

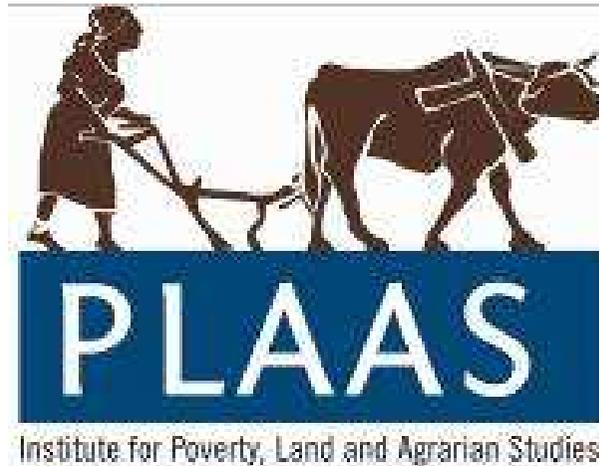
Another Countryside?

Policy Options for Land and Agrarian Reform in South Africa

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- PLAAS engages in research, training, policy development and advocacy in relation to
 - Rural and urban poverty and inequality
 - Land and agrarian reform
 - Agricultural and non-agricultural livelihoods
 - Fisheries and other coastal livelihoods
 - Water, forests, rangelands
 - Chronic poverty, vulnerability, intergenerational transmission

Key messages

1. Agricultural policies mitigate against success in land reform; they need to change if 'land and agrarian reform' is to succeed.
2. Land reform cannot succeed in isolation; we will keep making the same mistakes.
3. Need for agrarian policy to specify the kind of restructuring that satisfies the political demand for land reform and addresses society's interest in reducing poverty and inequality.
4. The neglected option of smallholder production for consumption and for the market should be the priority for state policy – not to the exclusion of other models.
5. To enable success, direct support for production as well as interventions in input supply, processing and output markets will be needed.
6. This will require a developmental state with a clear policy vision for the intended outcomes of land and agrarian reform.

Foundational Questions

- Land reform for what?
 - Land use, production and livelihoods
- Land reform how and for whom?
 - Land demand, targeting and acquisition
- With what land rights?
 - Tenure arrangements and support

Methods: research, analysis, consultation

- Secondary & primary research
 - Surveys on livelihood impacts (QOLs, CASE, SDC)
 - Regional and sectoral studies
 - National and commodity sector data
 - Case study research (projects, commodity sectors, regions – typology of project designs)
- Roundtable debates on policy options:
 - Land Acquisition: Beyond ‘Willing Buyer, Willing Seller’
 - Farm Worker Equity Schemes: Do they bring about real change in the lives of farm workers?
 - Agrarian systems: Restructuring the Rural Economy through Land Reform
 - The Political Parameters for Land and Agrarian Reform
- Workshops
 - On visions for land and agrarian reform
 - Co-hosted with NGOs
 - Restitution claimants, LRAD applicants and beneficiaries, commonage users, farm workers and dwellers, labour tenants, small farmers, residents of rural towns, residents of communal areas, residents of Transnet and forestry land, members of agricultural cooperatives
 - Land Affairs & Agriculture officials, mayors, municipal councillors, advice office workers, ANC constituency offices, traditional leaders, church leaders
- Conference
 - ‘Another Countryside’? Policy Options for Land & Agrarian Reform in South Africa

THEME 1:

Land reform for what?

Land use, production and livelihoods

Land reform for what?

- Land reform is a political project that is yet to clarify its economic rationale.
- It is driven by the quantitative target of 30% but there is no indication in land or agricultural policy of what the outcome should be.
- Policy is agnostic on:
 - Where redistribution should take place
 - Who is to benefit
 - What types of land should be prioritised
 - What kind of land use or production is to take place
 - What policy, institutional and economic environment is needed
 - How this should change dynamics in rural economies.
- What kind of agrarian restructuring is to be promoted in terms of the economic organisation (land use, technology, scale) and social organisation (class relations) of production?
- Land reform is happening in the absence of agrarian reform.

Types of projects: models of land use

Group ownership & group use

Remains the dominant model
Despite attempts to limit group size under LRA

Whole farm plans for collective enterprises
Often replicating prior commercial land uses
Usually no opportunities for other land uses

Individual ownership & use

Less common
Usually family enterprises
Each member a beneficiary

Promoted through LRAD
Usually available only to the better-off
Who have own capital or can leverage loan finance

Group ownership & individ use

A much less common model.

By design: individual use within group projects
Allows for cooperation, shared & infrastructure
By default: where plans fail
Or expected support fails to materialise.

Joint ventures

Becoming more prevalent

Contract farming, sharecropping, equity schemes
and strategic partnerships
Premised on maintaining production
Aim is not to change land use
Flow of benefits is uncertain.

Outcomes and Impacts

- Quality of Life survey 2:
 - Widespread under-utilisation of land
 - 38% were deriving income from sale of produce
 - Uneven benefits across households even in same project
- North West study:
 - A third of projects locked in intractable conflict
 - 55% had no implements for production
 - 65% were not following their business plans
 - An inverse correlation between 'success' and adherence to plan
- CASE study:
 - Of 128 projects, 83% had not achieved their agricultural aims and only one was generating sustainable profit.
- Lack of baseline data and a stable sample in these studies makes precise impact assessment very difficult.
- Confirm problems of inappropriate planning and lack of support.

Challenges for land use & livelihoods

- In practice, redistribution has privileged commercial farming and forced groups to take over entire farms and operate these collectively with very limited capital.
- This deeply problematic and complex model features nowhere in policy, and is the product of three primary factors:
 - reliance on the purchase of whole properties offered for sale,
 - small grants compared to the price of land,
 - and the failure to subdivide
- There has been an attempt to solve the problems faced by large groups of poor people operating commercial farms by shifting the focus (a) to a different stratum and (b) working within commercial enterprises so as not to disrupt production.
- Requirements to demonstrate commercial ‘viability’ in business plans have underscored the pressure to emulate the large-scale commercial farming sector – itself the product of years of state intervention, and currently in a state of rapid change.
- The dominant model of land use and livelihoods that is shaping land reform is at variance with where the agricultural sector is at.

THEME 2:

Land reform how and for whom?

*Land demand, targeting and
acquisition*

The WBWS approach to acquisition

- Key features of willing buyer, willing seller
 - non-interference with land markets
 - unwillingness by the state to expropriate land for land reform purposes
 - reliance on landowners to make available land for sale
 - self-selection of beneficiaries and
 - the purchase of land at market price
- Two factors – the grant structure and reliance on land being offered for sale – have led to a widely recognised mismatch between applicants' needs and the available land.
- This has been aggravated by the failure to facilitate subdivision of farms into portions better suited to beneficiaries' needs.

Outcomes of the WBWS approach

- Ad hoc and patchy approach to redistribution
- 'Mosaic' approach
- One-by-one approach to planning and acquisition.
- Isolation and absence of solidarity
- What is missing from all this is a serious effort to match provision of land to real needs.

Proactive Land Acquisition Strategy

- State has entered the market as a market-player (as WB)
- But a poorly informed player – no clear basis on which to determine which land to buy, for whom, why and for what?
- Research indicates a supply-led approach – a ‘troubled farmer bail-out programme’
- Area-Based Planning (ABP) can potentially provide guidance; a positive development
- A mechanism to scale up acquisition while circumventing obstacles imposed by the grant system.
- Serious questions arise about
 - Governance and accountability: on what basis are beneficiaries being chosen and allocated land, and on what terms?
 - Equity: how are resources being rationed?



Proactive needs-based approach

- Book proposes an alternative to reactive WBWS market-based approach and to the uninformed supply-led approach
- Alternative is 'proactive needs-based approach' that is people-driven and state-supported (and uses the market, but also overrides it where needed)
- Key features
 - Participants initiate but are assisted to identify and specify their needs
 - Acquisition determined by planned priorities, targets and identified needs
 - Land sizes adjusted to match needs, including through subdivision – old boundaries fall away
 - Spatially coherent approach - buy in bulk, plan, allocate (partition r/t or awa mosaic pattern)
 - Possibility of direct transfer by beneficiaries or acquisition by state
 - Facilitates provision of appropriate infrastructure

WBWS vs Proactive Needs-based approach

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

THEME 3:

With what land rights?

Tenure arrangements and support

Tenure rights on farms

- 3 million farm dwellers (including workers) in South Africa
 - Land Reform (Labour Tenants) Act, 3 of 1996
 - Extension of Security of Tenure Act, 67 of 1997
- 940,000 people evicted from farms in first ten years of democracy (Nkuzi / Social Surveys 2005)
 - Rate of evictions in 1994-2003 exceeds rate of evictions in 1984-1993
 - Rate of evictions from farms exceeds rate of land reform – more black South Africans losing homes and access to land than gaining it (but different people)
- ESTA has been an abject failure
 - Formal ownership tends to prevail when it comes to disputes between different categories of rights holders
 - The vast majority of evictions do not involve a court order – and so are illegal
 - Most occupiers who go to court do not have legal representation
- Non-implementation of Section 4 to secure long-term independent rights
 - Government appears to have retreated from the priority placed on farm dwellers as rights holders; instead are inserted into the discretionary redistribution programme.

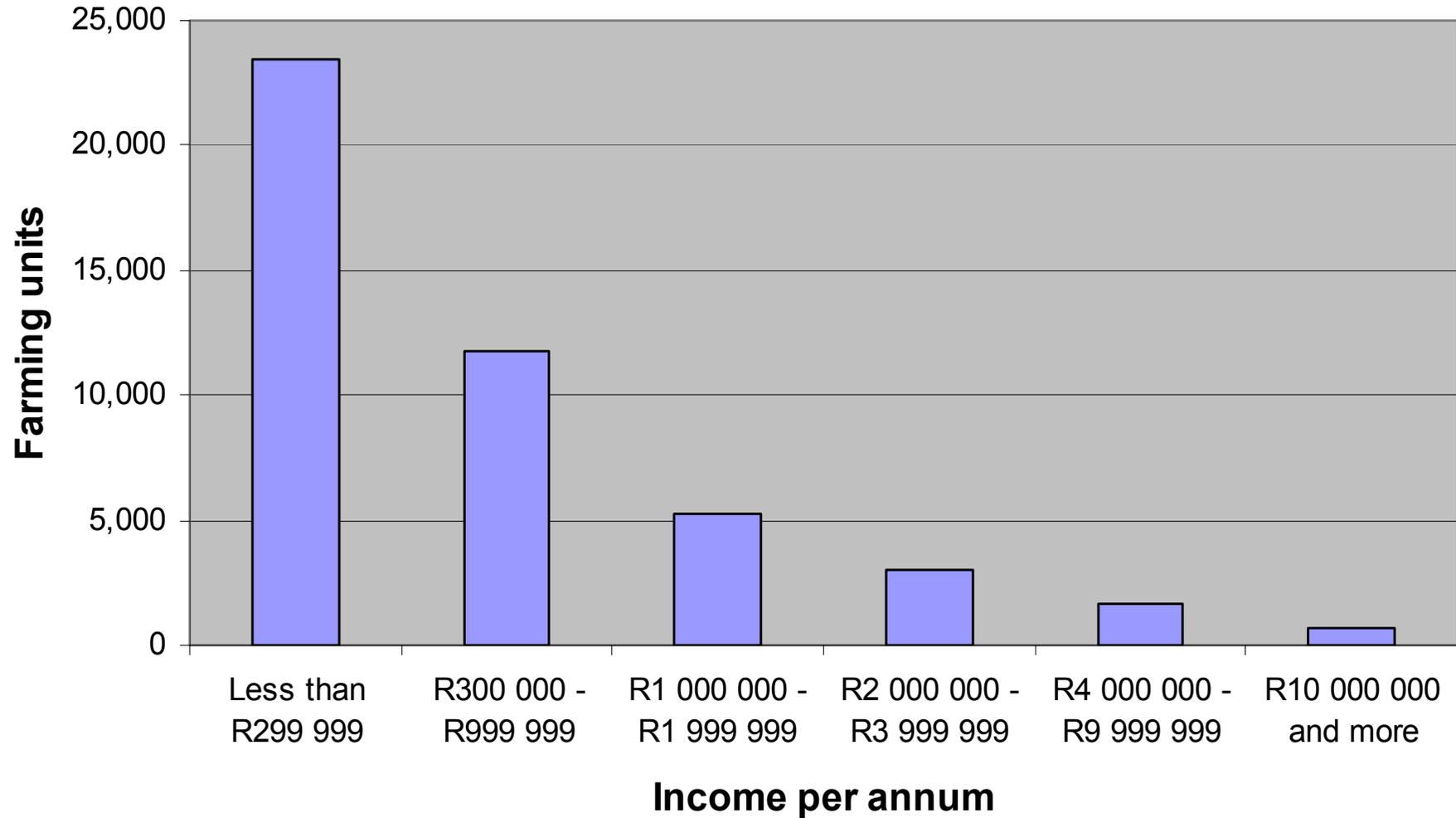
A blind spot in policy: tenure rights *within* group projects

- Virtually all land transferred to groups is registered in freehold title in the name of a 'legal entity' (CPA or Trust).
 - Beneficiaries are not the owners; they are members of a legal entity with procedural rights (to attend meetings, to vote)
 - Allocation of substantive rights to use land (and resolution of disputes) depends on robustness of these institutions
- Most groups are ill-prepared for the task of land administration
 - Weak and dysfunctional CPAs are often incapable of ensuring fair access to land by their members – or exclusion of non-members.
- The Department and Minister have not complied with obligations set out in the CPA Act of 1996 – to maintain a register, to receive reports, to report to Parliament
- Fundamental questions remain about the state's role in land administration in publicly funded resettlement schemes – and whether securing private ownership is adequate to secure tenure rights.
- There is clearly a need to revisit the policy framework for group resettlement

Dynamics in commercial farming

- Rapid deregulation
 - Marketing boards dismantled
 - Credit – end of transfers to Land Bank and ACB
 - Trade liberalised
 - 2nd lowest PSE in the world
- Outcomes
 - Employment declining rapidly: 150,000 jobs lost 1993-2002
 - Output and the volume and value of exports are rising
 - So is price volatility
 - Consolidation of ownership of land and capital
 - Un- and under-utilisation: 91% of arable land fully utilised
- Growing disparities: winners and losers.
- Where along this spectrum should restructuring focus?
 - Top end where few agribusinesses dominate or
 - At the bottom where smaller white farmers have low turnover, employ fewer workers per farm and are in debt.
- Land reform needs to change labour intensity – create new livelihoods
- But commercial farming - shedding jobs; supporting *fewer* livelihoods

Distribution of Farming Units by Income (Census of Commercial Agriculture, 2002)



Scenarios: for employment and self-employment in agriculture

1. 'Continuation of current trends & failed redistributive land reform'
 2. 'Intensification of commercial agriculture through state-led incentives and investments'
 3. 'Successful large-scale redistributive land reform & maintenance of competitive core of white commercial farms'
 4. 'De-racialisation of commercial agriculture'
 5. 'Public estate farming'
 6. 'Large-scale non-productive populist redistributive land reform'
- Outcomes for growth/decline among formal agricultural employees, large-scale black farmers, black smallholders, semi-subsistence producers, smallholder employees

Implications of scenarios

- Draws attention to the importance of food production as a part-time activity for poor rural households (4.5 mill semi-subsistence producers, 2/3 of whom are women)
- Findings:
 - The potential that land reform can have negative consequences for employment on commercial farms must be recognised – but the impact can be limited by targeting un/under-utilised land and creating opportunities for employees to become producers or to combine employment with own production
 - The number of semi-subsistence producers is very large relative to other categories (regardless of the scenario)
 - Any effort to use agriculture as a means to create livelihoods should include former homelands as a central component – but this is not happening.
 - There is opportunity to cater for different categories of beneficiary; current focus on black commercial farmers should be moderated to create more livelihoods

Towards alternatives: rural people's voices

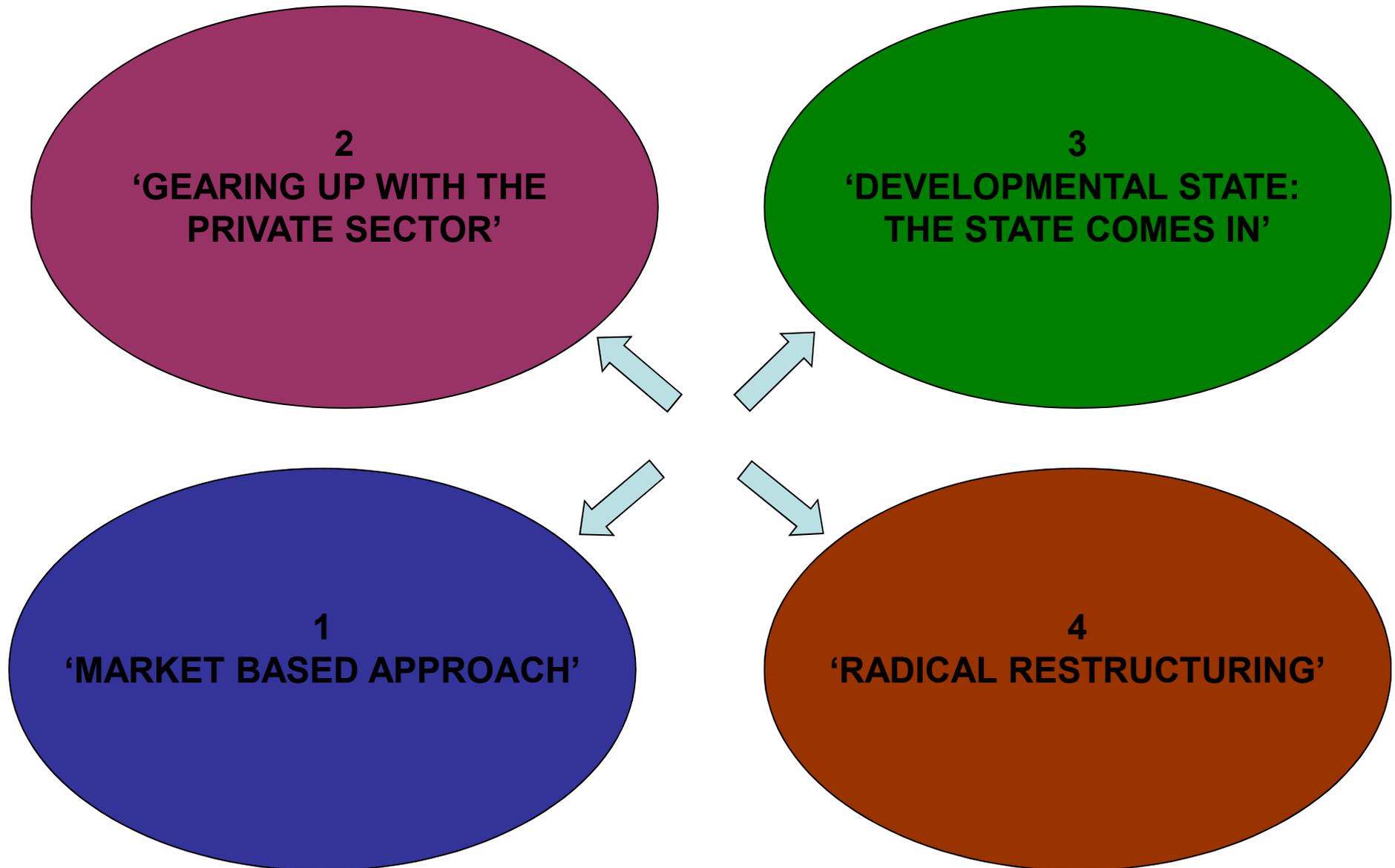
- Multiple and diversified land uses, for consumption in the first instance and, ideally, also for sale.
- Most common need is for small farm sizes or food production allotments, with some aiming for medium-sized parcels.
- Reliance on family labour, out of necessity as much as preference.
- A mix of tenure types, prioritising individually owned smallholdings with access to common grazing land.
- Strong preference for access to land close to towns, in order to combine production with other livelihood activities including, where possible, employment.
- State support for input supply and marketing
 - State-supported input supply and marketing cooperatives
 - Small farmers' markets in rural towns
 - Contracts to supply state institutions with fresh produce
 - Veterinary services and access to auctions & abattoirs
- Small-scale agro-processing of own produce through cooperatives.

Towards alternatives: International experience

- Successful smallholder sectors have been created, or resuscitated, through four main conditions – in addition to redistributing land:
 - **State-led plans supporting production of food crops** (and sale of surplus) as well as cash crops and livestock.
 - **Strategic geographical focus** on particular areas where redistribution and changes in production can bring about greatest benefit.
 - **Provision of subsidised inputs, extension service & marketing boards** or incentives for private marketing agents to source small quantities of produce from smallholders.
 - **Creation of strong forward and backward linkages** into the rural non-farm economy through input supply, processing and marketing.
- Possible for commodities traditionally the preserve of large estates to become predominantly smallholder produce.
- World Development Report 2008:
- “Agriculture-for-development” to provide pathways out of poverty, through land reform and increasing the “quality and quantity of public investment” specifically targeting smallholders.

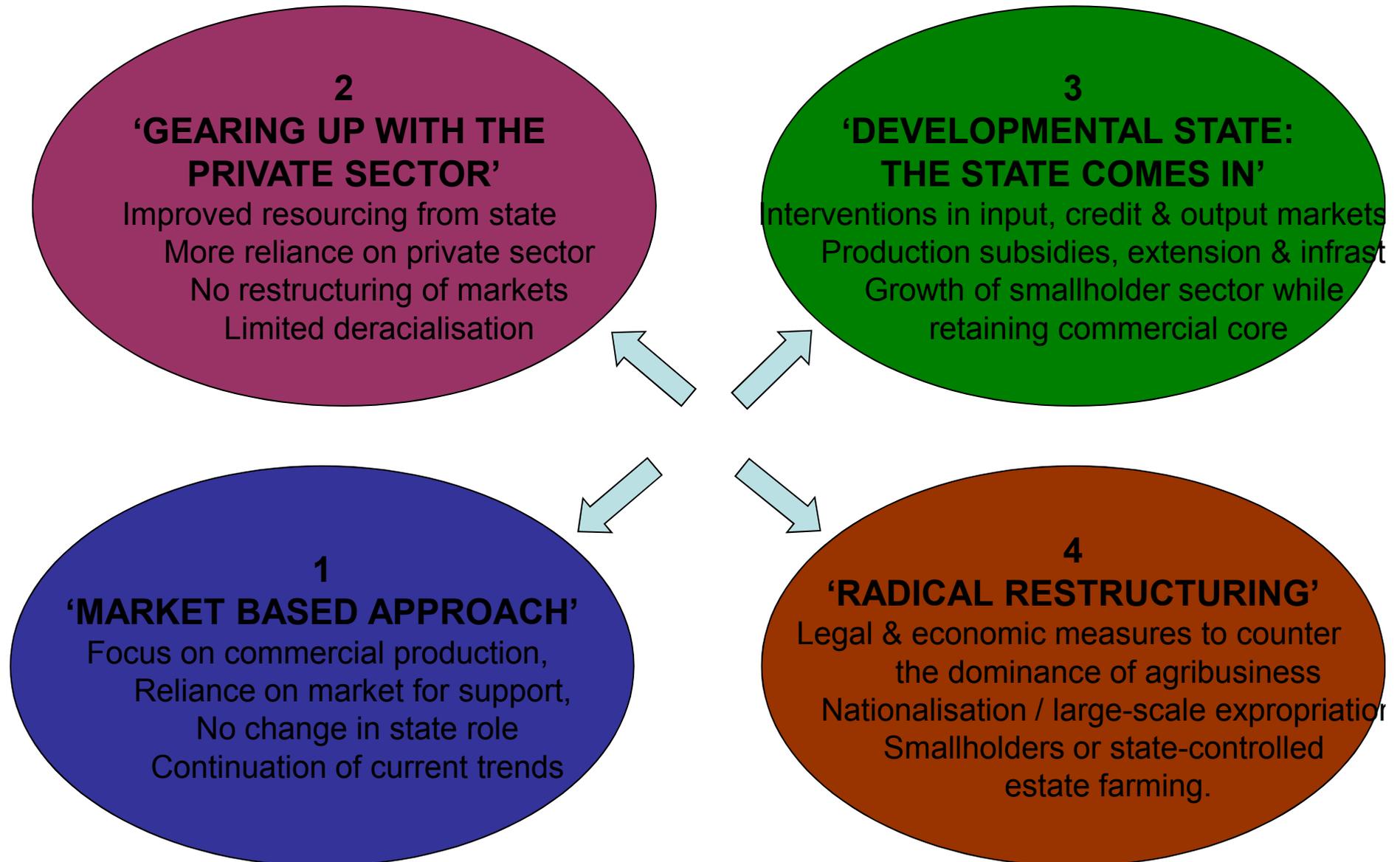
PARADIGM CHOICES

for land agrarian reform



PARADIGM CHOICES

for land agrarian reform



Considerations

1. Current market based approach untenable?
 - The current impasse is a source of anger for rural population, embarrassment & poor investment for government and concern for private sector.
2. Radical restructuring politically unfeasible
 - Weak rural social movements and failure to build effective alliances with labour movement means there is not effective pressure from below.
3. Powerful interests in gearing up with private sector
 - Vision of the agricultural industry is for deracialisation of existing structure, as in Strategic Plan and AgriBEE; a division of labour
4. ANC has embraced the notion of a 'developmental state' to invest directly in 2nd economy to be a catalyst to pro-poor growth and structural change in the 'dual' economy.
 - Recognition that 'ladders up' are inadequate
 - Elements of the latter two not mutually exclusive?

A 'developmental state' agenda for agrarian reform

- A vision of supporting pro-poor land reform and production by the poor would prioritise smallholders and include:
 - Change the **size distribution of landholdings** in favour of smaller production units to cater for poor producers – including land for farm dwellers for food production alongside commercial operations;
 - Support **production** for consumption as well as for sale, and promote low-risk and low-input production technologies through appropriate inputs and infrastructure;
 - Change use of **labour** by promoting self-employment and encouraging labour-intensive production where labour is hired;
 - Build linkages into **value-adding** for small producers by prioritising cooperatives in agro-processing & incentives & regulation of processing industry to source from small farmers;
 - Invest in **non-farm economic activities** to provide inputs and investments into part-time farming & smooth seasonal fluctuations in incomes for small farmers & for workers;
 - Change settlement patterns by allowing more dispersed settlement on the urban fringe and investing in settlement on redistributed land

Key messages

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Thank you for your attention

