not permit the dilution of the process by allowing middle-class people to acquire free land for settlement.
- For small-scale farmer beneficiaries, some experience in agriculture is a requirement.
- For large-scale farmer beneficiaries, a business plan, relevant experience, and own contribution are necessary. Something like the own-contribution formula from LRAD should be re-introduced. And by extension, this also implies that, unlike the Proactive Land Acquisition Strategy (PLAS), there must be a clear upper limit to the value of government’s contribution, whether this is in the form of land, grants, or both.

3. HOW SHOULD LAND FOR REDISTRIBUTION BE IDENTIFIED, ACQUIRED AND TRANSFERRED?

3.1 Considerations

One of the things that we consistently underestimate in land reform is the extent to which the inner workings and even outcomes are unanticipated, generally because the programme design leads to patterns of implementation that are different to what was intended. In some cases this results in a range of outcomes which are narrower than what is provided for in the policy or programme. For example, under SLAG, the small size of the grant combined with the fact that it was a so-called demand-led programme, meant that in some, if not most provinces, projects were seller-driven, which was certainly not the intention, was barely acknowledged, and proved hugely problematic.

As a second example, the design of LRAD explicitly allowed for the implementation of a wide variety of types of redistribution projects, including those involving subdivision. However, in practice subdivision was rarely if ever undertaken under LRAD, not least because relatively well-heeled applicants seeking entire farms got to the front of the

queue. Additionally, the Department of Land Affairs (DLA) never invested the necessary effort to figure out how to go about, and when to promote, subdivision.

Thereafter, PLAS was in large measure designed with two ideas in mind: that non-performing beneficiaries would be replaced with new beneficiaries, and that the Department would assume responsibility for identifying suitable land for acquisition. However, non-performing PLAS beneficiaries have rarely been replaced (at least not for that particular reason), and at least in some provinces and in recent years, would-be beneficiaries are mainly responsible for identifying land to be acquired, in fact for securing offers of sale from owners.

Even so, it is important to take stock of the positive lessons we have learnt from the implementation of land redistribution over the past two decades.

- For one, from LRAD, we learned that many beneficiaries can make significant material contributions to their projects, and that it makes sense (where appropriate) to use grants to leverage own and/or loan finance.
- A second positive lesson is that some would-be beneficiaries are perfectly capable of identifying land; these are more or less the same people who are able to make an own contribution. (At the same time, we also know that many more would-be beneficiaries are unable to do either, and therefore their participation in land redistribution should not be predicated on such.)
- Third, from previous experience we know that there are some relatively effective and efficient ways of promoting access to land through the market (the so-called ‘concentrated land acquisition approach’, which is discussed a bit more below).
- And fourth, while the short-lived ‘agency arrangement’ with the Land Bank during the early phases of LRAD had its problems, it worked well enough to demonstrate the potential of the approach which, strangely, has not been properly revisited.

It is important to pause at this juncture to consider what prevents people from acquiring small amounts of land for settlement through the current redistribution programme. First, to the extent that PLAS is still truly a pro-active, state-led process, then with few exceptions it is clear that catering to the need for small plots is not on government’s (or the DLRCs’) agenda. And second, to the extent that PLAS has reverted to a largely demand-led process (i.e. in the sense that would-be applicants are expected to identify the land themselves as a precondition for getting in the queue, as is the case generally in the Eastern Cape), the reason that small plots are not commonly allocated is seemingly because it is difficult for people to come together to scout for land that the state might acquire and subdivide on their behalf.

The point is that, ensuring land is allocated in the form of small plots will require a deliberate strategy that takes into account both the ‘pro-commercial’ proclivities of officials, and the obstacles (e.g. transaction costs) that make it difficult for those wanting small amounts of land to get their need addressed through the existing land redistribution programme.

On the basis of these considerations, it is logical to suggest that the wide spectrum of needs as suggested in the previous section, will require a differentiated approach. In a nutshell, a genuinely pro-active, pro-poor, *state-led* approach should apply to the many people needing small plots (settlement-oriented and small-scale farmers), whereas for large-scale farmers a demand-led, LRAD-esque approach should apply. The idea behind this mixed approach is to focus the state's limited administrative capacity where it is most needed – i.e. for the benefit of smallholders – and reduce it where it can be, which is where large-scale farming opportunities are concerned. Overall, yes, an increase in state capacity will be required (e.g. commensurate with the increase in government budget which is also necessary – see below), but the main thing is to use whatever capacity exists more intelligently.

To what extent can we rely on either social movements, Civil Society Organisations (CSOs), or the private sector to compensate for the limitations in state capacity? For purposes of settling large-scale commercial farmers, I see a big role for the banks. But in terms of partnerships with agri-business, there is a finite supply of willing and qualified private sector partners. As for social movements and CSOs, particularly the latter could play an important role in assisting with processes around smallholder-focused projects.

3.2 Land identification, part 1

We need to go back to area-based planning, and we need to do it well, meaning simply, quickly and with purpose. The main issue is that area-based planning has to take much more seriously the need to understand land demand. Most of the rest of it is probably superfluous or at best secondary. And this effort should probably be done at local municipality level, because a district is far too large.⁸

It is also important to point out that the more recent 'Rural Development Plans', which started to come out around 2015, do not seem to be much of an improvement on this score, indeed the ones I have seen for districts in the Eastern Cape (which perhaps are not representative?) offer virtually no meaningful guidance at all as to how land reform/redistribution should be pursued in the respective districts.

Perhaps the problem with these exercises is that they are based on mainly secondary data, whereas by and large, no secondary data exist regarding people's land needs. On the other hand, it should not be too terribly difficult to assess land needs.⁹ I would suggest that the development of these plans *not* be outsourced; they can be a normal function of Department of Rural Development and Land Reform (DRDLR) staff, and they should be updated annually. There presumably will have to be better coordination with local municipalities.

⁸ This is just one reason among others why the District Land Reform Committee (DLRC) policy did not work. A side question is whether the DLRCs should be retained, and if so, whether their role or working method should be modified somehow. Perhaps rather than being accorded a decision-making function that they are poorly placed to effect, the DLRCs should be consulted on occasion to review the progress with redistribution in their respective districts. The challenge is that a DLRC may or may not be sympathetic to the need to create opportunities for smallholders, depending on how it is constituted.

⁹ An approach was proposed in HSRC (2017), "A Land Use and Needs Assessment Framework," commissioned by the Department of Rural Development and Land Reform, and the Belgian Development Agency. It consisted of various possible activities, not least community meetings, focus group discussions, discussions with local government and traditional leaders, etc. But other signs of land need are readily visible, such as nascent informal settlements. Ideally, this function of identifying land needs would not be outsourced, but rather be done by the DRDLR and/or the DLRCs.

3.3 Land identification, part 2

Land identification should in general be done differently for those wanting/needing small plots versus those wanting large farms: for the most part, for the former, the state should take the lead, guided by the area-based plan. Especially for settlement-oriented beneficiaries, a key consideration is how strategic the location is in respect of transport routes to town(s) or other service centres. The principle is that the location should contribute positively to a multiple-livelihoods strategy, especially given that there is no pretence that such beneficiaries will subsist mainly on agriculture. For small-scale farms, the key consideration is whether the property is suitable for subdivision, although location is also very important.¹⁰ For commonages, proximity to those in need of access to more grazing land is key. For large(r)-scale farming, the idea is that would-be beneficiaries will know what they are looking for, while government's job is to: (i) promote land availability; and (ii) subsidise land purchase.

Regarding ways in which government can promote land availability, a key recommendation is that government should revisit and refine/adapt the 'concentrated land acquisition approach'. Though it was not called this at the time, this is the approach concocted in the Eastern Cape in the early 2000s by a handful of individuals in the provincial agriculture department and the provincial office of the Department of Land Affairs. In essence, the approach consisted of two steps. Firstly, benchmark valuations were conducted in an area establishing what government was willing to pay per hectare for different kinds of land, while allowing minimal scope for negotiations regarding individual farms. Secondly, government initiated discussions with commercial farmers to let them know that the area was being targeted for land reform, and that the above-mentioned benchmark values would be offered on a more or less 'take it or leave it' basis. The effect in Elliot District during the period 2002 to about 2006 was dramatic: about 20% of the land was acquired for redistribution, and land prices remained flat over this period whereas for the rest of the Eastern Cape they were rising rapidly.¹¹ While the approach has not been used deliberately again elsewhere, there are other instances where aspects of the approach were in effect, and to good effect, such as in the resolution of a number of restitution claims in Molemole Local Municipality, Limpopo.¹²

In principle, this approach could be used quite flexibly. In Elliot, it was used in conjunction with LRAD, but it could also be used as part of a pro-active land acquisition approach. No doubt some experimentation is in order to figure out how to use the approach in different circumstances.

¹⁰ Remarkably little work on this has been done within the DLA/DRDLR, reflecting the widespread antipathy to subdivision that has prevailed there over the years. Note that Act 126, which presumably is still invoked for most redistribution projects, provides for an automatic exemption to the Subdivision of Agricultural Land Act.

¹¹ Elliot magisterial district is/was a commercial farming area, of which most was incorporated into Sakhisizwe Local Municipality, Eastern Cape.

¹² See e.g. Aliber et al. (2010). The mystery is that the DLA/DRDLR never sought to replicate or refine this approach.

3.4 Land acquisition

One cannot discuss the issue of land acquisition without reference to the question of ‘expropriation without compensation’ (‘EWOC’). However, that is a very involved discussion in itself, and is difficult to address not least because at this juncture we do not know what it will really look like. (See Appendix 1 for a brief reflection.) Here I only state my tentative conclusion: whether or not the proposed amendment to Section 25 of the Constitution is effected, but assuming that EWOC becomes national policy, it is unlikely that EWOC will accomplish a great deal in terms of accelerating redistribution, and still less in making it perform better. Therefore, faster and better redistribution will require more funding, which is not saying a great deal since at present it accounts for so little (see Appendix 2). On the other hand, ensuring that the money is spent well – and indeed that the programme is designed in such a way as to allow for faster delivery – requires some thought, beyond the use of the ‘concentrated land acquisition approach’ mentioned above.

The proposal is that the redistribution programme simultaneously makes use of three main modes of land acquisition:¹³

- Pro-active land acquisition through targeted expropriation, in particular for settlement-oriented projects. The rationale is that land for settlement-oriented projects has to be selected with great care, and the likelihood of suitable land being available on the market is modest-to-remote.¹⁴ The targeting of any particular land for expropriation should be rationalised by an area-based plan involving actual fieldwork that clarifies the need; and since expropriation is likely to remain an onerous process, it should be used minimally and judiciously. (By contrast, using targeted expropriation to help meet the needs of large-scale farmer beneficiaries could lead to toxic forms of rent-seeking.)
- Pro-active land acquisition through the market, to meet the need especially for land for small-scale farmers and commonage projects, and where possible for settlement-oriented projects.
- Applicant-led acquisition through the market, especially for large-scale farmers. This could/should be effected (in part? entirely?) through an agency arrangement with the Land Bank (and other banks?) backed up with partial government financing.¹⁵

¹³ To clarify the use of terminology, ‘pro-active land acquisition’ as used here does not necessarily mean that the identified and acquired land become state land. What is meant is that the state (DRDLR) assumes responsibility for arranging for the acquisition of the land, which may well be transferred thereafter to another entity, e.g. a Communal Property Association (CPA).

¹⁴ This is a reversal of a view I previously held, which was that within redistribution, there was more than enough land available on the market. See e.g. Hall (2009) for a critique of that position.

¹⁵ This approach ran for a brief while during the early days of LRAD, and though not without its problems, it worked.

3.5 Land transfer

In whose name is the land acquired? A number of issues must be considered here, all of which have been discussed many times before:

- Some people feel that it is perverse not to allow land reform beneficiaries to become ‘owners’ of the land they are acquiring through land reform, as opposed to being tenants.¹⁶
- Government wants to maintain some control over land reform land, especially in light of the real possibility of project failure,¹⁷ and/or the danger of beneficiaries choosing to re-sell land that they have acquired with the assistance of government subsidies.
- Settlers with lease agreements struggle to access production loans, meaning either that they are unable to effectively use the land they are leasing, or that government must cover costs that might otherwise have been covered by loan finance.
- Lease agreements on state-owned land imply an abiding administrative responsibility for government which at present government does not seem able to handle satisfactorily; a dramatically expanded/accelerated land reform programme that presumes more leasing of state-owned land is reason for concern.

The perspective here, not surprisingly, is that the approach must be differentiated according to the beneficiary type:

- For settlement-oriented projects, in which formal or informal subdivision would be effected on a per household basis,¹⁸ there is little or no rationale for lease agreements, mainly because ‘project failure’ does not have the same meaning that it has for production-oriented projects. If ‘failure’ were to occur in the sense that a few beneficiaries abandoned the land allocated to them, then they could easily be replaced; if a large number of beneficiaries were to abandon a piece of land allocated to them, then presumably something was seriously wrong with the selection of the land in the first place. As for the danger of re-selling, that depends on the specifics. The argument is that title should be transferred to a CPA, the main function of which is to administer the land on behalf of its members.¹⁹ This

¹⁶ See e.g. Hall (2014): “This is a policy that says that black people are not to be trusted with land.” Of course, those who favour a programme of land nationalisation seek equality by means of disallowing private ownership altogether, in effect favouring the idea that all land users are tenants. That proposal is not seriously considered here.

¹⁷ In the context of production-oriented projects, it is worth thinking about ‘failure’ a bit more deeply than we normally do. In most of our discourse, project failure represents a blemish on the programme – something is wrong with how things are being done, perhaps with the planning, perhaps with beneficiary selection, and almost certainly with the post-settlement support. On the other hand, even if all of these were perfect, one could reasonably expect failure, especially in the first few years. This is the nature of small business, and of farming. This doesn’t mean we should be slack about planning, selection or post-settlement support, but neither should we be neurotic about them; more to the point, we have to get out of the habit of allowing failure to mean indefinitely idle land. This is another way of saying that the (apparent) original intention of PLAS made sense, at least in principle, only that it was never implemented.

¹⁸ Possibly allowing for some of the land to be undivided land for common use, e.g. grazing.

¹⁹ The troubled history of CPAs in South Africa’s land reform gives us little insight as to how they would perform in this scenario. CPAs have mainly been problematic either because they are operating within large, already-contentious restitution projects, or because they take it upon themselves to try to manage collective agricultural production (or tourism) projects. The latter was never meant to be a core function of

might or might not be an intermediate step towards the formal subdivision of the land, in which case households would acquire title to their respective plots. Another option for settlement-oriented projects could in principle be absorption within an adjacent customary area. One downside with this option is that at this stage tenure reform in customary areas remains an unknown, thus it is unclear what one can say about the merit of such an option.

- Small-scale farmer projects could follow the same route. One rationale for doing so is that small-scale farmers occupying subdivisions within a recently acquired farm, might well benefit from an institution such as a CPA to assist in managing common infrastructure or resources. The downside of this approach is that it is not clear at this stage how quickly some small-scale farmers will exit, and whether it will be a burden for a CPA to deal with a high rate of turnover.²⁰ An alternative option is outright formal subdivision and transferring of the separate titles to the respective beneficiaries. The concerns with this approach are its upfront expense, and the possibility that beneficiaries will either re-sell or abandon the land. Regarding the possibility of re-selling, a covenant could be placed on the title deed restricting sale for a particular period and/or to non-beneficiaries.²¹ For most small-scale farmers, the general assumption is that, regardless of property rights, loan finance will play little if any role.²² (See section below on Support for beneficiaries.)
- Land acquired for commonage projects needs to be vested in an entity that has the ability and inclination to manage it, which in the past has not always been an easy condition to fulfil, but for which it is difficult to think of an alternative to local municipalities.
- For large-scale farmer beneficiaries, the assumption is that the beneficiary will gain freehold title. This is another way of saying that government will no longer be in the business of acquiring large amounts of land and renting it out to farmers.²³

CPAs, and it raises numerous challenges that CPAs are not equipped to handle. Having said that, I recognise that this distinction between what are and are not core functions of CPAs does not seem to be widely held. See for example the DRDLR's recent CPA annual report (DRDLR, 2018), wherein the main sign cited that CPAs are performing well seems to be that they are managing productive projects.

²⁰ More so than the other land redistribution 'models' described here, this one is a virtual unknown. The expectation is that there would need to be a lot of quick learning in the early days of attempting to implement it.

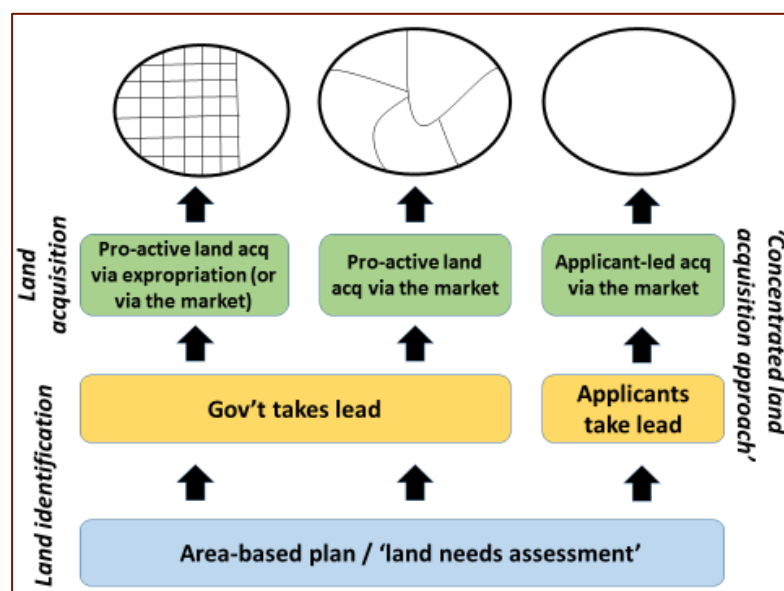
²¹ I'm bluffing. I have no idea if this is possible.

²² An alternative option would be long-term leases with an option to purchase; the question is, who is likely to manage the land better, a CPA or DRDLR? Tough one.

²³ I've previously taken the view that the original vision of PLAS had a lot of promise. Even though former Minister of Rural Development and Land Reform, Gugile Nkwinti exaggerated the failure rate of land redistribution projects, project failure was (and is) real, and a big problem with the programme was that it lacked a mechanism to replace beneficiaries who couldn't make it with new candidates. This is the principle of 'tough love' – you get a chance, but if you don't make it then you have to make way for someone else. But I'm starting to accept that it's never going to happen, because exercising tough love is seemingly very difficult for a democratic government to do under current circumstances, even if it all it requires is choosing not to renew a lease, and replacing one tenant with another. An inevitable but not insuperable point of conflict in these cases is that a non-performing or non-paying tenant can claim that they were unable to produce due to inadequate government support. See for example the controversy that sprung up in 2009 when former Minister of Land Affairs, Lulu Xingwana, attempted to implement the 'use it or lose it' policy, e.g. Lawyers for Human Rights (2009). And if tough love is not going to be applied, then what is the point of leasing land to beneficiaries rather than transferring it to them outright? Unfortunately, that means that tough love has to be applied by the banks....

The figure below seeks to summarise schematically what is being proposed regarding the delivery approaches for the three main beneficiary types.

Figure 1: Schematic overview of delivery approaches for the three beneficiary types



4. WHAT KINDS OF RIGHTS SHOULD BENEFICIARIES HOLD ON REDISTRIBUTED LAND?

The nature of beneficiaries' land rights follows in a fairly straightforward manner from what was proposed above regarding land transfer. The key point is that there is a need to reconsider what is provided for in the State Land Lease and Disposal Policy, which is premised on the idea that all redistribution beneficiaries will be tenants, except that those towards the larger, more commercial end of the spectrum may exercise an option to purchase after a period of time (DRDLR, 2013). By contrast, it is vital to provide immediate certainty and security for settlement-oriented beneficiaries, which has the added benefit of not requiring the state to administer large numbers of leases for very small plots.

5. WHAT KINDS OF SUPPORT SHOULD BE PROVIDED TO BENEFICIARIES?

The difficult-to-stomach premise of this discussion on support for beneficiaries is that it is both unwise and unrealistic to predicate a successful land redistribution on infinitely stronger 'post-transfer support'. Agricultural support services are in long-term crisis, quite apart from the responsibility for propping up land reform.²⁴ Which is not to say that nothing should be done, only that there is little point in postulating that we need a

²⁴ To get a sense of the magnitude of the problem, see e.g. Aliber and Hall (forthcoming).

much more robust agricultural support system, even though we know it is not going to happen.

In any case, this is a big topic about which much has been written. What I would rather offer here is what I regard as a few optimistic-but-feasible ideas as to what can be done, in particular for the benefit of small-scale farmers, including those who benefit from land reform:

- Provide minimal but ongoing (non-monetary?) support for local farmers' associations/unions, and commit to budget transparency. The argument is that a big problem with current agricultural support services is that they are not held accountable to anyone, and in particular farmers have little or no information with which to hold government offices accountable.²⁵
- Develop SME-based tractor services; these services already exist, and are the life-blood of small-scale crop farmers in communal areas; but rather than support them, government tends to compete with them, or contract some of them as service providers for ill-conceived schemes such as Fetsa Tlala.
- Promote household-based micro-irrigation; government is already doing this at a small scale; the unrealised potential and cost-effectiveness are significant, especially relative to new irrigation schemes based on large dams.
- Promote more efficient informal and formal markets; just in case AgriParks do not pan out as planned, perhaps the government and/or its partners could promote relatively simple, low-cost approaches such as local farmers' markets.

As for large-scale farmer beneficiaries of land redistribution, the proposal is that the government adopts and refines the model of mentorship (as distinct from strategic partnerships) that, for example, is part of the Recapitalisation and Development Programme (RADP, but also popularly known as 'Recap'). As with any mentorship programme, a great deal depends on the knowledge *and* attitude of the mentor;²⁶ and as with any serious mentorship programme, there is scope for carefully selecting, actively monitoring and judiciously supporting mentors so that most mentors are above average. But under no circumstances should beneficiaries be obliged to have mentors.

6. WHAT ARE THE DESIRED OUTCOMES OF SUCH REDISTRIBUTION?

Let us suppose for a moment that we could get back to the all-time high annual redistribution budget (in real terms) of R4.5 billion that was available in 2011/12. If the scheme proposed above were to be followed, then very approximately the following numbers of beneficiaries and hectares could be accommodated in a year:

²⁵ See e.g. Carden (2014) and Aliber et al. (2017).

²⁶ Maka (forthcoming) found that some mentors under Recap – in particular existing black commercial farmers – are greatly appreciated by their mentees. There is an argument that established black farmers have a better appreciation of the constraints faced by land reform beneficiaries than their white counterparts.

Table 2: Indicative delivery levels for one year assuming budget of R4.5 billion

Beneficiary type	Number of beneficiary households	Number of hectares	Expenditure (R billion)
Settlement-oriented	13 200	6 600	0.66
Small-scale farmers	3 900	58 200	1.46
Large-scale farmers	500	158 800	2.38
All	17 600	223 600	4.50

Assumptions: for settlement beneficiaries, 0.5 HA/HH at R100 000/HA; for small-scale farmers, 20 HA/HH at R25 000/HA; and for large-scale farmers, 300 HA/HH at R15 000/HA.

While these numbers are not staggering, they must be put into perspective. First, although it is difficult to know because of lack of good data, around 2011/12 PLAS allowed for only around 1000 to 2000 beneficiary households per year rather than the 17 600 estimated in the table. The difference of course owes to the fact that under the proposed scheme, a share of resources is in principle to be ring-fenced for smallholders. So from my perspective, this would be a big improvement.

On the other hand, 17 600 is nothing. If it's the case that around 2 million rural households need/want land (derived from Hall, 2013), then 17 600 is not discernible, although it starts to accumulate to something if it was to be achieved repeatedly over the next two decades. This is not to suggest that satisfying all 2 million households is a meaningful target, but it provides some benchmark against which the accommodation of 17 600 can be gauged. Another possible reference point is the number of households living in informal settlements, which as of 2014 was about 1.5 million (Stats SA, 2015).

Is the achievement so modest because of the expense of the land? Of course, free land would be cheaper! On the other hand, it is worth noting that even in this relatively pro-poor scheme, half of the projected expenditure is for the benefit of the 3% of beneficiary households classified as large-scale – in other words, reaching larger numbers of households is also hindered by continuing to cater for large-scale farmer beneficiaries. Also relevant to this discussion is that the R4.5 billion per year is actually extremely modest in the greater scheme of things (see Appendix 2). By contrast, for 2018/19, the budget for housing development was R35 billion, and that for community development (which accompanies housing development) was R89 billion (National Treasury, 2018). Land redistribution has never been a spending priority, and it certainly isn't now.

For sake of argument, it is within the realm of possibility to, say, **treble the above-mentioned redistribution budget** (e.g. eliminate Fetsa Tlala and state-funded agri-parks, do not reopen restitution claims, curtail transfers to Bosasa...; but also, one could re-direct a share of the budget for housing and community development, because this programme would be catering in large measure to the same need, but less expensively), in which case there could be in the order of 50 000 beneficiary households per year, a dramatic increase relative to the status quo.

The cumulative figures **over the next 20 years** would then be as follows:

Table 3: Indicative cumulative delivery assuming a budget of R13.5 bn per year over 20 years

Beneficiary type	Number of beneficiary households	Number of hectares	Expenditure (R billion)
Settlement-oriented	794 000	397 000	39.7
Small-scale farmers	233 000	3 494 000	87.4
Large-scale farmers	32 000	9 529 000	142.9
All	1 059 000	13 420 000	270.0

One million households is a significant number, for example relative to the 4.4 million rural households that exist presently, of which perhaps half to two-thirds live in poverty. This is not to say that all of these beneficiaries would become non-poor in the technical sense of moving from below to above the poverty line, but neither does addressing income poverty fully capture the idea of what such an approach would be trying to accomplish. The numbers of households are also significant in the sense that 233 000 is large relative to the current size of the commercially-oriented smallholder sector (about 170 000), and given the fact that at present there are only about 25 000 to 30 000 large-scale white commercial farmers.

As for hectareage, 13 million hectares represent about 16% of commercial farmland, meaning that since democracy a total of about 25% of land would have become black-owned via land reform (to which one could hopefully add a fair amount outside of land reform as well). However, the numbers of hectares actually acquired will depend on the type of land targeted and the effectiveness of the purchasing strategy.

The total cost in present terms would be R270 billion, which is almost exactly the same as the budget estimate for social protection for the year 2019/20! Overall, the ‘pace of delivery’ would be dramatically more ambitious than what prevails now, but gradual enough to not cause significant chaos in the established commercial farming sector, which would be to the detriment of the poor.²⁷

In the short term, however, the most significant advantage of the above is that it would hopefully generate new lessons as to what works and what does not, including how to subdivide, how to identify suitable land for rural and peri-urban settlement, and how to undertake ‘managed land settlement’ at scale. The fact that we don’t know how to do these things more than two decades since the beginning of land reform is lamentable; the fact that it’s not too late to start trying, is reason for hope.

²⁷ To clarify, the approach proposed here does not constitute a dramatic agrarian reform or over-turning of the prevailing agro-food system. We do not know how, and there is too little taste for it. What it would usher in however is a more balanced agrarian structure, as well as a more racially integrated commercial farming sector.

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7. APPENDIX 1 – EXPROPRIATION WITHOUT COMPENSATION (EWOC) AS A MEANS OF ACCELERATING LAND REDISTRIBUTION – WHAT ARE THE PROSPECTS?

It is difficult to imagine the kind of 'EWOC programme' that will meet the criteria of the African National Congress (ANC), that is, that will not negatively affect food security or the economy at large. What follows is therefore the author's speculation as to what such a programme might look like.

Since justice rather than economics are the core underlying consideration for EWOC in the first place, a plausible scenario is that an EWOC programme will assume a case-by-case assessment of how much different land owners 'deserve' to be stripped of their property. This in turn is likely to relate mainly to two considerations, namely the means/mode of acquisition, and the (perceived) extent of under-utilisation, which could be taken to include the contribution of the property to the local and national economy.

Very likely, an economy-sensitive EWOC programme will indemnify all institutional lenders, i.e. it will be pursued in a manner that seeks to be neutral to their loan books, at least in a *direct* sense. (This is also why a case-by-case examination will be required.) This in a sense will represent an upfront political challenge for the implementers of the programme, because it will make the programme more expensive than the popular image conjured by EWOC, and more tedious. (Presumably the bigger threat to the banks is what the broader programme does to rural real estate values at large, and thus to the value of its claims on borrowers' property. Developing an accurate assessment of this risk is complicated by the fact that estimates as to the gross value of commercial farms vary wildly.)

The further political/legal/psychological challenge to be confronted is what to do about what we might call 'non-original white owners', which represent a very large share of white owners. One outdated estimate is that between 1994 and 2008, about 63% of all privately-owned commercial farmland had changed hands through the market. Where land has stayed in the same family, it is presently owned by nth generation descendants, and at some stage government will have to take a position on the desirability of enshrining a legal principle based on a sort of 'sins of the (great, great... grand-) father' argument.

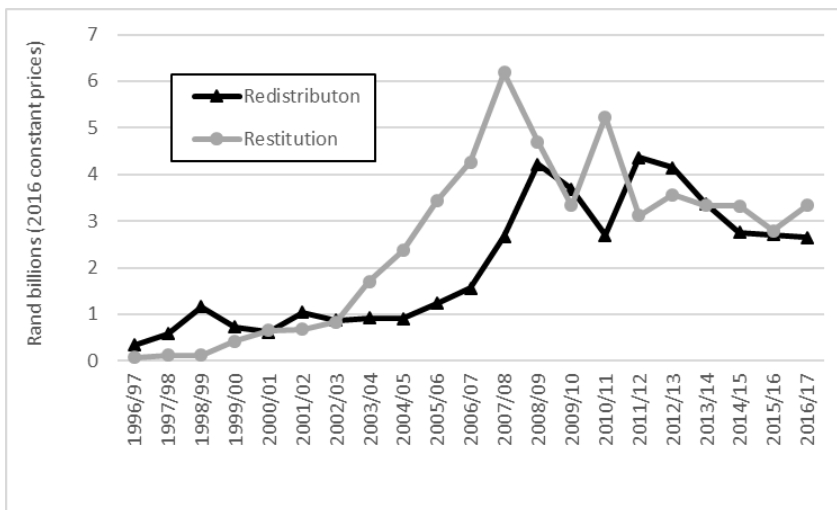
Probably where most pressure will be exerted on current owners is regarding land use, i.e. to the extent that an EWOC programme will likely seek to target under-utilised land. To be sure, there *is* under-utilised land held by commercial farmers; this has been obliquely but convincingly illustrated by research and practice. In effect this is why the Elliot experience worked so well, and it is also why – within limits – willing-buyer/willing-seller also works. But as a decision criterion for a case-by-case process of investigation and judgement, it remains to be seen how it will work, especially since 'under-utilisation' and 'non-utilisation' are not at all the same thing. The significant decline over the past two to three decades in the total area cropped is widely regarded as a good thing; too much marginal land was being ploughed in response to generous subsidies, and their withdrawal from cropping has meant more area under extensive grazing. But who will determine the optimal land use in relation to which an assessment of current under-utilisation will be made? One safe predication is that current land owners will strive to give the appearance of full, appropriate land utilisation.

In a nutshell, there is reason to doubt that an economy-sensitive, rule-of-law-based EWOC programme will significantly accelerate land reform.

8. APPENDIX 2 - EXPENDITURE TRENDS OF LAND REFORM

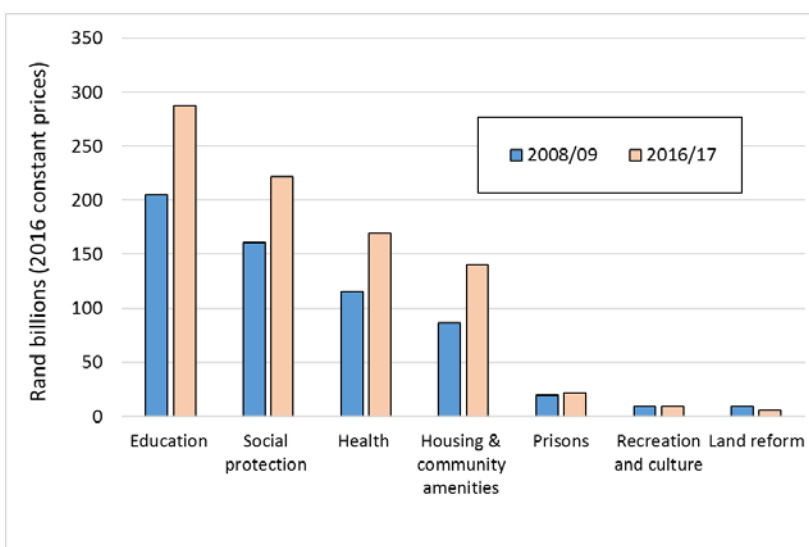
The purpose of the two charts below is to offer some perspective on expenditure trends in land reform.

The first chart shows the inflation-adjusted expenditure trend from 1996/97 through 2016/17. It reveals that annual expenditure on restitution peaked in 2007/08, while that on redistribution it peaked in 2008/09, and again in 2011/12. Taken together, the maximum expenditure on land reform took place in 2008/09 (not shown).



Data source: National Treasury, 2018.

The second chart shows the expenditure on land reform in relation to that on other, selected functional responsibility areas. The figures are again adjusted for inflation, in the sense that expenditures for 2008/09 are converted into 2016 Rand terms. The impressions are twofold: first, whereas expenditure on land reform was in decline over this interval, expenditure rose significantly for a number of other government functions. And second, regardless, expenditure on land reform is tiny relative to that on education, health, social protection, etc. Perhaps surprisingly, expenditure on land reform is on a par with expenditure on recreation and culture, and considerably less than expenditure on prisons.



Data source: National Treasury, 2018.