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Elite Capture in South Africa's Land Redistribution: The Convergence of Policy Bias, Corrupt Practices and Class Dynamics

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Land reforms are an important mechanism for addressing inequalities in society. While addressing South Africa's racialised land inequalities remains crucial, new forms of class inequality are produced through land reform, with the well-off becoming predominant as beneficiaries. This article focuses on elite capture in land redistribution and analyses land-reform outcomes in South Africa's state land lease and disposal policy (SLLDP). The article presents empirical evidence from 62 land-reform farms in five provinces of South Africa and shows how policy biases in favour of well-off beneficiaries converge with corruption and rent-seeking practices to produce uneven agrarian outcomes. Beneficiary selection and targeting inherently favour well-off beneficiaries, who are considered competent to engage in large-scale commercial farming. Land reform is a new frontier of accumulation for different agribusinesses, urban-based businesspeople and state officials, who increasingly benefit from cheap state land and various forms of production support meant to recapitalise land-reform farms.

Keywords: elite capture; class dynamics; corruption; policy bias; land redistribution

Introduction: Understanding Elite Capture

Land reforms are an important mechanism for addressing land-related inequalities in former settler colonial states with a history of entrenched agrarian dualism.¹ However, growing evidence of inequitable land-reform outcomes in contemporary southern Africa has been associated with, among other things, capture by political elites and state bureaucrats, urban elites and other powerful social groups.² South Africa's post-apartheid land-reform

1 S. Moyo, 'The Land Question in Southern Africa: A Comparative Review', in L. Ntsebeza and R. Hall (eds), *The Land Question in South Africa: The Challenge of Transformation and Redistribution* (Cape Town, HSRC Press, 2007), pp. 60–84.

2 J. Alexander and J. McGregor, 'Introduction: Politics, Patronage and Violence in Zimbabwe', *Journal of Southern African Studies*, 39, 4 (2013), pp. 749–63; D. Dickinson, 'A Contested Commons: Competition for Public Land in the Free State', *Journal of Southern African Studies*, 46, 1 (2020), pp. 149–64.

policy has markedly shifted from its pro-poor focus under successive political administrations.³

From the distinctly pro-poor settlement and land acquisition grant (SLAG) implemented between 1996 and 2000, land redistribution policy subsequently emphasised commercial success through the land redistribution for agricultural development (LRAD) policy adopted in 2000. In 2006, a new flagship programme, the proactive land acquisition strategy (PLAS), facilitated the leasing of farms through the state land lease and disposal policy (SLLDP) to well-off black commercial farmers, resulting in widespread concerns about the prevalence of elite capture in land redistribution.⁴

Conventional narratives frequently portray corruption as an aberration or deviation from established norms of governance associated with progressive democratic states.⁵ In contrast, political economy perspectives that emphasise underlying structural dynamics concerning class inequalities and differentiated access to resources provide important insights into post-colonial societies, such as South Africa, with an emerging yet precarious elite. Of particular significance are studies on neo-patrimonialism, which foreground informal politics as key to understanding the African state and political systems. In neo-patrimonial systems, informal politics invade formal institutions, and informality and formality become intimately linked to each other in various ways and varying degrees to the extent that 'this mix becomes institutionalized'.⁶ A rational bureaucratic state may dispense resources through the formal political domain, but leaders derive additional support and legitimacy through informal, deeply personalised patron–client networks built upon mutual expectations of reciprocity. Different forms of rent are allocated on the basis of these personalised patron–client networks, given that rent allocation is often predicated on a relationship of trust between the rent creator and rent seeker.⁷ Although rent-seeking is usually seen as causing available wealth to be redistributed instead of creating new wealth,⁸ there is compelling evidence that rents may be productive, in what has been characterised as 'developmental patrimonialism'.⁹

The importance of rent-seeking and informal politics should be seen in the context of a fiercely competitive post-apartheid mainstream economy dominated by established large corporations with few opportunities for social mobility for the black majority. Accordingly, the state becomes a resource for the formation of a new elite through access to jobs, revenue, contracts, tenders and licensing.¹⁰ Constrained social mobility has spawned political entrepreneurs who gravitate towards private patron–client networks attached to the African National Congress (ANC) in an attempt to navigate poverty and inequality.¹¹ Elites increasingly become reliant on 'gatekeeper' politics to control access to resources and

3 R. Hall, 'The Politics of Land Reform in Post-Apartheid South Africa, 1990 to 2004: A Shifting Terrain of Power, Actors and Discourses' (PhD thesis, University of Oxford, 2010).

4 R. Hall and T. Kepe, 'Elite Capture and State Neglect: New Evidence on South Africa's Land Reform', *Review of African Political Economy*, 44, 151 (2017), pp. 122–30.

5 K.R. Hope, *Corruption and Governance in Africa: Swaziland, Kenya and Nigeria* (London, Palgrave Macmillan, 2017); M.I. Camerer, 'Corruption and Reform in Democratic South Africa' (PhD thesis, University of Witwatersrand, 2009).

6 G. Erdmann and U. Engel, 'Neopatrimonialism Reconsidered: Critical Review and Elaboration of an Elusive Concept', *Commonwealth and Comparative Politics*, 45, 1 (2007), pp. 95–119.

7 F. Sapio, 'Rent Seeking, Corruption, and Clientelism', in T-W. Ngo and Y. Wu (eds), *Rent-Seeking in China* (London, Routledge, 2008), pp. 22–42.

8 Sapio, 'Rent Seeking, Corruption, and Clientelism'.

9 R.I. Bookbinder, 'Rent-Seeking Dynamics in South Africa's Minerals Energy Complex: The Political Economy of Procurement at Eskom' (PhD thesis, University of Leeds, 2021).

10 K. von Holdt, 'The Political Economy of Corruption: Elite-Formation, Factions and Violence', Society, Work and Politics Institute working paper no. 10 (University of the Witwatersrand, 2019).

11 A. Beresford, 'Power, Patronage, and Gatekeeper Politics in South Africa', *African Affairs*, 114, 455 (2015), pp. 226–48.

opportunities.¹² The state becomes an avenue for siphoning public resources, often in support of parasitic forms of accumulation – ‘tenderpreneurship’ or crony capitalism.¹³ Research reveals that patron–client ties are predicated not exclusively on imposed power relations;¹⁴ instances of ‘patronage from below’ show that the poor use various strategies to assert the terms of their incorporation and rewards within patron–client relations.¹⁵

The minerals–energy complex (MEC) at the core of the South African economy supports large-scale, capital-intensive industries,¹⁶ and efforts to reconfigure this enclave development model through black economic empowerment (BEE) and its predecessors have concentrated resources on a few elites. Given the widespread poverty, scanty economic opportunities and stymied social mobility for most black South Africans, state programmes, including land reform, become integral to elite accumulation and class formation. Public resources designated for land reform create rent-seeking opportunities for elites who, *inter alia*, leverage their proximity and access to public office holders and capitalise on pro-elite land-reform policies to gain access to cheap state land and subsidies from recapitalisation programmes.

To examine elite capture in land redistribution in more detail, this article first discusses how agricultural restructuring has contributed to the emergence of a pro-elite post-apartheid land reform in South Africa and reviews studies highlighting inequitable land-reform outcomes. Second, the article presents data on emerging patterns of accumulation on the 62 land-reform farms, and of particular significance is the predominance of elite beneficiaries, who include urban-based businesspeople diversifying into farming and state officials. Other powerful interests that capture resources in land reform are agribusinesses, contractors and mentors. Third, the article considers the different strategies deployed by these various elites to capture resources in land reform. Finally, the conclusion emphasises how elite capture in land reform is not merely reflective of corruption but is implicated in processes of class differentiation and elite formation in post-apartheid South Africa.

Pro-Elite Land-Reform Outcomes

In the South African context, the large-scale commercial farming sector was established through accumulation from above, which entailed historical land dispossessions of the African peasantry.¹⁷ Post-apartheid agricultural liberalisation and deregulation policies have entrenched the unequal and dualistic agrarian structure.¹⁸ The competitive pressures experienced in the commercial farming sector explain the dramatic decline in the number of large capitalist farms, which dropped precipitously from 60,000 commercial farming units in 1996 to approximately 35,000 in 2014.¹⁹ Under conditions of globalised agriculture, large capitalist farms tend to be more viable, on the basis of their competitive profitability, and there is a growing trend towards concentration of

12 *Ibid.*

13 *Ibid.* ‘Tenderpreneurship’ is a term coined in South Africa referring to entrepreneurs who rely on political connections for government tenders.

14 F. Anciano, ‘Clientelism as Civil Society? Unpacking the Relationship between Clientelism and Democracy at the Local Level in South Africa’, *Journal of Asian and African Studies*, 53, 4 (2018) pp. 593–611.

15 H. Dawson, ‘Patronage from Below: Political Unrest in an Informal Settlement in South Africa’, *African Affairs*, 113, 453 (2014), pp. 518–39.

16 B. Fine and Z. Rustomjee, *The Political Economy of South Africa: From Minerals–Energy Complex to Industrialisation* (Johannesburg, Witwatersrand University Press, 1996).

17 H. Bernstein, ‘Social Change in the South African Countryside? Land and Production, Poverty and Power’, *Journal of Peasant Studies*, 25, 4 (1998), pp. 1–32.

18 H. Bernstein, ‘Commercial Agriculture in South Africa Since 1994: “Natural, Simply Capitalism”’, *Journal of Agrarian Change*, 13, 1 (2013), pp. 23–46.

19 R. Hall and B. Cousins, ‘Exporting Contradictions: The Expansion of South African Agrarian Capital within Africa’, *Globalizations*, 15, 1 (2018), pp. 12–31.

landholdings.²⁰ The 2017 agricultural census conducted by Statistics South Africa (StatsSA) amply demonstrates the high levels of concentration in the agricultural sector. According to StatsSA, ‘2,610 large farms (those with an annual income of more than R22.5 million) constituted 6.5 per cent of the total number of farms in the commercial agriculture industry and accounted for 67.0 per cent of total income and 51.4 per cent of total employment’.²¹

Post-apartheid land reform is a product of a negotiated transition and ‘elite-pacting’ among the different powerful interests, which has further constrained the emergence of large-scale land reform that would reconfigure the unequal landownership patterns in South Africa.²² Powerful societal interests have coalesced around the deracialisation agenda, where a select group of black commercial farmers is integrated into the commercial farming sector, in contrast to large-scale redistribution of land to differentiated and historically exploited social classes: communal area smallholder petty commodity producers, farm workers, the landless and land poor. Thus the predominance of well-off beneficiaries is partly attributable to policy biases, themselves an outcome and reflection of the ‘elite pacting’ and coalescence of powerful interests around the agenda to promote the large-scale commercial model within the country’s agrarian structure.²³ Rent-seeking and corruption in land allocation and access to production support further entrench the bias towards elites in land reform.²⁴

Some scholars argue that there is an ‘incarnation’ of land reform, wherein ‘the precise class agenda and vision for agrarian reform has become obscured’.²⁵ Since 2006, the state has directly purchased land and leased it to potential beneficiaries through the SLLDP. In some instances, the state has concluded leases directly with strategic partners (private agribusinesses) rather than with land-reform beneficiaries.²⁶ This means that land-reform beneficiaries neither own nor lease the land and are often included as mere workers on land-reform farms. Strategic partners and mentors derive benefits from land reform through dividends and management fees, respectively, and, in addition, malpractices such as transfer pricing are used by agribusinesses to capture value on land-reform farms.

Elite capture is also prevalent in new commons acquired through municipal commonage grants that are intended to support poor and disadvantaged communities.²⁷ Elites, who dominate local commonage committees, have supported commercial rangeland management models and the individual leasing of land to commercial livestock producers. Commonage committees are dominated by village heads and wealthy individuals, who are better resourced to engage in commercial livestock production. These rural elites leverage their government connections to gain exclusive access to the new commonage farms and marginalise smaller, poorly resourced farmers.²⁸

The phenomenon of elite capture is not merely about technical policy choices and the privileging of ‘commercial success’ and ‘productionism’²⁹ as key criteria for selection and targeting well-off beneficiaries as opposed to the poor. Wider political economy

20 Bernstein, ‘Commercial Agriculture in South Africa Since 1994’.

21 Statistics South Africa, ‘Census of Commercial Agriculture: Financial and Production Statistics’, Research Report no. 11-02-01 (Pretoria, Statistics South Africa, 2017), p. 6.

22 R. Hall, ‘A Political Economy of Land Reform in South Africa’, *Review of African Political Economy*, 31, 100 (2004), pp. 213–27.

23 *Ibid.*

24 F. Mtero, N. Gumede and K. Ramantsima, ‘Elite Capture in Land Redistribution in South Africa’, Research Report no. 55, Institute for Poverty, Land and Agrarian Studies (Bellville, University of the Western Cape, 2019).

25 Hall and Kepe, ‘Elite Capture and State Neglect’, p. 123.

26 *Ibid.*

27 T. Lebert and R. Rohde, ‘Land Reform and the New Elite: Exclusion of the Poor from Communal Land in Namaqualand, South Africa’, *Journal of Arid Environments*, 70, 4 (2007), pp. 818–33.

28 *Ibid.*

29 Hall and Kepe, ‘Elite Capture and State Neglect’.

factors, particularly the politics of transition and subsequent ‘elite pacting’ among powerful groups, have profoundly shaped the trajectory of post-apartheid land reform.³⁰ Landed property, private agribusiness and the nascent class of black commercial farmers have coalesced around a common vision to deracialise the commercial farming sector through the co-option of black commercial farmers.³¹ This has merely entrenched agrarian dualism and impeded ‘accumulation from below’ by petty commodity producers engaged in small-scale farming.³²

Study Sites and Methods

This article is based on empirical data gathered from 62 land-reform farms across five provinces in South Africa: the Eastern Cape, Free State, KwaZulu-Natal, North West and the Western Cape.

The research used mixed methods to investigate land-reform outcomes on SLLDP farms. A survey questionnaire was used to gather statistical data on beneficiaries, various farm



Figure 1. Map of district municipalities within which research was conducted. (Source: F. Mtero, N. Gumede and K. Ramantsima, ‘Elite Capture in Land Redistribution in South Africa’, Research Report no. 55, Institute for Poverty, Land and Agrarian Studies [Bellville, University of the Western Cape, 2019].)

30 Hall, ‘A Political Economy of Land Reform in South Africa’.

31 *Ibid.*

32 B. Cousins, ‘Smallholder Irrigation Schemes, Agrarian Reform and “Accumulation from Above and from Below” in South Africa’, *Journal of Agrarian Change*, 13, 1 (2013), pp. 116–39.

enterprises and key aspects of farming from the 62 SLLDP farms. Intensive (qualitative) interviews with the 62 land-reform beneficiaries were indispensable in generating key insights into the life histories of SLLDP beneficiaries.³³

Livelihood Trajectories and Patterns of Accumulation on SLLDP Farms

This article deploys the different models of accumulation trajectories that have been used in other rural and land-reform contexts.³⁴ These typologies are important in mapping out the emerging processes of differentiation on the selected SLLDP farms. We identified key livelihood trajectories to capture the emerging livelihood and accumulation patterns among the representative sample of 62 SLLDP farmers we investigated (see Table 1). In the context of this research, we identified five livelihood trajectories which capture the emerging patterns of accumulation among the 62 SLLDP farmers. First, there are those SLLDP farmers who are ‘dropping out’ of production (10 per cent). Second, some SLLDP farmers are in the ‘hanging in’ and non-accumulation category (16 per cent). Third, some SLLDP farmers are ‘stepping up’ or accumulating through reinvestment of proceeds from farming (19 per cent).

Fourth, some SLLDP farmers who are ‘stepping in’³⁵ (44 per cent) represent those diversifying into farming.³⁶ Lastly, some SLLDP farmers are in the ‘stepping up’³⁷ category through massive state support (11 per cent). In the ‘stepping up’ category, there are three ways in which accumulation occurs: through reinvestment of farming proceeds; through bringing in capital from business activities outside farming; through privileged access to state support. The farmers who are ‘stepping-in’³⁸ tend to access production support from the state in addition to their own non-farming capital resources. The fact that this group of farmers is well off does not preclude them from accessing state resources.

These trajectories do not fully capture the internal dynamics, power inequalities and exploitative relationships within the farms. In strategic partnerships, for instance, agribusiness partners may benefit from recapitalisation and sustained state support, and the reinvestment of proceeds is prioritised to grow the farming enterprise. A farm may be prospering without any tangible benefits in the form of dividends or profit-sharing with the beneficiaries. In such cases, ‘stepping up’³⁹ or accumulation therefore reflects the overall accumulation trajectory of the entire farm and does not capture the plight of ordinary beneficiaries trapped in these unequal and exploitative relationships.

In the context of this study, the ‘stepping up’ category refers to those farmers who are on an upward trajectory of accumulation. We identify three pathways which denote the different ways in which SLLDP beneficiaries engage in accumulation activities. Some farmers step up through reinvestment while others accumulate through access to production

33 All interviews for this article were conducted by the authors. Consent was obtained from all research participants. The interviews are anonymized; pseudonyms are used to maintain confidentiality.

34 I. Scoones, N. Marongwe, B. Mavedzenge, J. Mahenehene, F. Murimabarimba and C. Sukume, *Zimbabwe's Land Reform: Myths and Realities* (Harare, Weaver Press, 2010).

35 R. Hall, I. Scoones and D. Tsikata, ‘Plantations, Outgrowers and Commercial Farming in Africa: Agricultural Commercialisation and Implications for Agrarian Change’, *Journal of Peasant Studies*, 44, 3 (2017), pp. 527–8.

36 Hall *et al.*, ‘Plantations, Outgrowers and Commercial Farming in Africa’.

37 Scoones *et al.*, *Zimbabwe's Land Reform*.

38 Hall *et al.*, ‘Plantations, Outgrowers and Commercial Farming in Africa’.

39 *Ibid.*

Table 1. Accumulation pathways in selected land reform farms (n =62)

trajectories and pathways of accumulation	Western Cape		Eastern Cape		KwaZulu-Natal		North West		Free State		Total		description of pathway or trajectory
	n	%	n	%	n	%	n	%	n	%	n	%	
dropping out	1	13	1	9	2	18	1	8	1	5	6	10	Some farms, because of lack of production support, dilapidated infrastructure, uninhabitable farmhouses, unclear and contested land rights and lack of tenure security have dropped out of production. Dropping out of production may entail some of the beneficiaries abandoning the farm to pursue alternative livelihoods. In some cases, abandonment has occurred when elites and powerful people not vested in farming have merely accessed land and stripped assets and resources on the farm.
hanging-in and/or non-accumulation	1	13	2	18	1	9	0	0	6	30	10	16	Some farmers maintain a foothold on the farm not engaging in meaningful production, without resources, machinery or equipment and with unclear tenure rights. Often there are contestations on some SLLDP farms whereby the original beneficiaries have been sidelined and the farm allocated to a new, often elite, beneficiary over their heads. Residing on the property is a way of staking their claim to the farm as bona fide beneficiaries. In a few cases, elites intercept and divert resources meant for the farm, and this also results in non-accumulation.
stepping-up through re-investment	1	13	3	27	2	18	3	25	3	15	12	19	Usually, this category includes beneficiaries without any political support or networks to influence the distribution of resources. Using modest amounts of personal resources and their ingenuity, these SLLDP farmers manage to farm productively, reinvest modest amounts of resources and to grow their farming enterprises gradually from the bottom up. In some cases, state support is provided, only to be intercepted by powerful agribusiness elites, state officials and politicians.
stepping-in and diversifying into farming)	2	25	5	45	5	45	7	58	8	40	27	44	These accumulators already have access to substantial amounts of resources or off-farm income to invest before being allocated a farm, and the venture into farming represents the diversification of their business portfolio. This particularly exemplifies the phenomenon of 'agrarian capital beyond the farm', whereby off-farm sources of income are increasingly becoming a key source of class formation in agriculture.
stepping-up through recapitalisation	3	38	0	0	1	9	1	8	2	10	7	11	In some cases, accumulation is solely tied to the land redistribution programme. These are people who had no significant resources before benefiting from the SLLDP but still have enough influence and networks to access post-settlement support, in some cases multiple times, often accessing different streams of government funding. This group of elites also forms part of those who are stepping up and are on an upward trajectory of accumulation.
total	8	100	11	100	11	100	12	100	20	100	62	100	

*H. Bernstein, *Class Dynamics of Agrarian Change* (Halifax and Winnipeg, Fernwood Publishing, 2010).

support and recapitalisation multiple times. Within the ‘stepping up’ category, there is also an elite group of farmers diversifying into farming and then stepping up (‘stepping in’ and then ‘stepping up’).⁴⁰

These different accumulation pathways generally denote the constraints and prospects of these farmers, including their overall aspirations. The different livelihood strategies also reflect the emerging processes of differentiation among the beneficiaries of land reform. An analysis of these accumulation pathways reveals who are the winners and who are the losers and why. Overall, a picture of which group of farmers benefits more from land redistribution emerges.

‘Dropping Out’ of Production

Out of the 62 farms, 10 per cent had ‘dropped out’⁴¹ of production. Most of the farm workers who benefited from SLLDP fall into this category. Dropping out of production is often caused by lack of production support. The ‘dropping out’ farmers essentially struggle to maintain a foothold on the farm following the total collapse of production. In cases of production collapse, some beneficiaries may continue to reside on the farm while others pursue alternative livelihoods in neighbouring farms and towns.

Farms in the ‘dropping out’⁴² production category usually have dilapidated infrastructure, uninhabitable farmhouses, unclear and contested land rights and/or lack of tenure security. In some cases, the state officials withhold leases and recapitalisation in order to elbow out ordinary people to make way for their preferred beneficiaries. In some cases, however, ‘dropping out’⁴³ of production has occurred when powerful people not committed to farming have merely accessed land and stripped assets and equipment on the farm.

‘Hanging-In’ and/or Non-Accumulation

Farms in the ‘hanging in’⁴⁴ and non-accumulation category constitute 16 per cent of the total sample of land-reform projects investigated in this study. The ‘hanging-in’⁴⁵ and/or non-accumulation trajectory consists of farmers who are simply maintaining a foothold on the farm and are not engaged in meaningful production. Some key challenges in the ‘hanging in’ category are the lack of resources, machinery and equipment to engage in productive farming. The farmers in this accumulation trajectory also have unclear tenure rights. Often there are contestations where the original beneficiaries have been sidelined and the farm allocated to a new, often elite, beneficiary over their heads. Residing on the property is a way of staking their claim to the farm as bona fide beneficiaries.

As shown above, some farms experience distress as a result of exploitative relationships. In some cases, production support is released but intercepted by the agribusiness partners, other politically and economically influential individuals trying to wrestle the farm from ordinary beneficiaries. In some cases, individual beneficiaries also misappropriate recapitalisation funds. Instead of investing in farming, resources are directed towards conspicuous consumption or other economic activities not related to farming.

40 *Ibid.*

41 Scoones *et al.*, *Zimbabwe’s Land Reform*, pp. 226–32.

42 *Ibid.*

43 *Ibid.*

44 *Ibid.*

45 *Ibid.*

Accumulation from Below through Reinvestment of Revenue

Of the 62 farms in the study sample, 19 per cent are accumulating through reinvestments. Accumulation through reinvestments happens when farm beneficiaries expand production, increase farm income and reinvest the profits without support from the state. Accordingly, this group of farmers is 'stepping up'⁴⁶ through reinvestment. In some cases, support is provided by the state but intercepted by various powerful intermediaries, such as agribusiness partners, state officials or politicians. Farmers in this category are engaged in accumulation from below, which is distinct from the 'parasitic' and 'bureaucratic' forms of accumulation on the part of powerful social classes.⁴⁷

'Stepping In' and 'Stepping Up'

The second 'stepping up' category of SLLDP farmers consists of those who have already amassed substantial capital resources through non-farming investments and business activities. The agricultural sector can include 'agrarian capital beyond the farm',⁴⁸ investment in land and farming by urban business professionals (including politicians, civil servants, military officers and affluent professionals) and corporate agro-food capital. This group diversifies into farming, introducing capital from beyond the farm. They also gain access to more resources through extensive support from the state. As such, they are in the 'stepping-in'⁴⁹ and 'stepping-up'⁵⁰ livelihood trajectory.

The farmers in the 'stepping in'⁵¹ category are well-off individuals diversifying into farming and bringing in capital from various non-farming income sources. But having access to their own capital resources does not preclude them from accessing state support. Some of these farmers still manage to access significant production support from the state. Access to state resources serves to consolidate their position as accumulators. However, the predominance of well-off individuals who are diversifying into farming is happening alongside the exclusion of the poor: for instance, rural households, smallholders and communal area farmers.

'Stepping Up' through Recapitalisation

The third 'stepping up'⁵² category comprises farmers who are on an upward trajectory of accumulation solely through extensive state support. This category constitutes 11 per cent of the farms in the study sample. Unlike the business elites, these farmers accumulate through access to different streams of state agricultural support funds.

Some farmers in this category have exploited policy gaps to access farms more than once. The SLLDP encourages smallholders and medium-scale farmers to expand production and 'graduate' to become large-scale commercial farmers.⁵³ This strategy has been used by existing farm beneficiaries to lease additional state land. Some of these farmers already own farms from previous land redistribution programmes such as LRAD. Others who graduated into the SLLDP programme are livestock owners who previously occupied land in the municipal grazing commons.

46 *Ibid.*

47 M. Neocosmos, 'The Agrarian Question in Southern Africa and "Accumulation from Below": Economics and Politics in the Struggle for Democracy', Nordiska Afrika Institutet research report no. 93 (Uppsala, University of Uppsala, 1993).

48 H. Bernstein, *Class Dynamics of Agrarian Change* (Halifax and Winnipeg, Fernwood Publishing, 2010).

49 Hall *et al.*, 'Plantations, Outgrowers and Commercial Farming in Africa', p. 528.

50 Scoones *et al.*, *Zimbabwe's Land Reform*, p. 226.

51 Hall *et al.*, 'Plantations, Outgrowers and Commercial Farming in Africa'.

52 Scoones *et al.*, *Zimbabwe's Land Reform*.

53 Department of Rural Development and Land Reform, 'State Land Lease and Disposal Policy' (Pretoria, DRDLR, 2013).

Table 2. Strategies and practices in elite capture of land redistribution

some key questions on elite capture in land redistribution	key actors in the land reform delivery process					
	strategic partners, mentors, contractors and service providers	commodity associations	white commercial farmers	government officials	district land reform committees (DLRCs)	estate agents
How does elite capture occur?	<p>Farm flipping, imposition of agribusiness as strategic partners, failure to declare dividends in strategic partnerships. Beneficiaries merely become fronts for agribusinesses making profits. Capture of value upstream (inputs) and downstream (marketing and processing). Mentors enforce compliance to production and business plans, control recapitalisation funds and the procurement of farm implements and inputs. Procurement decisions often favour contractors and service providers whose primary interest is to enhance profits.</p> <p>These groups form part of the 'classes' of capital that increasingly see state-sponsored agricultural development schemes as new frontiers of accumulation which guarantee cheap land and state subsidies through various forms of production support and recapitalisation funds.</p>	<p>Commodity associations often assist SLLDP beneficiaries with access to agro-inputs and markets. In some instances, they have managed production support resources leaving SLLDP farmers with little room to manage Recap funds.</p>	<p>Some farmers sell land to the state and then lease it back through partnerships with beneficiaries. White farmers also act as mentors, and often sell produce to their marketing companies promoting transfer pricing.</p>	<p>Imposition of politically connected beneficiaries, exerting pressure on lower level officials to flout departmental procedures, soliciting bribes, imposition of strategic partners, withholding leases and production support, fronting.</p>	<p>Imposition of politically connected beneficiaries, soliciting bribes, imposition of strategic partners, withholding leases and production support, fronting.</p>	<p>Overpricing land, collusion with state officials in farm assessments.</p>
What are the key drivers or causes of elite capture?	<p>Farmers' associations and commodity associations have coalesced around the agenda to deracialise the commercial farming sector through the inclusion of black commercial farmers. This is consistent with policies that seek to replicate the large-scale commercial farming model in land reform.</p>	<p>Farmers' design of SLLDP allows commercial farmers, who often experience competitive pressures in a highly concentrated food system, to access state land indirectly and benefit from production support and subsidies.</p>	<p>Policy design of SLLDP allows commercial farmers, who often experience competitive pressures in a highly concentrated food system, to access state land indirectly and benefit from production support and subsidies.</p>	<p>Rent-seeking, corruption and nepotism amplified by policy weaknesses. Land reform is an attractive site of accumulation for state officials. This also happens against the backdrop of dwindling BEE opportunities which have been a key driver of class formation in the wider economy.</p>	<p>Decentralisation creates opportunities for local elites to capture public resources in land reform.</p>	<p>In some cases, land prices are inflated, and poor land is brought on to the market for purchase by the state.</p>

Strategies of Elite Capture of Resources in Redistributive Land Reform

This section provides an in-depth understanding of the phenomenon of elite capture and how it unfolds in specific contexts within land redistribution (see Table 2). The section presents key illustrative empirical cases that reveal various practices that enable different actors in the land-reform delivery process to capture resources. It is fundamental to distinguish between policy biases that favour well-off beneficiaries and corruption, where certain people divert public resources and benefit disproportionately at the expense of the poor.

Policy biases are embedded in specific notions of viability or what constitutes success or failure in land reform.⁵⁴ Land-reform policies in favour of the large farm path aim to deracialise the commercial farming sector without restructuring the agricultural sector to make it inclusive and pro-poor.⁵⁵ Deracialisation without structural transformation in agriculture is in tandem with BEE approaches to transforming the wider economy. These BEE approaches have been widely criticised for concentrating resources in the hands of the few among the historically disadvantaged. In agriculture, this narrow policy vision has prioritised the creation of a small segment of prosperous black commercial farmers.⁵⁶ Instead of reconfiguring the agrarian structure to make it more inclusive, deracialisation of the large-scale commercial farming sector merely facilitates accumulation by the few.⁵⁷

Elite capture is also attributable to corrupt practices by state officials, economically and politically powerful people and established agribusinesses.⁵⁸ In the context of this study, economically powerful and politically connected individuals engage in various forms of corruption. These include payment of bribes, the imposition of politically connected beneficiaries and political pressure on lower-level officials to flout departmental processes.

Instances of 'double-dipping'⁵⁹ (obtaining state land or production support from two different programmes or streams of funding) and fronting (when a placeholder occupies land on behalf of an elite beneficiary, usually a state official or politician) also enable capture of public resources by economically and politically powerful individuals.

Established agribusinesses deeply embedded in agro-value chains also capture public resources in land reform.⁶⁰ The recapitalisation and development (RECAP) programme claims to prioritise win-win strategic partnerships with agribusiness as an ideal model for providing production support in land reform.⁶¹ These partnerships may be realised through mentorship arrangements and strategic partnerships with agribusiness, including co-management, shared-equity arrangements, contract farming and concessions.⁶² The presumption is that partnerships with the private sector will give land-reform beneficiaries access to markets for both the purchase of inputs and the sale of produce.⁶³ However, strategic partnerships with land-reform beneficiaries are not the exclusive preserve of big agribusiness. In this research, individual businesspeople, local entrepreneurs and former landowners have gained significant influence within the SLLDP programme. These

54 B. Cousins and I. Scoones, 'Contested Paradigms of "Viability" in Redistributive Land Reform: Perspectives from Southern Africa', *Journal of Peasant Studies*, 37, 1 (2010), pp. 31–66.

55 Hall, 'A Political Economy of Land Reform in South Africa'.

56 *Ibid.*; M. Aliber and R. Hall, 'Support for Smallholder Farmers in South Africa: Challenges of Scale and Strategy', *Development Southern Africa*, 29, 4 (2012), pp. 548–62.

57 *Ibid.*

58 Lebert and Rohde, 'Land Reform and the New Elite'; Hall and Kepe, 'Elite Capture and State Neglect'.

59 Personal communication with Ruth Hall, 20 February 2019. The practice of 'farm flipping' is explained fully below.

60 Hall and Kepe, 'Elite Capture and State Neglect'.

61 DRDLR, 'State Land Lease and Disposal Policy'.

62 *Ibid.*, pp. 12–14.

63 DRDLR, 'State Land Lease and Disposal Policy'.

individuals also provide business partnerships, mentorship and training to land-reform beneficiaries.

However, these partnerships are implicated in unequal and exploitative power relations. Agribusiness partners and mentors usually have great control over the use of recapitalisation funds through imposed business plans and farm budgets. In this article, we identify different forms of rent-seeking practices through which agribusinesses (including contractors and service providers) and mentors capture public resources in land redistribution. These different forms of corruption involve ‘farm flipping’⁶⁴ (profiteering from cheaply acquired land), the imposition of strategic partners on SLLDP projects, capturing of value upstream and downstream of farming, failure to declare dividends, and asset stripping.

The different strategies used by agribusiness and various powerful individuals to capture resources in land reform are not discrete and separate. In practice, these strategies are mutually embedded and combined in complex ways. The key social actors involved in the land-reform delivery process straddle networks within the state, in agribusiness and alliances in the political sphere. As a result, in one land-reform project, the capture of public resources may reflect the involvement of different actors from different spheres of activity. While one form of corruption may be predominant, it usually co-exists with other forms of corruption.

Business and Political Elites: Capture of Public Resources

The capture of resources in land reform may be driven by overtly corrupt, rent-seeking practices by state bureaucrats and local politicians. This may involve the imposition of people related to officials on land-reform projects and intercepting public resources disbursed for the benefit of land-reform beneficiaries. The assessment of the performance of leases on SLLDP farms and their renewal, and the assessment of business plans – all these aspects of SLLDP may be used as instruments by bureaucrats and powerful political players to extract rent from land-reform beneficiaries. One land-reform official noted that client–patron relationships and rent-seeking practices were common, especially within the SLLDP land-reform programme. This official noted that the SLLDP was introduced because, previously, some LRAD beneficiaries were selling land, since they had ownership rights to that land. However, rent-seeking practices and corruption are also prevalent within the SLLDP programme. According to a Department of Rural Development and Land Reform (DRDLR) official in the Free State: ‘SLLDP is actually about patronage at official and political levels. Those farmers who had accessed SLLDP farms are paying officials monthly incomes. It’s rampant’.⁶⁵

Such networks of informal relationships exist in the shadows of land-reform policy and often shape land-reform outcomes in profound ways.⁶⁶ Within land reform, corruption and rent-seeking practices occur through such strategies as soliciting bribes, fronting and reverse rental, bailing out politically connected people, the imposition of politically connected beneficiaries, withholding leases, and investment in non-reform projects.

Below, we present selected cases that illustrate how elite capture of public resources unfolds in the land delivery process. These are patterns of various practices through which key actors in the land-reform process engage in corrupt practices and exploit inherent policy biases and weakness to capture public resources.

64 Personal communication with Ruth Hall, 20 February 2019.

65 Interview with Ayanda Cala, Bloemfontein, 20 June 2018.

66 P. Hebinck and B. Cousins, *In the Shadow of Policy: Everyday Practices in South African Land and Agrarian Reform* (Johannesburg, Wits University Press, 2013).

Soliciting Bribes

Within the SLLDP programme, bribery is used by some beneficiaries to influence decisions by officials concerning farm allocation, access to state support or recapitalisation funds, and issuance of leases. One project officer noted that it was common for applicants and estate agents to try to influence processes through bribes. According to the project officer: 'we are sometimes bribed to speed up the process by applicants. But we can't do anything about it and I tell them that the process is with the farmer and the national office. Some estate agents also bribe us to speed up the process'.⁶⁷

Officials also actively solicit bribes from potential beneficiaries to facilitate access to public resources in land reform. Cases of bribery often involve well-off beneficiaries with access to material resources. The well-off farmers include people diversifying into farming ('stepping in'⁶⁸) and those who, through their social and political networks, access production support many times ('stepping up'⁶⁹ through massive state support). A prominent District Land Reform Committee (DLRC) member and land-reform beneficiary ('stepping in')⁷⁰ also noted that bribes were being paid by farmers to obtain lease contracts. The relatively poor are also, in some instances, forced to pay bribes owing to threats of eviction and withholding of leases by corrupt state officials. Some DRDLR officials acknowledged receiving bribes in order to speed up land-reform delivery processes.

Double-Dipping

'Double-dipping'⁷¹ is the allocation of farmland more than once to farm beneficiaries under a land-reform programme. Influential beneficiaries often make use of their social networks and connections to access land and production support at the expense of ordinary beneficiaries. The following case of an SLLDP beneficiary 'stepping up' through massive state support also demonstrates how 'double-dipping'⁷² occurs within the current programme and more broadly within land reform.

Tebogo Msimang, a leader of the local policing forum, was initially part of a 25-member co-operative that was allocated 688 hectares of land through the previous LRAD programme. In 2008, the government allocated him another 511 hectares through the SLLDP. After applying for production support, the government gave him an option to obtain more land in lieu of recapitalisation and he subsequently got 1,233 hectares through this 'informal arrangement'. However, Mr Msimang still got recapitalisation support to purchase beef cattle and farm structures.⁷³

The policy identifies four different categories of farmers who may lease land from the state. At the lower end (category 1) are the poor households with limited access to land, while at the higher end are large-scale commercial farmers (category 4). Farmers are expected to transition from the lower end through categories 2 (smallholder producers) and 3 (medium-scale farmers) until they can become large-scale commercial farmers. Existing beneficiaries often use the need to graduate into large-scale commercial farming as a justification to access additional land and production support from the state. Thus, in some cases, obtaining a second farm has been classified as a form of recapitalisation. However,

67 Interview with Ms Amanda Ndlovu, East London, 20 June 2018.

68 Hall *et al.*, 'Plantations, Outgrowers and Commercial Farming in Africa'.

69 Scoones *et al.*, 'Zimbabwe's Land Reform'.

70 *Ibid.*

71 Personal communication with Ruth Hall, 19 August 2019.

72 *Ibid.*

73 Interview with Mr Tebogo Msimang, Vryburg, 1 October 2018.

this practice facilitates ‘double-dipping’,⁷⁴ whereby beneficiaries are allocated land more than once.

Fronting

Fronting is common. Placeholder beneficiaries occupy the farm on behalf of state officials – a strategy by the officials to secure their retirement. Section 6.4 of the policy behind the SLLDP programme restricts civil servants from benefiting from the programme.⁷⁵ However, the capture of public resources in land redistribution is also achieved by some local politicians and state bureaucrats through fronting.

Bheki Dabula, a disabled man, was allocated Nelham, a 397-hectare farm in the Free State province, through the SLLDP in 2014. His niece, Hleziphi Dabula, manages the farm. Hleziphi is a proxy who reports directly to a relative, the husband of a former member of the Free State provincial cabinet. The farm benefited from R9 million in recapitalisation funds. The former cabinet member and her husband are behind this farming operation – Mr Dabula is merely a front while Hleziphi manages the farm for the prominent family. At the time of our research, this fronting arrangement was unravelling. Hleziphi, the proxy, wanted full control, given that, on paper, the farm had been allocated to Bheki, her disabled uncle. In retaliation, the former cabinet member laid criminal charges against Hleziphi for stock theft and abusing her disabled uncle.⁷⁶

Instances of wealthy people using family networks to enhance accumulation prospects through land reform are common.⁷⁷ In such cases, the impetus for land redistribution comes from wealthy individuals or family who appoint a relative to look after the land-reform project.⁷⁸ Essentially, wealthy individuals use their family networks to advance their strategies of enterprise diversification and wealth accumulation through land reform. Accordingly, it is important to identify who the actual beneficiary of a land-reform project is: the actual beneficiary may or may not be the person identified in the official records and may or may not be the person whom one meets when assessing the project.⁷⁹

Imposition of Politically Connected Beneficiaries

The exclusion of bona fide beneficiaries alongside the imposition of politically connected ones (for instance military veterans) includes the imposition of politically connected strategic partners. One specific case epitomises the nature of elite capture through overtly corrupt practices among state actors. A member of the DLRC in the Eastern Cape confirmed that they had been pressured by high-level state officials to allocate land to their associates. In the Eastern Cape, the imposition of people on SLLDP projects by powerful state bureaucrats and politicians was characterised as ‘parachuting’. Lower-level officials – for instance, project officers – are pressured by their superiors to flout departmental processes. This is often meant to benefit officials in the upper echelons and their political connections. This may relate to the allocation of farms, preferential access to post-settlement support and other forms of production support – for instance, recapitalisation funds. The victimisation of non-compliant officials is common and often involves arbitrary transfers or redeployments

74 Personal communication with Ruth Hall, 19 August 2019.

75 DRDLR, ‘State Land Lease and Disposal Policy’.

76 Based on interview with Hleziphi Dabula, Lejweleputswa, 20 June 2018.

77 M. Aliber, T. Maluleke, T. Manenzhe, G. Paradza and B. Cousins, *Land Reform and Livelihoods: Trajectories of Change in Northern Limpopo Province, South Africa* (Cape Town, HSRC Press, 2013).

78 *Ibid.*

79 *Ibid.*

and their replacement with compliant officials willing to flout departmental processes in pursuit of narrow interests.

Bailing out Politically Connected Individuals

Bailing out politically connected people who have accumulated debt in their farming enterprises involves acquiring a financially struggling or bankrupt farm belonging to a politically connected individual using land-reform funds. The same farm is then allocated to its previous owner. Social class and political power are important in the way they shape land-reform outcomes.

Sipho Mofokeng, a former senior state bureaucrat, depended on his proximity to provincial state officials to resuscitate his farm. A former economist in government and the private sector, Mr Mofokeng initially used personal resources to purchase a 60-hectare farm. In addition, he acquired 311 hectares of land for R7 million through a BEE fund for black farmers in the sugar industry. In 2016, when a fire destroyed the farm, he negotiated with state officials to acquire the farm as part of the land redistribution programme. The same farm was leased back to him as a land redistribution beneficiary, and, in 2017, the land-reform department provided R5.4 million in production support. Reflecting on this sustained support, Mr Mofokeng noted, 'the department likes people with farming experience [who] can develop business plans'.⁸⁰

It is not uncommon for rich farmers to influence or dominate local state institutions responsible for the disbursement of scarce agricultural resources. In its extreme form, the capture of agricultural resources by powerful groups involved the relative ability of dominant groups to enter and maintain social networks and colonise state institutions.⁸¹

Withholding Leases and Threats of Eviction

The leasehold system in the SLLDP affords state actors great control over land administration. In contrast to the previous land-reform programme, which transferred full landownership rights to beneficiaries, the SLLDP gives the state custodianship of the land. Those allocated land remain tenants on state land subject to fulfilment of the conditions of the lease. With weak land administration systems, the state has perennially failed to manage its own land and assets. Those who have advocated state custodianship in land reform argue that it guarantees secure land rights, protects beneficiaries from arbitrary evictions and ensures democratic land administration systems.⁸² Only 53.2 per cent of the SLLDP farms in this study had valid leases, while the rest did not have legally secure land rights to occupy the farms (see [Table 3](#)).

Evidence from this research illustrates that state custodianship of land does not necessarily translate to secure land rights for the beneficiaries. Within the SLLDP programme, there are inordinate delays in accessing caretakership agreements and leases. In some instances, land-reform beneficiaries held on to expired caretakerships and leases as their only guarantee against eviction by some unscrupulous state officials. This has provided fertile ground for rent-seeking practices, corruption and bribery. Double allocation of land and land grabbing by powerful actors, often in connivance with state actors, is common in a context of weak, insecure land rights.

80 Based on interview with Sipho Mofokeng, Pietermaritzburg, 20 May 2018

81 C. Jeffrey and J. Lerche, 'Stating the Difference: State, Discourse and Class Reproduction in Uttar Pradesh, India', *Development and Change*, 31, 4 (2000), pp. 857–78.

82 Economic Freedom Fighters (EFF), 'State Custodianship is the Only Rational Approach to Expropriation without Compensation (submission to the National Assembly's Section 25 Committee, Parliament, South Africa, 2021).

Table 3. Tenure security in selected land redistribution farms (n =62)

lease status	n	%
valid lease	33	53.2
expired lease	10	16.1
valid caretakership	1	1.6
expired caretakership	9	14.5
no lease agreement or caretakership	9	14.5
total	62	100

Asset Stripping on SLLDP Farms

The state of infrastructure on SLLDP farms, specifically the farm structures, farm equipment, roads and access to water and electricity is generally poor. In all the provinces, research indicates that farm assessments to ascertain the condition of the farms and to document all the machinery and equipment on them are not properly done. The evaluation of farms is important during the transfer period, when the government is in the process of finalising the acquisition of the farm. In most cases, former landowners have remained on the farm during this period. Interviews with some beneficiaries reveal that former farmers use the transition period to strip assets from the farm. Once an agreement has been reached with the government to purchase land, farmers also cease to maintain the farm structures. As a result of the protracted process of land acquisition, land-reform beneficiaries end up occupying farms with very poor infrastructure. This was a common trend across the five provinces.

There are no adequate control mechanisms to document farm assets or to assess the condition of a farm throughout the prolonged land acquisition process. During the transfer period, electricity and water often get disconnected and the water pumps and electrical equipment are vandalised. Agricultural activities such as horticulture and dairy farming have been heavily affected by the widespread lack of adequate infrastructure, including water and electricity, at the time of land transfer. The chances of a new occupant getting a farm that is not economically viable, if not bankrupt, are very high.

Operations on most farms can commence only after the government releases post-settlement support. Due to delays in the release of production support, some beneficiaries occupy farms with poor infrastructure. Thus land is often allocated without the essential machinery and capital equipment to support production. Some farms have been so vandalised that the amount of production support required to resuscitate them is almost equivalent to the purchase price. The majority of SLLDP farmers across the five provinces indicated that they have insecure tenure rights. SLLDP does not confer ownership rights to land-reform beneficiaries. Most beneficiaries, however, expressed interest in owning land as opposed to leasing. In most cases, farmers indicated that they face challenges in securing financial support from financial institutions because the leases are short-term and banks are reluctant to commit resources to these farms.

Elite Capture by Strategic Partnerships and Mentors

Strategic partnerships and mentorship arrangements are, in principle, important avenues for transferring skills and knowledge to new farmers and ensuring that they gain access to the wider value chains by being linked to established agribusiness and commercial farmers. Without stringent monitoring mechanisms, however, these relationships have often deteriorated and became a huge disadvantage to the land-reform beneficiaries. Some agribusinesses and mentors have pursued private interests rather than help the

'beneficiaries'. The pressure to access cheap land and labour and enhance profitability by minimising costs has resulted in some agribusinesses going into partnerships with land-reform beneficiaries in bad faith. The pursuit of profits has seen some strategic partners using the land reform only as a conduit to cheap labour and to benefit indirectly from subsidised production support from the state.

The various forms of corruption employed by private agribusiness are often intertwined and mutually embedded. While there is a predominant form of corruption on individual farms, this often co-exists with other forms of corruption. Strategic partners are often imposed on land-reform beneficiaries. The beneficiaries are usually not privy to the details of the contracts and benefit-sharing arrangements. Strategic partners tend to have inordinate influence and maintain tight control on procurement processes and the marketing of farm produce. This allows them to capture value upstream and downstream of farming. Beneficiaries are also excluded from key decision-making processes concerning financial management, reinvestment of profits and declaration of dividends. Unequal power relations are a key underlying cause of these forms of corruption and exploitative relationships. However, these forms of corruption can be manifested in a single land-reform project representing the different routes through which resources are siphoned off and captured within land reform.

Farm Flipping

'Farm flipping' involves the purchase of farms that are in distress at very low prices, selling them to the government at inflated prices, and then returning to the farm as a strategic partner, often at the expense of the intended beneficiaries of agricultural land reform.⁸³ The phenomenon of 'farm flipping' reflects the profitability pressures that agribusinesses experience in an increasingly competitive global environment.⁸⁴

Nirwanda farm in the Western Cape shows how different forms of corruption combine to facilitate elite capture in land reform. The most significant forms of corruption in the Nirwanda case include 'farm flipping', the imposition of a strategic partner, withholding the lease and production support, and removing farm assets and implements. Nirwanda consists of portions of a farm previously known as De La Haye, originally owned and operated by Stephanus du Toit and his son. De La Haye farm marketed its fruit through South African Fruit Exporters (SAFE). In 2005, the family accepted a production loan of R1.8 million from the company, which was registered as a bond against the farm. After De La Haye defaulted on loan payments, SAFE recalled the loan and proceeded to purchase the farm through Quickvest, one of its shelf companies, for R7.3 million.⁸⁵ In 2012, SAFE resold the farm to the DRDLR for R19 million and became a strategic partner to the land-reform beneficiaries. Following the flipping of Nirwanda farm and getting a windfall of R19 million, Bono Holdings was imposed as a strategic partner to the selected land-reform beneficiaries of Nirwanda, the Big Five co-operative.⁸⁶

The deregulation of farming in South Africa resulted in the proliferation of exporters in the fruit industry.⁸⁷ It became imperative for companies such as SAFE (Bono's partner) to secure guaranteed supplies of farm produce by locking up supply through acquiring farms or

83 Personal communication with Ruth Hall, 20 February 2019.

84 M. Sommerville, "'Agrarian Repair': Agriculture, Race and Accumulation in Contemporary Canada and South Africa' (PhD thesis, British Columbia University, 2019).

85 *Ibid.*; Staff reporter, 'Farm Flipping': How Land Reform was Broken by the Elite, *Mail and Guardian*, Cape Town, 24 May 2019, available at <https://mg.co.za/article/2019-05-24-00-farm-flipping-how-land-reform-was-broken-by-the-elite/>, retrieved 28 February 2023.

86 Interview with Big Five Co-operative, De Doorns, 25 October 2018.

87 M. Sommerville, "'Agrarian Repair'".

partnering land-reform beneficiaries. This marked their involvement in agricultural production, farm ownership, farm management and supply chain logistics.⁸⁸

Imposition of Strategic Partners

In the imposition of strategic partners, land-reform beneficiaries are usually not given the option to choose their own partners or mentors. Most strategic partners rely on connections with key political figures and state officials to get contracts as strategic partners or mentors. In our research, some SLLDP farms in KwaZulu-Natal and some cases in the Western Cape had strategic partners imposed on the beneficiaries. The state has, in some cases, acted arbitrarily, since it remains the owner of the farms. Land-reform beneficiaries are merely tenants on state land. The funnelling of recapitalisation funds through agribusinesses is also important, since their control of budgets leaves beneficiaries powerless. Those who reject the state's preferred strategic partners are often sanctioned by the state officials involved. These sanctions include withholding leases, rendering the beneficiaries legally precarious. In addition, threats of eviction for those on a collision course with the state are not uncommon.

In the Western Cape, the strategic partners whom we encountered are mostly established agribusinesses. These also have a footprint in other provinces. In KwaZulu-Natal, however, a slightly different phenomenon of informal strategic partners introduced outside the formal processes was also evident. The informal aspect of these arrangements involves state officials presenting prospective beneficiaries with potential business partners. The *modus operandi* is to target vulnerable groups such as farm workers. The prospective strategic partners are often less established agribusinesses or itinerant, urban-based business professionals with interests in farming. Once these informally introduced business partners become part of the farming operations, the siphoning of resources ensues. The informal strategic partners often intercept recapitalisation resources and squirrel them out of the business. In some cases, they have tried to wrestle the farms from the beneficiaries.

In the North West and Free State, strategic partners were imposed by virtue of the blanket funding arrangement that had been adopted at different points in time. In such instances, substantial recapitalisation funds are allocated to different agribusinesses for disbursement. A group of farmers operate under the tutelage of these service providers, who determine the expenditure of resources through control of farm budgets. Some beneficiaries cannot, therefore, individually access recapitalisation from the DRDLR. This prevents farmers from selecting their own preferred agribusinesses as service providers. A problematic issue is that these service providers also subcontract some of their work to different agribusinesses and individuals. This creates an imposed, intricate system of land-reform financing with multiple actors and very little transparency or accountability.

Capture of Value in Agro-Value Chains

The tendency to impose strategic partners discussed above enables such partners (agribusinesses) to capture value on both the supply and distribution sides of farming. Agribusiness companies tend to prioritise their own profitability rather than support the livelihoods of poor communities who are meant to benefit from land reform. Faced with pressures to maximise profits, strategic partners often deploy different strategies to capture value from land-reform farms. Of particular significance is the imposition of business and production plans on land-reform beneficiaries. Agribusiness partners usually use these plans to exert control and determine how the recapitalisation resources are used. Most land-reform

88 *Ibid.*, pp. 220–21.

beneficiaries are excluded from decisions on the acquisition of farm infrastructure, machinery or agro-inputs. A key strategy used to capture resources is to bypass land-reform beneficiaries when acquiring agricultural inputs and supplies from contractors and service providers. In most cases, the agricultural inputs are acquired at exorbitant prices; this benefits the agribusinesses, service providers and contractors involved.

In North West province, implementing agents alongside the appointed contractors and service providers were accused by the farmers of misusing recapitalisation funds. One farmer had written a letter to the DRDLR requesting permission to terminate the relationship with an implementing agent.⁸⁹ Significant recapitalisation funds are absorbed by contractors and service providers. Without transparency and accountability, land-reform resources are captured through the provision of poor infrastructure and farm machinery at inflated prices. Farmers have noted many irregularities where contractors and service providers have collaborated with strategic partners and mentors to inflate prices without seeking affordable alternatives.⁹⁰

Allocated budgets are often spent on sub-standard farm infrastructure, used farm machinery and, at times, old livestock with few breeding years remaining. This has been a loophole within the process of delivering land reform through which most of the recapitalisation funds have been captured. Farmers pointed to the problematic nature of this relationship. Although, in some provinces, some farmers have managed to rescind relationships involving these middlemen, their prospects for success have been greatly undermined by these highly unequal and exploitative arrangements.

Private agribusinesses in strategic partnerships with land-reform beneficiaries also capture value in the distribution of farm produce through transfer pricing.⁹¹ Transfer pricing happens when the strategic partner acquires farm produce from the land-reform farm very cheaply. The produce is acquired by their sister companies and marketing agencies at low prices to push up their profit margins and cross-subsidise their businesses.

In all the strategic partnerships investigated in this study, beneficiaries were not informed about the exact details of the contracts on business partnerships with agribusinesses operating their farms. Most of the beneficiaries expressed ignorance about the profit-sharing arrangements. They also indicated that they had not been paid any dividends by the strategic partners. Some of these farms are on an upward trajectory of accumulation either through recapitalisation and massive support by the state or by 'stepping in' with private capital and 'stepping up'.⁹² Failure to declare dividends or share profits translates into using farm workers and other land-reform beneficiaries involved as fronts. Social justice imperatives such as the welfare of farm workers and the inclusion of historically disadvantaged groups become a means of legitimising accumulation through cheap state land and accompanying subsidies.

Conclusion

Some studies draw attention to the phenomenon of elite capture in South Africa's post-apartheid land reform.⁹³ Post-apartheid land reform has largely enabled 'elites and agribusinesses to garner handouts from the state instead of redistributing power and wealth to the poor'.⁹⁴ This article contributes to these debates by providing a nuanced analysis of

89 Interview with Motusi Morolong, Vryburg, 10 October 2018.

90 Interview with Kgomo Mofokeng, Vryburg, 4 October 2018.

91 Hall and Kepe, 'Elite Capture and State Neglect'; M. Sommerville, "'Agrarian Repair'".

92 Hall *et al.*, 'Plantations, Outgrowers and Commercial Farming in Africa'; Scoones *et al.*, *Zimbabwe's Land Reform*.

93 Lebert and Rohde, 'Land Reform and the New Elite'.

94 Hall and Kepe, 'Elite Capture and State Neglect'.

how elite capture is not merely a manifestation of corruption and malfeasance but is intermeshed with processes of class and elite formation. Although elite capture and corruption produce inequitable outcomes in land reform,⁹⁵ these practices also constitute another avenue for elite accumulation and class formation, particularly in the post-colonial context characterised by widespread inequality and limited opportunities for social mobility for the historically marginalised. Various elites engage in different rent-seeking strategies – for instance, fronting, double dipping and bribery – to access cheap state land and recapitalisation funds. The strategies that elites use to accumulate wealth in land reform cannot be romanticised, given the frequent overlap with corruption. However, these strategies also bring into perspective the differentiated access to resources and constrained accumulation prospects in the wider economy for an emerging and precarious elite in post-colonial societies. Finally, accumulation by a few elites in land reform is consistent with the reformist deracialisation agenda,⁹⁶ which entails the inclusion of a few black commercial farmers instead of creating an inclusive agrarian structure to benefit poor social classes.

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⁹⁵ *Ibid.*

⁹⁶ Hall, 'A Political Economy of Land Reform in South Africa'.