African Journal of Agricultural and Resource Economics Volume 9 Number 4 pages 253-269

From failure to success in South African land reform

Hans P. Binswanger-Mkhize
Extraordinary Professor, Department of Agricultural Economics, Extension and Rural Development, University of Pretoria, Pretoria, South Africa. E-mail: binswangerh@gmail.com

Abstract

This article assesses the achievement of land reform in South Africa with respect to the number of beneficiaries relative to rural employment and the demand for land and increases in livelihoods and agricultural output. Even though there are islands of success, for the past twenty years the Land Reform Programme has not satisfied these criteria. Implementation has been poor and farm workers' and farm dwellers' rights have not been protected. This failure is primarily attributed to the use of group or co-operative farming; inadequate participation by the beneficiaries; the absence, late arrival or poor quality of post-settlement support; and capacity problems in the civil service. Success requires radical change in design and implementation. A reformed programme should be based primarily on family farmer models, from the provision of housing and gardens for supplementary food production to small commercially oriented family farms, and on intensive participation of the beneficiaries or their groups in the identification, planning, implementation and financial management of their projects. This will allow civil servants to focus on the identification of land to be acquired, the approval of land acquisition and investment plans, and the supervision of financial management and implementation of the projects, thereby relieving their capacity constraints. Before scaling up these approaches they should be tested in pilots on a significant scale, sponsored by any group with the required commitment and capabilities. Pilots should be evaluated independently, based on the number of livelihoods created, household food security and agricultural production.

Key words: land reform; South Africa; small farmers

1. Introduction

The purpose of this article is to assess the achievement of South Africa's land reform with respect to (i) the number of beneficiaries relative to rural employment and the demand for land from beneficiaries, and (ii) increases in production, livelihoods and agricultural output. These criteria derive from the National Development Plan objectives of inclusive growth (NPC 2011).

After 20 years of land reform there are some islands of success, especially in horticulture, but these exist in a sea of partial or complete failure, and the number of beneficiaries and the land area transferred is disappointingly low, even though rural unemployment has deteriorated sharply over the past decade (World Bank 2014). Cousins and Aliber (2013) show that the beneficiaries are still active on only 40% of agrarian reform projects (see also World Bank 2006; Lahiff & Li 2012; Business Enterprises 2014), while the outcome in terms of agricultural production and beneficiary income and livelihoods is poor on a large number of projects. Finally, attempts to protect the rights of farm dwellers and of farm workers have resulted in large-scale evictions (Lahiff 2009). Thus land reform has failed in the first 20 years when measured against the above criteria. Land reform policy has also been unstable, with new models introduced every few years, as well as new legal and institutional initiatives. As Hall and Cliffe (2009:17) describe it:

> As one considers the directions being taken in agrarian reform, one cannot help but feel a sense of déjà vu. As policy is redrawn, and new acronyms appear on the horizon, it seems that old ideas are being reinvented and renamed, and that failed approaches are being tinkered with rather than discarded or replaced. Each review that has exposed the fundamental problems with how the process is conceived (and practiced) has spawned further tinkering, much of which has failed to address the problems identified, has attempted to resolve problems for bureaucrats rather than for beneficiaries and has tended to shift the purpose and target group. Amidst the semblance of change is a substantial degree of continuity.

However, poor performance persists, as shown for example in the recent evaluations of the Comprehensive Agricultural Support Programme (CASP) and the Recapitalisation and Agricultural Support Programme (RECAP) by Business Enterprises at the University of Pretoria (Business Enterprises 2013, 2014). Poor performance has been attributed to the following factors:

1. The declining interest of the rural population, especially the youth, in farming.
2. The willing buyer–willing seller model of land acquisition at negotiated or market prices and the lack of an agricultural expropriation law.
3. Capacity problems in the Department of Rural Development and Land Reform (DRDLR), the Restitution Commission (RC), the Provincial Agricultural Departments (PAD) and the Department of Agriculture, Forestry and Fisheries (DAFF).
4. Poor post-settlement support for beneficiaries.
5. Unclear policies and procedures of the programmes and a lack of operational manuals.
6. The focus of all programmes on creating successful commercial farms.
7. The associated failure to subdivide the acquired farms into small family-operated farms and the associated imposition of group or cooperative farming on the beneficiaries.
8. Poor beneficiary participation in project identification, design and implementation.
9. Poor selection of beneficiaries with inadequate farming skills.
10. Poor selection and supervision of strategic partners.

Determining the salience of each of these factors in the high failure rates is necessary in order to design remedies that will lead to better performing programmes, and the first two sections of the paper are designed to contribute to this task.

In the next section, the rural context of employment, small-scale farming, and beneficiary demand for land will be examined and contrasted with the farm models used and the quantitative achievements of land reform. This is followed by a brief discussion of the six programmes that have been used so far for land transfer and for post-settlement support, and an analysis of the approaches used, and the issues confronted, in implementation. This analysis will be used to evaluate the salience of the various factors to which poor performance has been attributed. These insights will be used to identify a set of conditions for a more successful programme. This is followed by a proposal to finance pilot programmes that can transfer land and investment resources successfully to a large number of beneficiaries. The final section provides an example of such a pilot that has been implemented partially.

2. South Africa's rural economy

South Africa has a constitutional and policy framework that is very conducive for land and land reform. The country's constitution provides a mandate for tenure reform, restitution and redistribution. It allows for the expropriation of land, negotiated acquisition, or purchase in the market (although an agricultural expropriation law has not been enacted). The agricultural policy reforms of the 1990s eliminated all the privileges and subsidies that had been directed at commercial farmers by the apartheid regime, thereby in principle creating a level playing field for all types of farmers. This constitutional and policy framework is one of the most favourable in the world for successfully and rapidly implementing land and land reform.

In 1994, South Africa had approximately 82 million hectares of white-owned agricultural land. The new democratic government promised to redistribute 30% of this land, or 24.5 million ha, to the previously disadvantaged by 2014. By the end of 2009, when the last formal statistics were released, the government had acquired 6.7 million hectares of that land, which equals approximately 26% of the 24.5 million hectare target. Since 2009 it is estimated that a further 1.25 million hectares were redistributed, bringing the total to 7.95 million hectares, about one third of the target of 24.5 million hectares by 2012 (Kirsten 2012). Other government statistics indicate that 4 813 farms had been transferred to black people and communities between 1994 and 2013, benefiting 230 886 people.

In terms of black economic empowerment in agriculture, the large volume of private transactions in which black individuals have bought farm land from white farmers has to be taken into account. These transactions take place without assistance from the state and therefore are not recorded in the land reform statistics mentioned earlier, since the deeds register does not classify the owner of the title deed according to his or her race.

The poor quantitative performance of the government land reform programme has to be viewed in the context of the deteriorating rural labour situation (Figure 1). Between 2000 and 2011, total rural employment fell by 1.3 million, from approximately 3.9 to 2.6 million. The sharpest decline was in agricultural employment and self-employment, where 1 244 833 jobs were lost. Mining and manufacturing also suffered, with a loss of 192 875 and 82 467 jobs respectively. The small increase in the services (tertiary) sector employment of 211 028 has not compensated for the other declines. Therefore rural nonfarm sector employment has declined, and may have little potential for the future. The rural employment rate has declined sharply, from 37.9% to 26%, which means that only 2.6 out of every 10 adults of working age are employed or working in agricultural or non-agricultural self-employment in the rural areas (World Bank 2014:70-71).

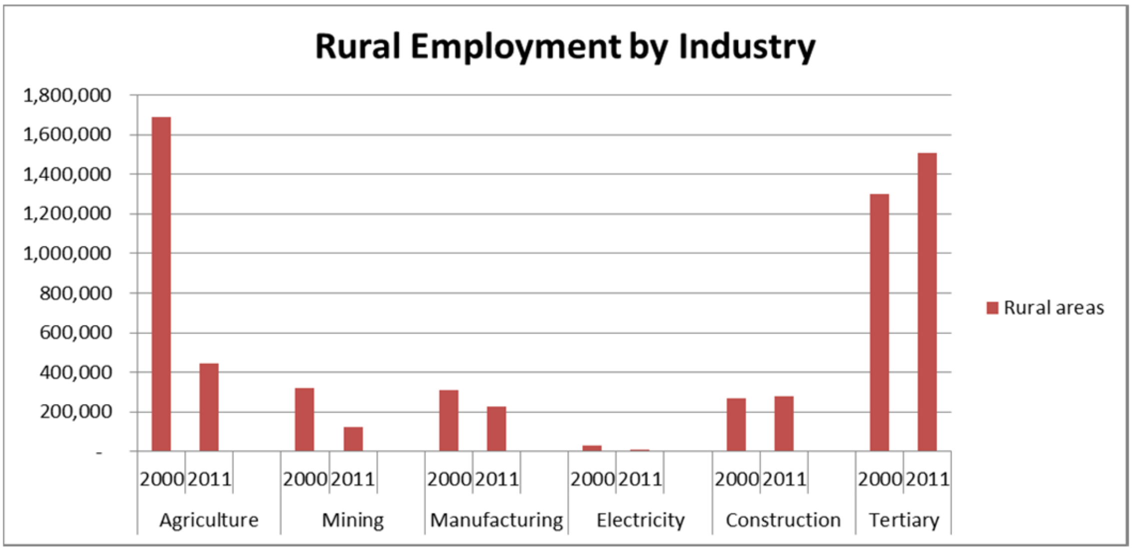

Figure 1: Rural employment by industry
Source: World Bank (2014b)

The resulting reserve army of the rural unemployed reduces urban wages and increases urban unemployment. It will take decades to absorb the surplus labour in urban areas. As emphasised by the Planning Commission, land reform must start to contribute significantly to the generation of employment and self-employment.

Figure 2 shows the trends in the number of households engaged in farming in the rural areas. By 2011 the total number was over three million, but it then started to decline.[1] By 2013 their number had decreased to 2,6 million. The largest demand (over 82%) is to supplement food consumption. However, there are a significant number of households that also work for supplementary income, and that number has increased. The number of households that use land for supplementary or primary income was only 6.6% in 2013. Of these 171 670 households, 131 401 used land primarily for supplementary income, a number that has recently increased. Only 45 894 households used agriculture as their main source of income. These numbers have to be seen in the context of Aliber *et al*. (2006), who show that 13.9% of those wanting land also expect to use it as a source of income.

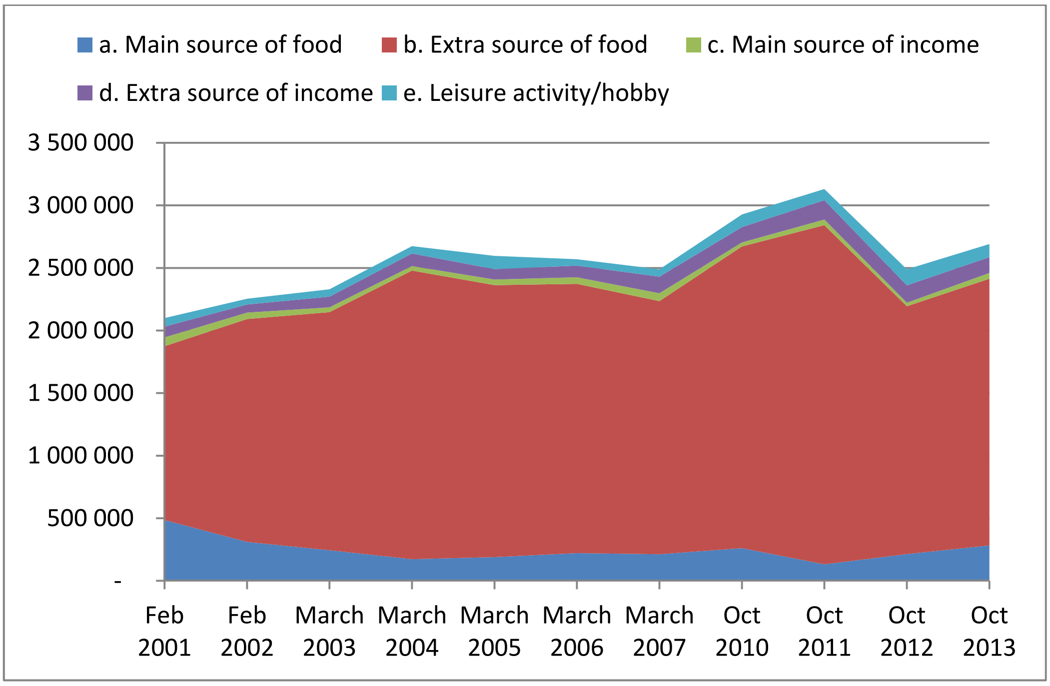

Figure 2: Number of households engaged in farming, by purpose
Source: Aliber *et al*. (2006)

Aliber *et al*. (2006) surveyed the extent and nature of the demand for land in Limpopo, the Eastern Cape and the Free State. While these numbers cannot be extrapolated to the country as a whole, they are a clear indication of the magnitude of the demand: 48% of black people in the three provinces want land, and one third want access for food production. Twenty-nine percent of the demand is from farm dwellers, 37% from communal areas and 34% from urban areas. Forty-five percent of those wanting land want 1 ha or less, while a quarter would be satisfied with 1 to 5 ha,

[1]South African data on smallholder agriculture is poor. Aliber (2011) used the South African Labour Force Surveys (LFS) and the General Household Surveys (GHS) to come up with the series presented in Figure 2. The two surveys have similar but not identical questions relating to the "main reason for farming", and Aliber unified the concepts from the two to show the farming trends in rural areas. Since the data are also survey data rather than census data, there may be unexplained fluctuations in the numbers.

and 48% of the demand is from 18 to 34 year olds.[2] Clearly there is an enormous demand for land in these three provinces – mostly for small areas. *These findings dispel any notion that the demand for land is very small, or that there is limited interest in land among the youth.*

Information on what people want to do with the land they would like to have is only available from the Breede River Valley in the Western Cape, and is shown in Figure 3. Housing and cultivation for own consumption and sale are the dominant demands, followed by cattle grazing. This study is based on a detailed participatory assessment, which appears not to have been carried out for other regions of the country.

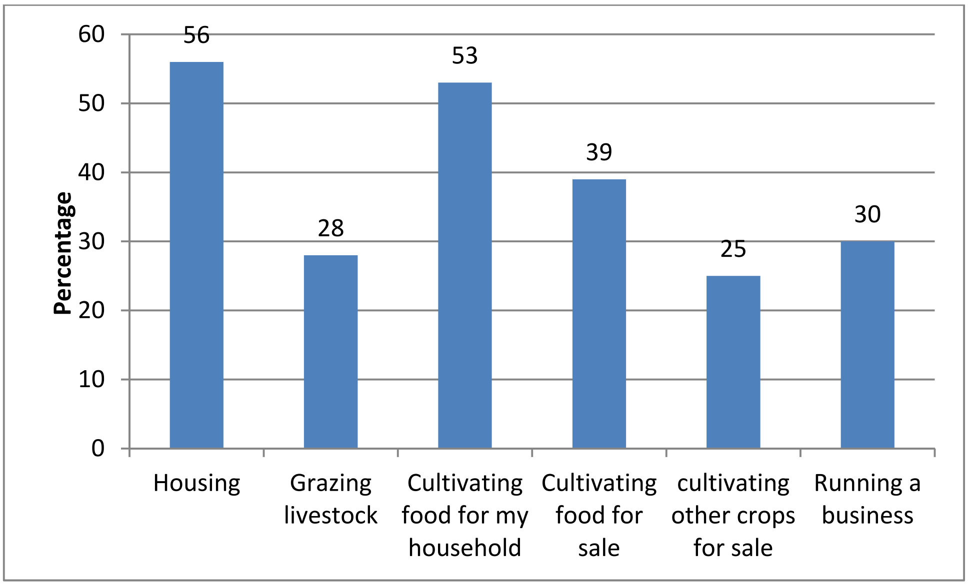

Figure 3: Reasons for wanting land
Source: Andrews *et al*. (2009:177)

3. The programmes, their features and key issues

South Africa has used six main programmes for restitution, redistribution and post-settlement support (Lahiff & Li 2012):

1. Restitution of land to people who were displaced from their land under apartheid laws after 19 June 1913. While complicated, this sub-programme has achieved significant success in terms of hectares transferred and number of beneficiaries.
2. The Settlement/Land Acquisition Grant (SLAG). This poverty-focused programme provides a grant of R16 000 to poor households. As in the restitution programme, beneficiary households were mainly settled as groups in Common Property Associations, in which beneficiaries were expected to farm in common.
3. Land Redistribution for Agricultural Development (LRAD): This programme was initiated in 2001 to make it possible for beneficiaries to acquire larger areas of land and therefore to be able to farm more effectively. It provided a grant along a sliding scale, from R20 000 to R100 000 per person, depending on own contribution. The programme created both CPAs and individual farms. Research shows that beneficiary households were more likely to be involved in agricultural activities as a livelihood strategy than the control group, and LRAD households in both groups were the most likely to be involved in agriculture (May *et al*. 2009).

[2] The methodology used was to ask people about how much land they needed. Why they wanted so little land was not probed further.

4. The Comprehensive Agricultural Support Programme (CASP) was created as a response to the growing crisis in post-settlement support, and is administered by the DAFF but implemented by the Provincial Departments of Agriculture. It provides grants for specific investments, inputs, marketing and technical assistance. The Proactive Land Acquisition Strategy (PLAS) was introduced as a consequence of disappointment with SLAG and LRAD in terms of quantity and quality of land that could be acquired. The government acquires land for settlement, and beneficiaries are supposed to be provided with initial short- term leases to test their ability to manage the farms and, upon success, with renewable long-term leases. Both individual and group farms are being created.
5. The Re-capitalisation and Agricultural Development Programme (RECAP) was created to recapitalise failed or poorly performing land reform projects, and is administered by DRDLR. It provides whole-farm support to beneficiaries, and requires the beneficiaries to work with a strategic partner or a mentor.

Over time, the programmes have made room for larger family smallholder farms and commercial farmers who are able to provide some of their own resources to make the farms sustainable. This has implied a shift to smaller and smaller numbers of beneficiaries and bigger grant amounts for them.[3] As a consequence, the selected beneficiaries have higher and higher incomes. There also has been an emphasis on involving strategic partners, who are expected to manage the farms initially and progressively train beneficiaries and eventually turn the farming operation over to them. This is despite the recognition even by DRDLR that the partnerships often do not work well, transfer little in terms of skills and generally have no exit strategy for the strategic partners. *These trends are inconsistent with the objectives of the National Development Plan.*

3.1 Focus on creating commercial farms

All programmes have focused on the creation of successful commercial farms. While this has never been a policy, it is what is done in practice (Hall *et al*. 2003:4-5, 32; Lahiff & Li 2012:14-16; Aliber & Cousins 2013:158). Such an approach is consistent with the experience and preference of the commercial farmers, as well as of the National African Farmers Union (NAFU). It may also be preferred by technicians who may not be familiar with small-scale farming. *While the commercial farmer model can change the racial mix of land ownership in South Africa, it cannot bring about a deep agrarian transformation in the objectives and sizes of farm operations for the large number of people wanting land. The commercial farmer model is unlikely to fit the objectives and aspirations of most of the people wanting land.* They usually pursue a livelihood strategy that combines several sources of farm and non-farm incomes – usually including agricultural sales, they want to use at least part of their production for own consumption, and they have few resources for complementary investments and inputs that would allow them to manage large farms sustainably (Hall 2009; May *et al*. 2009).

The limited extent of subdivision and agricultural activity of households is shown by the 2006 national Quality of Life Survey: Individually used plots were on average only 0.2 ha, while project land was larger, amounting to 92.5 ha per project. The individually used plots were most often used for residential purposes, followed by grazing. Only one third of the beneficiaries cultivated crops in their fields or in a garden patch. Cattle, poultry and goats were owned by 40%, 29% and 24% of households respectively. LRAD households were more likely to use their plots for agricultural production than other categories of beneficiaries (May *et al*. 2009).

[3] Aliber and Hall (2012:548); Aliber and Cousins (2013:143). As an extreme case, the DRDLR of KwaZulu-Natal province is currently negotiating the sale of a dairy farm worth R60 million to a doctor of Indian origin.

While Common Property Associations (CPAs) are an appropriate form of owning the land (Hall *et al*. 2003; World Bank 2006), they are less useful for agricultural production, unless they consist of small groups of family members or friends. *There often are insurmountable problems with incentives for labour, management input and investment.* This leads to many conflicts within communities, with strategic partners, and with DRDAR officials (Anseeuw & Mathebula 2008; Business Enterprises 2014; Kirsten *et al*. 2014).

Few of the CPAs and production co-operatives therefore are farming successfully. At least half of the projects have not produced any benefits for the participants.[4] A review of land reform projects in the North West province in 2005 and again in 2010 (Kirsten *et al*. 2014) confirmed some of the theoretical problems with group operations (whether on government or group-owned land). The evidence suggests that smaller groups (< 5) are the most successful, but that the degree of success declines as group size increases.

This poor performance is fully consistent with the theory of cooperation and with global experience (Deininger 1995, 2003). The approach was abandoned over 20 years ago all around the world, while any production co-operatives that survived were subdivided (De Janvry *et al*. 2001; Swinnen 2001). *In the face of long-standing international evidence and the poor performance of co-operative farms in the past 20 years, it is most astonishing that South Africa has clung to this model for so long.*

While group and co-operative farming is a major cause of the poor performance of land reform programmes in South Africa, *group ownership of land can be a successful ownership model*. Communal tenure all over Africa vests the property rights for land in the state, with the chief allocating land to households, who normally have secure and inheritable user rights. Land reform programmes in Mexico, Brazil and Malawi, for example, provide ownership of land to the land reform communities, who subdivide the land used for housing and for crops into individual holdings, and often keep pasture and forests under communal use. Communal ownership around the world has been known to provide a safety net for poor community members, but the land cannot be used as collateral, which reduces access to credit. *The model therefore is a second-best compromise between the safety features of the model and access to credit* (Bruce & Migot-Adholla 1994).

South Africa has tried to remedy the dismal performance of group farming operations in the following ways:

1. CPAs let one or a few beneficiaries do the farming, leaving most of the other beneficiaries with minimal or no benefits.
2. Some CPAs have rented out their land, often to the former owner, reducing their potential benefits and depriving them from acquiring the necessary farming and management skills.
3. A popular remedy has been to bring in a strategic partner to manage the farm, alone or with labour and management input from the beneficiaries. Even if successful the model often disempowers the beneficiaries, generates little employment and leads to little skills transfer. Yet subdivision of farms continues to be discouraged. It is often not even discussed as an option.

[4] According to Cousins (2013:11), land and agrarian reform in post-apartheid South Africa is in disarray. The Minister, Gugile Nkwinti (2012), may be incorrect in stating repeatedly that "90 percent of agrarian reform projects have failed", but research reveals that at least half of all projects have seen little or no improvement in the lives of their beneficiaries, mostly because of poor planning and lack of effective support. The extremely slow pace of land transfers against planned targets is not in doubt.

3.2 From acquisition of land by beneficiaries to acquisition by the state

Instead of letting beneficiaries directly acquire full ownership of the land, under PLAS all land is acquired by the state and is then supposed to be leased to beneficiaries. According to policy pronouncements by the DRDLR, the leases are meant to be for an initial three years, and when beneficiaries are proven to be successful they can receive 30-year leases that are renewable. Even in cases where this model is actually implemented, there are several problems:

1. Poor beneficiaries tend to prioritise access to land rather than ownership, while better resourced beneficiaries prefer freehold. Andrews *et al*. (2009), for example, found that "[t]here was a strong correlation between the size of farming units …, the purpose for which production would be undertaken, and the type of tenure arrangement. Those wanting small parcels of land prioritized access over ownership …. Those wanting larger holdings …, and who would require access to bank loans and certainty of long-term rights, were more likely to prioritize private ownership…".
2. The state is not good at protecting assets on land that it acquires, and therefore the farms often experience asset stripping.
3. Leases are often delayed, making it difficult for the beneficiaries to apply for grants from CASP or RECAP, and unable to access loans. Therefore investment is delayed significantly.
4. Leases tend to reduce the lessee's incentives to invest, unless the leases are long term and renewable, and banks are willing to accept them as collateral.
5. Around the world, probationary leases have rarely been revoked, as it is strongly resisted and litigated. The South African government therefore also rarely (or never) revokes leases for properties acquired under PLAS, even though they should have done so under the "use it or lose it" rule.

While direct land acquisition by beneficiaries has been abandoned, the willing buyer–willing seller principle has not – under PLAS farmers cannot be forced to sell. The Department invariably pays at least market prices for land (and anecdotal evidence shows that they generally pay more), because this approach is still not backed up by a credible threat of expropriation.

Both restitution and PLAS use the willing buyer–willing seller approach. Direct land acquisition at negotiated or market prices therefore is most unlikely to have been the major problem for SLAG and LRAD. Instead, SLAG was doomed by the small grant size, the emphasis on group farming, and the lack of post-settlement support. LRAD let some farmers operate individual farms, but still created many group farms and also suffered from poor post-settlement support. Furthermore, beneficiary groups under SLAG tended to acquire land of lower quality, one of the reasons for the change to LRAD (see Anseeuw & Mathebula 2008:10). After the first two years of implementation, LRAD was starved of budget and ultimately was side-lined.

3.3 Post-settlement support

The paucity and late arrival of post-settlement support has been a major problem in land reform programmes around the world. Across the world, land and post-settlement support are provided by different ministries, which proves impossible to coordinate (e.g. Mexico, Brazil, Honduras, Colombia, the Philippines, and others). In South Africa, the acquisition of land was assigned to the DRDLR and post-settlement support to the provincial Departments of Agriculture. *It therefore is not surprising that poor settlement support has significantly undermined the goal of creating successful farms. CASP and RECAP were created to remedy this problem.*

3.4 Evaluation of the CASP and RECAP programmes

CASP and RECAP have only partially solved the post-settlement problem. The problem is that the resources for on-farm investments, inputs and other support are allocated to beneficiaries in a process that is separate from the purchase or allocation of land. Separate application and approval processes are a heavy burden on beneficiaries and civil servants alike, which adds to the capacity problems. Investments and inputs are often delayed by months or years. The preliminary evaluation results of CASP show that the support is focused on specific investments or production inputs, and therefore does not allow for whole-farm planning. The investments are often not based on the needs of beneficiaries and inputs often arrive late, marketing support is largely left out and increases in production, food security, employment and market access are insignificant (Business Enterprises 2014).

The evaluation results of the Recapitalisation and Support Programme (RECAP) are a bit more encouraging (Business Enterprises 2013). The programme focuses on whole-farm support and therefore allows for a more integrated development of the farm. However, between 2009 and 2012, only 1 269 projects were approved, leaving many in need of help. RECAP requires the involvement of a strategic partner or mentor, even though the evaluation shows that the strategic partner-beneficiary relationships often are poor, and skills transfers and benefits for beneficiaries are limited. Nevertheless, a number of RECAP farms show increasing production, ownership of animals and employment. Yet, of the 98 projects evaluated, a third still have zero output, and only 31% are sustainable or likely to be so (Business Enterprises 2013).[5]

Both the CASP and RECAP evaluation identify other weaknesses, and they also make common recommendations:

1. Move from grants to subsidised loans for the finance of investments and inputs in order to improve accountability, incentives for careful use and returns to government resources.
2. Decentralise decision making to the provincial level in order to streamline and shorten the processes.
3. Improve guidelines and make sure that all programme participants have a clear understanding of the programme rules, based on operational manuals.
4. Improve programme data and monitoring and evaluation.
5. Following international best practice, *do away with the existing programme silos and move to a single programme for agricultural support that would support land acquisition, investment and mentorship, market access and agricultural investment finance.*

There should be a single project proposal and approval process involving the DRDLR, DAFF, financing institutions, Housing, Water, etc. The Credito Fundiario programme of Brazil, the Malawi Rural Land Development Pilot Project of land redistribution, and other community-driven land reform programmes around the world provide examples of how to do this.

[5] Under restitution, beneficiaries are included in a project based on their legal entitlement. Where beneficiaries may have been separated because they were moved to different areas, or because of subsequent migration, they may have conflicting priorities for compensation in cash or in the form of restored land, and unequal farming skills. A partial solution is a rental market for land: if beneficiaries had secure tenure rights for individual parcels, the less skilled could rent their parcels to those with greater skills. Under SLAG and LRAD there was self-selection of beneficiaries into the group, often influenced and/or assisted by DRDLA staff. Self-selection should have resulted in more homogeneous beneficiary groups, and the remaining skills problems would also have been partially resolved by land rental. Under PLAS, beneficiary selection has become the task of programme staff and therefore the issue has become prominent in agrarian reform discussions.

The lack of beneficiary farming skills undoubtedly leads to project performance problems when farmers are expected to graduate immediately to commercial farming. If, instead, the poor were given small farms that combine food production and production for the market, the skills problems would be a secondary issue, as a lack of skills can then be remedied over a few years by learning by doing. Second, under the constraints of group farming and poor post-settlement support, even the skilled farmers would find it difficult to succeed. It therefore is likely that poor beneficiary selection was a secondary problem compared to group farming and poor post-settlement support.

3.4.1 Beneficiary participation

Beneficiary participation in all aspects of the programme is limited. Kirsten and Machethe, (2005:32-34) found that the compilation of business plans is done by beneficiaries in only 11% of cases – the plans were mainly drawn up by officials of the Department of Agriculture (39%), service providers (20%) or DRDLR officials (16%), and therefore beneficiaries were not aware of the contents in 50% of the cases. This probably explains why a small proportion (35%) of the beneficiaries followed the original business plans. Most projects and investment resources are managed by DRDLR and DAFF staff, and investments are executed by contractors, with little involvement of beneficiaries and limited accountability to them.

The lack of participation has two consequences:

1. DRDLR and DAFF staff are overburdened by the large numbers of transactions associated with farm planning, procurement and/or supervision of consultants and contractors, disbursement of financial resources, and the many associated reporting requirements. This leaves little time for careful land acquisition, beneficiary selection and settlement, and post-settlement support. *Staff just cannot cope with the large burden of the transactions involved, and a severe capacity problem results*. As a consequence, staff tend to prefer larger projects.
2. Limited participation demotivates and disillusions beneficiaries and leads to enterprise forms, plans and investments that are not their priority, are not owned by them, and therefore are poorly implemented or maintained.

The lack of participation by beneficiaries in project identification and planning, project management and implementation has to be viewed as a major source of the capacity problem of programme staff and of the inadequate quantitative and qualitative achievements of land reform.

It does not have to be that way: In redistribution programmes in Brazil, Malawi and other countries, the beneficiaries or their groups plan their own farm development, manage and allocate the financial resources for investments and inputs, and execute these by themselves or with the help of skilled workers whom they contract. The number of transactions and reports that programme staff handle is sharply reduced, and there is much less of a capacity problem. Implementation of the projects is fast, allowing the beneficiaries to commence production in the first season, and there are fewer leakages of resources and less elite capture than in South Africa.

3.4.2 Impact evaluations

The only properly specified impact evaluation of any land reform programme in South Africa came to the conclusion that the benefit of LRAD in terms of monthly per capita consumption exceeded R100 (in 2006 values). Since the treatment households had an average household size of 6.1, this amounts to an annual per household consumption gain of R7 248. It appears that, despite all its problems, the LRAD programme has had a significant impact on the consumption of beneficiaries.

However, the LRAD evaluation does not estimate the impact on income. There is no analysis of the rate of return to the resources that went into the acquisition of the land, the investments and the start-up costs. It is likely that a benefit-cost analysis that would include these costs would result in a negative present value and rate of return.

Little is known about PLAS implementation and achievements, but case studies are not encouraging. All the difficulties discussed previously persist, with many projects in limbo or unsuccessful: proper process and impact evaluations are long overdue.

3.4.3 What explains poor performance?

The following conclusions emerge from this brief overview:

1. Many black people, including black youth, are interested in farming.
2. The emphasis on creating successful commercial farms and the associated focus on a group or cooperative farming model rather than subdivision into family farms is probably the single most important cause of programme failure.
3. The lack or late delivery of post-settlement support for beneficiaries has clearly been one of the major impediments to better performance.
4. Poor beneficiary participation in all aspects of the programme has been a major source of beneficiary disaffection, and the failure of many projects.
5. The capacities of DRDLR, DAFF and the RC are overwhelmed by the deep involvement of their staff in planning, management and implementation of all aspects of the programmes.
6. While the strategic partner model may work in some cases, its imposition on beneficiaries is inappropriate.
7. Unclear policies and procedures of the programmes and the lack of operational manuals contribute to the lack of understanding among beneficiaries and officials.
8. The poor performance of the programmes is not due to the willing buyer–willing seller model of the purchase of land at negotiated or market prices.

3.5 Implications for models of farm ownership and organisation of farm production

Future programmes should take into account both international and South African evidence on what types of farm ownership and enterprise models work in South Africa. In this regard it is important to distinguish between who owns the land and who owns and operates the farming operation on the land. Table 1 summarises the current South African options of ownership of land on the vertical axis, and the organisation of farm production on the horizontal axis. These options have to be evaluated against the twin objectives that derive from the NDP, of creating livelihoods and employment and generating agricultural output and growth.

In terms of the operation of farms, the table distinguishes between group or collective farming, family farming and large commercial farms. The incentives advantage of the family farm comes from the fact that family members participate in the benefits and therefore need no or little supervision. In addition, unlike workers, family members have the incentives to invest in their farm and benefit from the investments. Family farms range from small, part-time subsistence-oriented farms to small commercial farms that rely mainly on family labour, while large commercial farms have to rely on hired workers and often supervisors. Commercial family farms can operate significant areas of land, as for example in the United States.

Group farm models are universally unsuccessful, also in South Africa. Family farmer models are the most successful in the developing world, as well as in Europe and Japan. Individual commercial farming, on the other hand, will help with the growth objectives, but not with the employment objectives of the National Plan, unless small commercial farms are created. In what follows we will primarily discuss the models in terms of agricultural production and income growth. This rules out all the group-operated models, whether on privately owned land or land owned by CPAs or community trusts.

Table 1: Overview of models of land ownership and farm production

		Organisation of farm production		
		Group	**Small Family Farms**	**Large Commercial**
		Group farming always fails, except for small family groups	**Most successful**	**Does little for employment**
Ownership of the land	**Government**	**Unsuccessful**	**Long-term leases**	**Long-term leases**
	Commonage land	**Unsuccessful**	**Arable land and animals privately owned, pastures commonly owned**	**Long-term leases**
	Group/community	**Unsuccessful**	**Land subdivided informally**	**Lease out or strategic partner**
	Landlord or corporation	**Unsuccessful**	**Successful**	**Successful**
	The farmer	**Not applicable**	**Highly successful**	**Highly successful**

Note: Red: Unsuccessful; green: successful; black: conditions for success

As discussed, while group and cooperative farming have been a major cause of poor performance of land reform programmes in South Africa, *group ownership of land has been a successful ownership model around the world*. From international experience, as well as from experience in South Africa, smallholder family farms can contribute to both self-employment and employment, as well as to agricultural production and growth. The table lists five ownership arrangements for smallholders:

1. The model of the family farm on government-owned land links up with the state purchase of land under the PLAS programme and then leases the land to individual smallholders. The difficulty with this model is brought about by the dilemma in accessing production finance. Most formal financial institutions implement strict collateral requirements for production loans. As the land is not owned, production finance is not in place and CASP funds or MAFISA loans are not usually available in time. This model therefore is unlikely to be successful, unless operating funds on a grant basis are made available immediately when the lease is awarded. In addition, the success of this model would greatly benefit from the *ex-ante* identification of beneficiaries and immediate, secure long-term leases.
2. In the case of family farms on commonage land, the most successful option would be where individuals own their own animals but graze them on common pasture. In cases where the traditional authorities manage the grazing system effectively, this will introduce sustainable production.
3. The option of family farms on group-owned land can be successful for arable land, with grazing and forest land often communally owned. Usually, house plots and arable land are

individually farmed and regarded as owned by the individual, while animals are privately owned and grazed on community land, as is common throughout the world.

4. Smallholder family farms on privately owned land acquire land by renting or leasing from a private or corporate owner. Smallholders have used this model successfully all over the world under fixed-rate tenure or share cropping. Credit arrangements include loans from a bank or a micro-finance organisation, or with interlinked contracts with the landlord or input suppliers, or purchasers of output, as in contract farming.
5. Family farms on owned land are the most prevalent and successful small farmer model around the world, partly because access to finance is less problematic. Vulnerability and risk of the farmer could be overcome by links with agribusinesses, input companies, financiers as well as solid off-take agreements.

Large commercial farms are also a very successful model around the world, and are well placed to contribute to agricultural growth. When the land is also owned by the operator, work, management and investment incentives are all aligned because of the private profit objective of the model and the farmers who use it. It is also the model of the large-scale commercial farming sector in South Africa, which has been a high-performing sector for the past 20 years, even though all programmes and policies that provided it with special benefits have been abolished. Global experience shows that this model is successful from very small and labour-intensive operations to very large, mechanised operations. The latter, however, contributes little to employment and have shed labour in the last decades. Under this model the land would be either (a) owned by the private operator or (b) owned by the government and leased to an individual private or corporate operator, in which case access to credit is conditional on an immediate long-term and transferable lease. The beneficiary should be identified prior to the purchase of the land and present preliminary plans on how to operate it.

How much post-settlement support is needed for commercial farms depends on the size and beneficiaries of the commercial operation. Small farms settled with poor beneficiaries will need support with extension, marketing, and start-up and investment grants, which they may supplement with credit. If, instead, the land transfer is to middle- or upper-class beneficiaries, they should be expected to finance start-up and investment costs by themselves, as otherwise such a model becomes an extreme case of elite capture.

4. From failure to success

To succeed, South African agrarian land reform requires radical change in implementation. This includes shifting to a smallholder farm model and wholesale changes in programmes and mechanisms for implementation.

To improve the performance of land reform, a proper smallholder strategy for South Africa is needed. This should be based on the aspirations of beneficiaries, and needs to be based on evidence from within and outside South Africa, rather than on a priori assumptions. Then there is a need to change some legal frameworks, including the Subdivision Act as well as the Expropriation Act, at least as a last resort to deal with recalcitrant sellers. In line with beneficiary aspirations and with the potential adverse impacts of the leasehold model, improved programmes should encompass the transfer of land ownership to CPAs or to individual beneficiaries, and the transfer should occur at the land acquisition stage so that the land and assets are not effectively without an owner to protect them. The provision of support services that include the provision of financial resources for investments, inputs and advice is also critical. There should be a single business plan covering all these items, whether for individual beneficiaries or for groups. Resources should be disbursed from a single fund, in tranches for investments, inputs and advice, and preferably against statements of expenditure instead of receipts.

The beneficiaries should be left to make their own decisions relating to farm sizes and enterprise models. They should also be allowed to decide on the subdivision of land and its allocation to households, whether land is to be held under group or individual tenure[6]. If they desire to work with a strategic partner or mentor, they should be free to make the final selection. They should also decide on what production technology to adopt. Furthermore, the beneficiaries should lead the decision-making process relating to the planning and implementation of investments, and they should manage the financial investment and start-up resources, either via a chosen group among themselves or as a whole group. Delegating all these functions to the communities will require participatory assessments of all land reform projects and the training of beneficiaries in agricultural, business and financial management skills. The training should build on the latent capacities in these areas that are often present in communities (e.g. Andrews *et al*. 2009).

In the past, the management of finances by the beneficiaries in South Africa has been treated with a lot of suspicion of the beneficiaries' intentions and capabilities, and this has so far prevented the management of finances by the beneficiaries. Empirical evidence the world over suggests that this works in hundreds of community-driven development projects, and South Africa should be no exception. One important aspect of such a financial management strategy is that it tends to reduce leakages and corruption. The management of financial resources by the beneficiaries is not the only option in this respect; it can also be delegated to a private entity serving many communities, such as a Section 21 company controlled primarily by beneficiaries, and professionally staffed.

To facilitate such a process, the role of the staff of the DRDLR, DAFF and the Restitution Commission shifts from being planners, implementers and money managers to that of the facilitation or outright land acquisition, the identification of potential beneficiaries, the approval of business plans, and supervision of projects. In instances where the scale in terms of farm numbers or communities is large, an option would be to delegate the facilitation and supervision of participatory assessment (PA), planning, disbursement, implementation and supervision functions to entities primarily controlled by beneficiaries such as a Section 21 Company.

4.1 Developing pilot programmes for a large number of successful beneficiaries

Rather than developing an improved programme for South Africa right away, programme development should be done in the context of pilot programmes that are proposed by stakeholders in the land reform process: beneficiary associations, commercial farmers, beneficiaries in collaboration with commercial farmers, NGOs, and local governments. DRDLR is already initiating such pilots, but little is known about them.

Large numbers of beneficiaries implies that pilot programmes need to cover significant areas, such as an entire municipality, a section of a municipality, or one or several large restitution claims. In order to deal with large numbers of beneficiaries and farms, pilot programmes need to demonstrate that they will shift responsibilities for most transactions involved in land reform to the sponsors of the pilots, the beneficiaries and their groups, or a private entity set up by them.

[6] Under group tenure, individuals should be given a certificate that formalises their use right to land and the right to inheritance, as has been done in China, Mexico and Ethiopia. This is the case whether the group holds the land under ownership of long-term lease, as both need to be translated into the individual land-use rights. When land is to be provided under freehold tenure, the land right has to be formalised with title. The expenses associated with the issuing of these documents should be borne by the government.

The interested parties must involve beneficiaries deeply in all aspects of planning and implementation of the process and demonstrate the approval of potential beneficiaries. Proposals for pilot programmes need to include a draft manual that is based on some field experience and that will be revised based on implementation experience during the pilot. The manual must detail (i) the roles and responsibilities of all involved, (ii) the participatory appraisal, planning and decision-making processes, (iii) the approval processes and timelines, (iv) the financial management and disbursement procedures, and (v) the nature and process of mutual accountabilities between officials and the sponsors of the pilot programmes, between officials and the beneficiaries, and among the sponsors, facilitators and experts and the beneficiaries. The manual will have to be evaluated for whether or not it will be able to handle large numbers of beneficiaries in scaled-up programmes.

Pilots need to be rigorously evaluated. They must demonstrate positive beneficiary outcomes at scale within three to four years. The pilot programmes need to be assessed by a separate process involving an independent evaluator.

5. Conclusions

The rural areas of South Africa have suffered from a severe employment crisis, with the sharpest losses in self-employment and employment in agriculture, followed by mining, manufacturing and electricity. Only 2.6 out of 10 working-age adults are self-employed or hired workers. Nevertheless, South Africa still has millions of small farmers with farming skills, although most are too small or too poor to engage in commercial farming. There is some evidence that many black South Africans demand access to land, mostly in small portions under five hectares. Given that the National Development Plan is focused on inclusive growth, land reform should create large numbers of farms and employment opportunities.

However, the implementation of land reform has been poor in terms of the area of land transferred and in terms of agricultural production and the creation of livelihoods. The programme has failed to stem the eviction of farm workers and farm dwellers. The trend in land reform programmes over the past 20 years has been in favour of fewer and fewer beneficiaries getting larger and larger amounts of land, in the hope that they will bring farming skills and capital to develop and sustain the farms. That these trends are inconsistent with the emphasis of the National Development Plan is a serious matter.

In this article the poor performance of land reform is attributed primarily to the use of the discredited group or co-operative farm model; the highly inadequate participation of beneficiaries in identifying, planning and implementing the farms and the investments; the absence, late arrival or poor quality of the post-settlement support; the capacity problems in the DRDLR, RC and DAFF that result from the silo-based nature of the programmes in support of land reform and their beneficiaries; and the top-down involvement of the staff of these organisations in all aspects of planning and implementation of the land transfers and investments, and the associated contracting and disbursement functions.

To succeed, South African agrarian land reform requires a radical change in implementation. A reformed programme should be based primarily on family farmer models from supplementary food production to small, commercially oriented family farms. It should be based on intensive participation by the beneficiaries in the identification, planning, implementation and financial management of their projects. Such an approach would allow officials to focus on the identification of land to be acquired, the approval of land acquisition and investment plans, and the supervision of the financial management and implementation of the projects, thereby greatly relieving their capacity constraints. While implementation changes would be radical, they can be implemented within the current legal system.

Before scaling up to national levels, reformed approaches should be tested in pilot projects of significant scale in terms of area and number of beneficiaries. They could be sponsored by any group with the required commitment and capabilities, including beneficiary groups, commercial farmers in partnership with beneficiaries, NGOs, or local governments. Pilot projects should be independently evaluated based on the number of livelihoods created, and household food security and agricultural production.

Acknowledgements

I would like to thank Paul Chimuka Samboko for help in assembling the evidence for this paper.

References

Aliber M, 2011. Preliminary results from the GHS 2011 – revised. Mimeo.

Aliber M & Cousins B, 2013. Livelihoods after land reform in South Africa. Journal of Agrarian Change 13(1): 140–65.

Aliber M, Reitzes M & Roefs M, 2006. Assessing the alignment of South Africa's Land Reform Policy to people's aspirations and expectations: A policy-oriented report based on a survey in three provinces. Working paper, Human Sciences Research Council, Pretoria.

Andrews M, Zamchiya P & Hall R, 2009. Piloting alternatives in the Breede River winelands. In R. Hall (ed.), Another countryside? Policy options for land and agrarian reform in South Africa. Cape Town: Institute for Poverty, Land and Agrarian Studies (PLAAS).

Anseeuw W & Mathebula N, 2008. Evaluating land reform's contribution to South Africa's pro-poor growth pattern. Pretoria: University of Pretoria.

Bruce JW & Migot-Adholla SE, 1994. Searching for land tenure security in Africa. Dubuque: Kendall/Hunt Publishing Company.

Business Enterprises, 2013. Implementation evaluation of the Recapitalisation and Development Programme (from its inception in 2010 to June 2012). Pretoria: The Presidency, Republic of South Africa.

Business Enterprises, 2014. Impact evaluation of the Comprehensive Agricultural Support Programme. Draft. Pretoria: The Presidency, Republic of South Africa.

Cousins B, 2013. Land redistribution, populism and elite capture: New land reform policy proposals under the microscope. The Journal of the Helen Suzman Foundation 70: 11–9.

Cousins, B & Aliber M, 2013. PLAAS. Available at http://www.plaas.org.za/blog/unworkable-land-reform-project-designs-offer-inappropriate-farming-models-rural-dwellers (Accessed 19 September 2014).

De Janvry A, Sadoulet E & Wolford W, 2001. The changing role of the state. In De Janvry A, Gordillo G, Platteau J-P & Sadoulet E (eds.), Access to land, rural poverty and public action. New York: Oxford University Press.

Deininger K, 1995. Collective agricultural production: A solution for transition economies? World Development 23(8): 1317–34.

Deininger K, 2003. Land policies for growth and poverty reduction. Washington DC: World Bank/Oxford University Press.

Hall R & Cliffe L, 2009. Introduction. In Hall R (ed.), Another countryside? Policy options for land and agrarian reform in South Africa. Cape Town: Institute for Poverty, Land and Agrarian Studies (PLAAS).

Hall R, 2009. Conclusions and recommendations. In Hall R. (ed.), Another countryside? Policy options for land and agrarian reform in South Africa. Cape Town, Western Cape, South Africa: Institute for Poverty, Land and Agrarian Studies (PLAAS).

Hall R, Jacobs P & Lahiff E, 2003. Evaluating land and agrarian reform in South Africa. Occasional Paper Series No. 10. Foundation for Human Rights in South Africa (FHR).

Kirsten JF, 2012. South Africa has already met its 30% land redistribution target. Available at http://www.kwanalu.co.za/default.asp?action=news&Id=742 (Accessed October 2014).

Kirsten JF & Machethe C, 2005. Appraisal of land reform projects in North West province. Report prepared for the Department of Agriculture, Republic of South Africa. Pretoria: University of Pretoria/At Fischer and Information Decision Systems CC.

Kirsten JF, Lubambo P & Ndlovu T, 2014. Appraisal of 37 land reform projects in North-West province. Draft working paper, University of Pretoria.

Lahiff E, 2009. With what land rights? Tenure arrangements and support. In Hall R (ed.), Another countryside? Policy options for land and agrarian reform in South Africa. Cape Town: Institute for Poverty Land and Agrarian Studies.

Lahiff E & Li G, 2012. Land redistribution in South Africa: A critical review. Agricultural Land Redistribution and Land Administration in Sub-Saharan Africa, 27.

May J, Keswell M, Bjastad E & Van den Brink R, 2009. Monitoring and evaluating the quality of life of land reform beneficiaries and the impact of land transfers: 2005/2006. Republic of South Africa.

Nkwinti G, 2012. Available at http://www.nwpg.gov.za/agriculture/document/Speech%20by%20the%20Minister%20of%20Rural%20Development%20and%20Land%20Reform,%20Nkwinti,%20G.%20E.%20(MP).pdf (Accessed 20 August 2014).

NPC (National Planning Commission), 2011. National Development Plan. Pretoria, Government Printers, RP 270/2011.

Swinnen JFM, 2001. Transition from collective farms to individual tenures in Central and Eastern Europe. In De Janvry A, Gordillo G, Platteau J-P & Sadoulet E (eds.), Access to land, rural poverty and public action. New York: Oxford University Press.

World Bank, 2006. Confusion, Consensus, and Controversy: Selected Land Reform Issues in Sub-Saharan Africa. Washington, DC.

World Bank, 2014. Community-based rural Land Development Project. Project Completion and Results Report, Report number ICR00002265, Washington DC.