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SUSTAINABLE FARMER SETTLEMENT IN SOUTH AFRICA

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Abstract

Land reform is a burning issue in most developing countries; The South African government also embarked on the programme of land reform in 1994. This programme is aimed at redressing the imbalance in land ownership and bringing previously disadvantaged individuals to participate in the mainstream economy. However, current studies indicate that little has been achieved since the inception of the programme. Most of the set objectives for the programme are yet to be realised, indicating that South Africa requires a paradigm shift on its policies regarding land reform to make a meaningful contribution to equitable land redistribution and realisation of sustainable production. A review on the land reform programme that focuses not only on establishing post-settlement support structures, but also prior planning on pre-settlement, to encourage entrepreneurship amongst the programme beneficiaries, is paramount. This paper analyses the current settlement programme and provides recommendations for successful and sustainable farmer settlement in South Africa.

Keywords: land reform, paradigm shift, land redistribution, land beneficiaries

Introduction

As the process of land transfer progresses, challenges encountered by the newly settled farmers are beginning to appear, as most projects around the country are unproductive and uneconomical. This has brought questions on the impact of the Land Reform programme to the lives of beneficiaries who were expected to benefit from it. As a point of departure, a question may be asked on the objective of the South African government: Is it to settle as many beneficiaries as possible, despite current signs and observation that the existing settlement system is failing?

South African Land Reform

The South African government initiated the land reform programme in 1994. The reform programme constitutes three components that govern the transfer of land to previously disadvantaged individuals, namely land restitution, land tenure reform and land redistribution, with land redistribution being the core programme (Lyne & Daroch, 2002). It is expected that the land redistribution programme will transfer 30% of South Africa's agricultural land to previously disadvantaged individuals by 2015. The programme

was established to alleviate poverty and allow previously disadvantaged individuals to take part in the economic opportunities available in the country through agricultural development (Vink & Van Rooyen, 1996). The programme entails a cash grant offering to households who wishes to purchase commercial farmland from white owners on a "willing buyer, willing seller" basis. During the period 1995 to 2000 land restitution and redistribution together transferred one million hectares of land, or less than 1,2% of the available area, to beneficiaries. Most of these transfers were directed to resettlement schemes on low quality land with communal tenure arrangements in order to reach as many beneficiaries as possible, quickly and at reserved cost (Lyne & Daroch, 2002). This is a very low number, taking into consideration the number of hectares that must still be transferred. Most of these first transfers were done through the Settlement/Land Acquisition Grant (SLAG).

Settlement Land Acquisition Grant (Slag)

The initial approach adopted by the Department of Land Affairs for land reform was the (SLAG) – a system where cash grants of R16 000,00 per household were allocated to previously disadvantaged individuals for farm land purchases. The SLAG programme failed mainly because it was practically impossible for 500 households to be full-time farmers on one farm, as they had to pull funds together in order to be able to purchase unproductive land at high prices (Coetzee & Jooste, 2005) and because it lacked a support package, i.e. infrastructure development funds, credit access and markets (Jacobs, Lahiff & Hal, 2003). The SLAG programme was re-evaluated and in 2001 the Land Redistribution for Agricultural Development (LRAD) was introduced.

Land Redistribution For Agricultural Development (Lrad)

The Land Reform for Agricultural Development (LRAD) programme is expected to enhance "commercial" agricultural production for the market rather than subsistence production (Maura, Shackleton & Ainslie, 2003). It differs from SLAG in that beneficiaries do not have to be poor to qualify for a minimum grant of R20 000, and beneficiaries who have more savings and who can raise bigger loans to finance their farms, also qualify for larger grants. Beneficiaries should add equity and debt capital totalling at least R400 000 to qualify for a maximum grant of R100 000. The approach symbolises a different move in the South African government's land redistribution policy, which takes a different path from poverty alleviation and group settlement, but supports settling prospective commercial farmers on their own farms. In its first year, LRAD redistributed approximately one million hectares of farmland in South Africa (Lyne & Darroch, 2004). The common factor between the SLAG and LRAD is that they are "willing buyer-willing seller" driven.

The "willing buyer-willing seller" strategy has for some time now been under scrutiny as it has achieved minimum success and it was one of the core issues addressed in the 2005 Land Summit held at Johannesburg Expo Centre. One of the points raised was that though land becomes available in the marketing on a "willing buyer-willing seller" basis, the land in question in most instances does not correspond with government developmental needs. What is implied by this statement is that most of the land that is available in the market, in most cases does not fit the criteria or the needs of government in terms of location and the type of farming operations that may take place on the farm (Report on the Land Summit, 2005).

Proactive Land Acquisition Strategy

After the 2005 Land Summit where the whole land reform programme was assessed in terms of its phase and achievements, it was concluded that the "willing buyer-willing seller" approach is delaying the process, thus it was proposed that a proactive strategy should be considered. Therefore, the proactive land acquisition strategy was formed. It is an intervention strategy on a trial basis to accelerate the land redistribution process. The approach deals with two possible alternatives: a needs-based approach and a supply-led approach. The focus is on the government as a lead driver in land redistribution, rather than the current beneficiary-driven redistribution. This means that the government will proactively purchase land

and match this with the demand or need for land in a specific area. The possible advantages identified for the programme are highlighted as follows:

- Promote redistribution in areas where the land market has failed in relation to demand-led redistribution.
- Facilitate planning of commercial redistribution projects where subdivision is necessary and desirable.
- Promote the acquisition of going concerns.
- Ensure better quality of land for redistribution.

Objectives/Purpose

The objectives of this paper are as follows:

- To attend to farmer settlement in South Africa as it is an essential part of the development programme, by addressing a broader development programme of the South African government through agricultural development.
- To investigate the current state on farmer settlement.
- Provide recommendations that can contribute increasing the success rate.

Problem Investigated

The question may be asked on the objective of the South African Agriculture or Land Reform Programme: Is it to alleviate poverty, economic development or transfer 30% of land to historically disadvantaged individuals by 2015? The problem to be investigated is the current farmer settlement approach in South Africa, to evaluate its shortcomings, such as a lack of collaboration and insufficient support structures to empower resource poor, technically inefficient developing farmers. This will be done through reviewing and discussing the secondary data.

Discussions

Analysis Of Farmer Settlement Programme For The Past 10 Years In South Africa

According to Kepe and Cousin (2002) and Randela (2005), Land reform and LRAD have brought little impact to the lives of most rural communities who were expected to benefit from it, since its initiation in 2001. They went further to highlight that the poverty levels of the land reform beneficiaries remained high as beneficiaries have expressed much dissatisfaction about the programme, and most of the redistributed land remained underutilised, because of a lack of basic agricultural resources and operating capital.

According to Jordaan and Jooste (2005), well-organised modern management principles brought about by liberalisation in the agricultural global economic environment, have created a situation in which mistakes from project beneficiaries are not allowed, as they will translate in financial losses which the farmers cannot afford. This has thus brought questions on whether the LRAD programme's objectives of poverty alleviation and economic growth can be met as the established projects have to compete within the competitive and changing agricultural global economy. To date many of the settled farmer's agricultural projects have yet to reveal signs of economic potential. The farmers fail to attain sustainable production parameters which are required for sustainable success. Jacob (2003) has revealed that many aspects have led to the failure of the settlement programme, for instance the lack of sustainable support structures, lack of training and finances (operational capital), Improper selection of beneficiaries, lack of access to competitive markets, failure to develop practical and feasible business plans and, lastly, lack of collaboration between the two departments involved (Agriculture and Land Affairs).

Recommendations

Pre-Settlement

The success of the settlement programme requires that all applicable factors be re-evaluated, and this include the following: improved institutional collaboration, how land is acquired, and selection criteria of beneficiaries, compilation of farm plans and the in-corporation of support structures.

Improved Institutional Collaboration

The execution of the activities on beneficiary level has to be improved. The current structure of DLA is decentralised to cater for more intensive service delivery to rural communities. Other findings by Jacobs (2003), Coetzee and Jooste (2005) suggested that the primary responsibility for implementing the land reform programme should be scaled down to district level, because local implementation will ensure that local demands are dealt with effectively, that land reform is aligned with local development goals as expressed in the Integrated Development Plans (IDP) of each municipality, and beneficiaries can receive adequate training and follow-up support. This will ensure consistent support during and after land transfer. To achieve this, the following adjustments are proposed by Coetzee and Jooste (2005): At a provincial level the PLRO, in collaboration with PDA and other departments, if necessary, can oversee implementation of the broader policy and post-settlement support services as identified in each district. The DLA and (Department of Agriculture) DoA should collaborate more effectively to address the two stages of settlement: pre- and post settlement.

Selection of Beneficiaries

Optimum, as opposed to maximum, beneficiary participation in the process of buying land is imperative. Van Rooyen and Njobe (1996) said that it should be recognised that the Land Redistribution Programme (LRP) would not make an agricultural producer out of every beneficiary, but the programme should create a viable rural economy within which agriculture and the related links can develop. Beneficiaries should be identified on a district level. A strong emphasis should be placed on real poor communal farmers who have the desire to increase their income from farming. Individuals who are more interested in security of tenure than agriculture, should be identified and provided for under the local government and housing programmes, with support from the commonage development programme for their subsistence farming activities. Thus, the real need for land acquisition should be clearly stated (Van Rooyen & Njobe, 1996). The following criteria was observed from international experience and may be the starting point for beneficiary selection: age, education; supply of family labour; farming experience and skills; capital assets; non-farming skills; poverty status; marital status; health status; no prior criminal record and nationality. According to Coetzee and Jooste (2005), for better beneficiary selection the following points can be implemented:

Optimal Farm Planning

Coetzee and Jooste (2005), as well as Jacobs (2003), found that a lack of viable and economically feasible plans is a major constraint to settlement of land reform beneficiaries. In most instances the business plans are compiled for administrative purposes rather than as operational plans for the farming business. Once the profiles and needs assessment of potential beneficiaries have been matched with potentially suitable land, proper feasibility studies (business plans) must be conducted well in advance of the project approval. Careful planning will ensure that all stakeholders have a clear understanding of the economic potential of farms, the means of production and expected returns. Existing data based on ecological suitability and most suitable farming practices must be identified, since it cannot be assumed that the previous owner of the land adopted the best practices. This information should be collated in such a

manner that it provides for household food security, in addition to increasing income from the sale of surplus production on the farm.

The economic and financial potential of the farm should reflect optimal sustainable use of natural resources. The plan should take into consideration the initial tacit knowledge and competencies of the new land owners. The cash flow resulting from farming activities should account for this, i.e. compile pessimistic rather than optimistic cash-flow projections.

It is clear that the farm planning process requires assistance from specialists in the field of project planning. It is essential that consultants who have proven track records of providing this type of assistance are used. The involvement of the beneficiaries, the local DLA planner and PDA (Provincial Department of Agriculture) extension officer is vitally important in this phase.

Sustainable Support Programmes (Post-Settlement)

Extension services

Land reform farming projects face high risks when they begin. Where agricultural extension support is available, the support provided becomes inadequate because the resources of the (PDA) are stretched from having to serve a range of different farm types. Extension workers provide a critical link between farming projects and the government agencies responsible for providing agricultural development support after land transfer (Jacobs, 2003). The allocation of a sufficient number of extension officers with the necessary capacity to provide routine support to LRAD projects is critical for later success. These extension officers must be equipped with basic knowledge of farming practices pertaining to the natural resource use in the area for which they are responsible. These officers are the most important link between the farmers and other institutions and service providers. Experts on farming practice should, in turn, be available to provide support to extension officers on an *ad hoc* basis, as determined by problems identified in the field.

Financiers

Loans, and an effective agricultural development programme, require adequate funding. In cases requiring external financing, i.e. Land Bank mortgage loans, provision must be made for repayment of the loans. Inadequate access to operating or running capital generally causes LRAD projects to under-perform; Business plans should clearly indicate, preferably with the consent of predetermined cooperatives or commercial banks, the availability and use of production capital. To date, however, grant funding for agricultural support post-transfer has not been forthcoming, and land reform beneficiary farmers find it difficult to access credit. In some cases credit is available but the repayment ability is the problem. This is due to the fact that the reproduction levels of direct productive assets are not on standard. Land Reform and LRAD grants may be granted purely for investment in agricultural production input funding, but it is unclear from current national-level monitoring and evaluation data what percentage of the grants has been for this purpose. Sustainable production and income generation depend on access to finance for production start-up inputs like seed and fertiliser, and for fixed capital improvements. According to Jacobs (2003) few land reform beneficiaries had access to financial services because communities, or their legal entities, seldom met the conditions set by financial institutions, such as security or collateral that is required.

Access to markets

Any proposed agricultural enterprise should be supported by sufficient evidence of a reliable market outlet for the output produced, as well as established input suppliers that are within reasonable reach of the project and who are willing to support the project (Mokoena & Makhura, 2003). These markets can either be formal or informal local markets, agreements with retail chains, or agreements with commodity associations or processing plants. In some provinces it is part of the brief of extension officers to

disseminate information about markets (prices, crops, trends and localities). Assistance for the marketing needs of small-scale emerging farmers is also being provided by the National Department of Agriculture Broadening Access to Agriculture Trust (Coetzee & Jooste, 2005). A large number of land reform projects combine subsistence-level production with sales to local markets. These local markets include marketing through cooperatives, local markets, municipal markets, hawkers and direct sales to communities. There are also food-security projects where production is entirely for own consumption. Many officials from the (PDA) argue that it is not part of their mandate to assist communities to obtain access to markets or to arrange marketing contracts for projects (Mokoena & Makhura, 2003).

Training

Farmer training is critical for the viability and sustainability of agricultural projects. Although training needs are identified and stipulated in business plans, actual training only starts after transfer, rather than at the time of preliminary project approval by the District Allocating Committee (DAC). Three methods to facilitate the skills transfer to land reform beneficiaries are training through agricultural colleges, mentorship and management programmes. Modules should be tailored to farming needs of the beneficiaries and cater for their language preferences. Provincial departments of agriculture are to develop strategic partnerships with the ARC and the farmer's organisation AgriSA to assist with such training. The NDA must allocate the necessary funds from its Farmer Settlement and Support budget to provinces to implement the farmers training programmes.

Conclusion

Successful land reform will require collaboration between the (DoA), (DLA) and other relevant stakeholders, and management within these institutions, should be well-organised. These will assist in addressing the land reform in a broader perspective, i.e. the pre- and the post-settlement stages of farmer settlement will be addressed in a holistic approach by the two Departments involved. The support programme that provides finances, markets and other relevant programmes should be provided if the land reform is to reach success. The beneficiary selection procedure should be handled by the district committee, but more emphasis should be placed on the poor people with communal land but that have proved to have the commitment and the edge to be involved in agriculture. The pre-settlement stage of settlement should involve correct selection criteria of project beneficiaries that have entrepreneurship skills and interests. The compiled business plans should not only be developed for administrative purposes, but should also indicate an operational plan of the business, and the post-settlement should focus on the necessary support structures such as credit, markets and extension services for providing technical and agricultural management skills. It is paramount that the Land Reform Programme should be successful because it is an essential part of government developmental programmes and it can also contribute to the country's self-sufficiency on agricultural products.

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