

Towards an inclusive poverty-alleviation policy agenda

This section assesses the outcomes of South Africa's land and agrarian reforms and their impact on rural poverty, and discusses policy options to bring about equity and efficiency in the agrarian sector.

48/ KEY INSIGHTS

- ❑ South Africa's market-based land reforms (comprising land restitution, tenure reform and land redistribution) have largely failed to restructure agrarian relations more equitably.
- ❑ For land reform projects to achieve their desired goal of addressing rural poverty, there is a need for the greater involvement of the beneficiaries thereof in both policy formulation and implementation.
- ❑ The emphasis on 'production' and 'commercial farming' popularised by the government shows that land reform policy gradually shifted from its earlier focus on redistributing land to the 'poorest of the poor' to the creation of 'black capitalist' farmers.
- ❑ Failure to subdivide farms has led to beneficiaries being forced into commercial farming projects, which are highly complex and dominated by well-established agribusiness, making it difficult for the new farmers to succeed.
- ❑ The problem with South Africa's land reform policies lies in their ambiguity. On the one hand, they seek to maintain the large farms inherited from apartheid; and, on the other, they seek to redistribute land and address historical injustices in the agrarian structure.
- ❑ Since the end of apartheid, the process of farm consolidation has been on the increase, with agribusinesses increasingly dominating the agricultural value chain from input manufacturing to production, processing, marketing and distribution.
- ❑ Given the inefficient utilisation of land symptomatic of large farms, and the relative advantage of smallholder farms, the South African government should consider dismantling the large farms in favour of a more democratic model.
- ❑ The South African government should promote the growth of the smallholder farming sector rather than the large farms it currently favours. The government should also support the development of technologies that suit small farmers, taking into consideration local and indigenous knowledge.

Introduction

In 1994, newly democratic South Africa inherited a bi-modal agrarian structure underpinned by a racialised pattern of landownership dating back to the infamous 1913 Land Act and successive apartheid policies. With the end of apartheid, it was anticipated that a key element of state-making would be, *inter alia*, the restoration of the land rights of black citizens denied under apartheid. However, after two decades of democracy, South Africa's market-based land and agrarian reforms have failed 'spectacularly' (Hall 2004). Very little land has been transferred to the historically marginalised black population. Rural poverty and unemployment have increased dramatically. Why South Africa has failed to redistribute land to the rural poor, and what can be done to redress land imbalances are major questions, which need to be addressed in the light of the fact that a large number of rural South Africans remain marginalised and without access to land.

This report examines the outcomes of South Africa's land and agrarian reforms and their impact on rural poverty. It discusses how South Africa's market-based land reforms (comprising land restitution, tenure reform and land redistribution) have largely failed to restructure agrarian relations more equitably, and suggests that this failure is linked to ongoing poverty. It is argued that a more redistributive land reform, which transcends the market, would better address historical injustices embedded in the landownership structures inherited from apartheid. The first section provides a broad review of literature on South Africa's land reforms. This review is by no means exhaustive of the large body of work on the subject (see, for example, Hall & Ntsebeza 2007; Van den Brink, Thomas & Binswanger 2007; Lahiff 2007a; Hall 2004; Cousins & Hebinck 2014; Cousins & Walker 2015; Mkodzongi & Brandt forthcoming). The second section utilises secondary and empirical data gathered in the Limpopo Province of South Africa to highlight some of the dynamics that have underpinned the implementation of land reform projects.¹ The report concludes by arguing that the bi-modal agrarian structure inherited from apartheid needs to be dismantled in favour of a more democratic tri-modal structure involving a diverse group of farmers (Moyo 2011). Furthermore, for land reform projects to achieve their desired goal of addressing rural poverty, there is a need for the greater involvement of the beneficiaries thereof in both policy formulation

and implementation, which would engender a sense of ownership among beneficiaries that is currently lacking.

South Africa's land and agrarian reforms at a glance

In 1994, South Africa inherited an agrarian structure in which:

white farms occupied 85.8 million hectares, 86 per cent of rural land [and] about 15 million people, roughly half of the African population, lived in the bantustans on some 14 million hectares, one-sixth of them fenced in by 60 000 white farms. (Bernstein 2013: 1)

By 2010, some four million hectares of land had been transferred under South Africa's three-pronged land reform programme of redistribution, restitution and tenure reform). By 2014, the figures had hardly changed, demonstrating the failure of South Africa's market-based land reforms.

Under South Africa's neo-liberal 'willing buyer, willing seller' land policy, it was anticipated that 30 per cent of white-owned land would be redistributed over a five-year period. According to Hall (2004: 214), 'World Bank advisors had proposed this target as feasible, noting that 6 per cent of agricultural land is transacted each year'. Thus, it was anticipated that 24.6 million hectares would be transferred to black ownership by 1999. This proposition was rather ambitious, given how events on the ground unfolded. We now know that by 1999, a paltry 1.2 per cent of land had been redistributed. The 30 per cent target cut-off has been shifted several times, to 2014 and then to 2025 (Lahiff 2007b; O'Laughlin et al. 2013). Moreover, the 30 per cent target was based on the problematic assumption that under 'perfect' market conditions, land would be transferred quickly from white landowners to the landless poor. Proponents of market-led agrarian reform (MLAR) believe that the removal of distortions in the land market, poor programme design and the excessive cost of acquiring land under state-led agrarian reforms make MLAR programmes a more efficient mode of land redistribution. However, these claims have proven contestable. Under South Africa's market-based land reforms, an insignificant amount of land has been transferred to the poor during a 20-year period. More importantly, the dualistic agrarian structure, dominated by a few white landowners, remains in place, while landlessness and rural poverty persist in the former

bantustans and the urban periphery. South Africa's land and agrarian reforms have failed the historically marginalised black citizenry.

One of the major objectives of South Africa's post-apartheid land reforms was to raise rural incomes and generate large-scale employment, by redistributing land to formerly disadvantaged groups (DLA 1997). The government initially targeted poor households earning less than R1 500 per month under the Settlement and Land Acquisition Grant (SLAG). Between 1994 and 1999, land was redistributed through SLAG, which provided a grant of R16 000 (initially R15 000) to poor households earning less than R1 500 per month (Ncapayi 2013). The SLAG programme encountered many challenges. According to Van den Brink et al. (2007: 175), a review of the SLAG programme concluded that the limited involvement of the Department of Agriculture undermined the success of 'redistribution projects which aimed to support agricultural production' and that 'projects undertaken by large groups had a high failure rate in terms of income generation'. The inability of the government to reverse apartheid-era laws, which did not permit the subdivision of large farms into smaller entities appropriate for smallholder farmers, exacerbated the problems experienced by SLAG. The continued existence of this restrictive policy 'in a democratic, non-racial South Africa...lacks any economic, let alone social, rationale. It restricts the land market and makes it difficult for small farmers to buy small farms' (Van den Brink et al. 2007: 171). As a result, those who could not afford the large farms available on the market, were forced 'to rent a crowd' in order to acquire land. This led to conflict, which, in turn, undermined the viability of agricultural projects. If small pieces of land were available on the market, some people would have preferred them rather than acquiring land as part of a group.

Apart from conflict associated with acquiring land as part of a group, beneficiaries faced other challenges, such as lack of government support and the agricultural expertise to operate large commercial farms. Moreover, they were discouraged from changing land-use patterns. A related problem was that of 'excessive centralisation' (Van Den Brink et al. 2007:176). During the land transfer process, bureaucrats tended to dictate how beneficiaries acquired land and used it, and prescribed the nature of the tenure. This resulted in lack of ownership among beneficiary households, which, in some places, undermined agricultural productivity (Rusenga 2015).

Eventually, SLAG was phased out in favour of the Land Redistribution for Agricultural Development (LRAD) programme in 2001. LRAD was introduced to address some of the challenges experienced under SLAG, including the 'lack of own contribution which made it difficult to screen applicants' and the exclusion of so-called emerging commercial farmers due to 'the means test required under SLAG' (Van den Brink et al. 2007: 175). LRAD was more focused on creating a class of black commercial farmers (Hall & Ntsebeza 2007). As a result, the screening and selection criteria of the applicants' farm plans tended to be biased towards commercial farming (Aliber et al. 2011). Moreover, unlike SLAG, LRAD favoured small groups based on households (Hall & Ntsebeza 2007). LRAD was replaced in 2009 by the Proactive Land Acquisition Strategy (PLAS).

According to the Department of Rural Development and Land Reform (DRDLR), the Recapitalisation and Development Programme (RADP) policy as at 2013:

seeks to provide black emerging farmers with the social and economic infrastructure and basic resources required to run successful agricultural business. It is the intention of the policy that black emerging farmers are deliberately ushered into the agricultural value-chain as quickly as is possible, through this state intervention. (DRDLR 2013a: 10)

Former Agriculture and Land Affairs Minister Lulu Xingwana (2009) states that the RADP aims to 'combat poverty, unemployment and income inequality and that such farmers need to graduate to commercial farming to feed the nation as well as export their agricultural produce'. The emphasis on 'production' and 'commercial farming' popularised by the government under LRAD and successive policies, shows that land reform policy gradually shifted from its earlier focus on redistributing land to the 'poorest of the poor' to the creation of 'black capitalist' farmers. In the words of current RDLR Minister Gugile Nkwinti, PLAS was adopted to 'ensure that we rekindle the class of black commercial farmers that was disrupted by the 1913 Natives Land Act'.² The department allocated R204 million to emerging farmers to upgrade the infrastructure on their land. Under PLAS, the state leased land to beneficiaries and the department facilitated strategic partnerships between white commercial farmers and land reform beneficiaries. The emphasis on commercial production rather than

THE PROMISE OF SUBSTANTIAL CASH INCOME, EMPLOYMENT AND TRAINING OPPORTUNITIES, AND THE PROSPECT OF CLAIMANTS EVENTUALLY OWNING AND RUNNING THEIR OWN SUCCESSFUL COMMERCIAL FARMING OPERATION, HAVE NOT BEEN FULFILLED.

‘redistribution’ is highlighted by Nkwinti’s (2010a) observation that the state loses revenue when beneficiaries fail to produce for the markets. Thus, those who failed in their agricultural enterprises risked repossession of their land under the ‘use it or lose it’ principle (DLA 2008). This shows how government policy has perpetuated tenure insecurity among land reform beneficiaries under PLAS. Rusenga’s (2015) research in Limpopo province shows that under the PLAS programme, the DRDLR sought to exercise control over beneficiaries’ land-use models and agricultural activities. This undermined agricultural investment and productivity, as the beneficiaries felt insecure with tenure arrangements under which the state exercised undue influence over their agricultural activities.

Empirical data gathered in Levubu, Limpopo Province, highlighted the challenges faced by the partnerships and joint ventures favoured by the government in land reform projects. For instance, a study by Greenberg (2009) shows that the rents and dividends paid to land reform beneficiaries were negligible, while white managers benefited from large salaries. Similarly, Lahiff, Davis and Manenzhe (2012) argue that strategic partnerships at the Levubu and Moletele projects (both in Limpopo) have failed to improve incomes or job creation. These challenges were confounded by the involvement of ‘relatively inexperienced community representatives in complex management issues’ (Lahiff et al. 2012).

The promise of substantial cash income, employment and training opportunities, and the prospect of claimants eventually owning and running their own successful commercial farming operation, have not been fulfilled (Davis & Lahiff 2011). An assessment of 39 land reform projects in Limpopo Province by Anseeuw and Mathebula (2008: 62) shows that such projects had ‘caused an 89.5 per cent decrease in production as well as many job losses’. Furthermore, they report that ‘only a few households currently benefiting from the land reform projects are able to effectively live on such income’.

However, not all land reform projects have failed. Empirical data gathered in the Eastern Cape showed that some land reform projects succeeded, especially where a strong sense of ownership and cohesion existed among the beneficiary group. On the basis of data gathered at the Chris Hani District Municipality, Chitonge and Ntsebeza (2012) report that land reform beneficiaries were successful despite having been offered land as a group. Their study showed that the beneficiaries had

more livestock and better access to food than did non-beneficiary households. In addition, beneficiary households had more monthly income than did non-beneficiary households. Their study shows how land reform can improve the livelihoods of rural households by helping historically marginalised communities to access the broader benefits of land, such as fuel wood, medicinal plants and other fauna and flora, which were previously inaccessible to them.

Similarly, Ncapayi's (2013) study undertaken at Delindlala (also in the Eastern Cape) showed that despite the challenges faced by land reform beneficiaries after acquiring land, their livelihoods gradually improved. For example, livestock ownership and crop production improved among land reform beneficiaries.

These studies show that in some places people who applied for land in groups did not always fail, especially where group cohesion and ownership of projects were strong. The problem seems to lie with centralisation of the land-transfer process, which marginalises beneficiaries from decision-making processes during project implementation. This undermines agricultural productivity. While technocrats and state-appointed 'experts' can play an important role in providing technical support to beneficiaries, their role can be problematic if they end up dictating how projects are implemented. Moreover, failure to subdivide farms has led to beneficiaries being forced into commercial farming projects, which are highly complex and dominated by well-established agribusiness, making it difficult for the new farmers to succeed.

While there is nothing wrong with mentorship of new farmers, imposing a regime of production based on commercial farming takes the initiative away from the land reform beneficiaries. The government's attitude towards emerging black farmers seems to be influenced by colonial-era stereotypes of African agriculture as backward and unproductive. While the expertise of white farmers can be deployed to support 'emerging farmers', some elements within this group have sought to profit from land reform projects. For example, some white farmers facing the prospect of bankruptcy of their farming enterprises have utilised the land reform programme to sell their farms to the government at a premium. Such farms are later redistributed to beneficiaries as viable entities, with the hidden financial risks having been transferred to them. Rusenga's (2015) study, conducted in the Limpopo Province, provides a clear example of such practices:

THE PROBLEM SEEMS TO LIE WITH CENTRALISATION OF THE LAND TRANSFER PROCESS, WHICH MARGINALISES BENEFICIARIES FROM DECISION-MAKING PROCESSES DURING PROJECT IMPLEMENTATION.

Portion 40 changed hands twice in 1998. First, it was bought by the Boet Booyesen Trust before being sold in the same year to Coastal and Inland Investment (Pty) Ltd for R380 000 (DRDLR 2013b). The latter did not keep it for long, as it sold the farm to the Aanbreek Beleggings Pty Ltd for R325 000 in 2000. The farm was then sold in 2007 to the Government of the Republic of South Africa for R2 150 000. In 2009, the farm was transferred to Elangeni Family Trust for R2 150 000, even though the Trust leased the farm between December 2007 and December 2009. The farm's price in 2000 (R325 000) constitutes only 15 percent of the price (R2 150 000) the DRDLR paid to Aanbreek Beleggings (Pty) Ltd in 2007. In 7 years, Aanbreek Beleggings (Pty) Ltd received a fee almost seven times what it paid for the farm in 2000. That fee excludes movable assets. Although it is not clear what improvements were made to the farm, the price hike tends to support the view that the government is charged higher prices for farms. (Rusenga 2015: 22)

This highlights some of the distortions that have accompanied the land transfer process under the land reform programme, and illustrates how MLAR policies have skewed the land market in favour of landowners. Such landowners have taken advantage of their privileged economic status and political connections to benefit financially from land reform. Under South Africa's land restitution programme, landowners have used their status as 'experts' to benefit from the process, with beneficiaries of land reform often being coerced by the government to enter into land management contracts with white former landowners (Somerville 2014). Such contracts favour landowners in the contradictory roles of selling land to the government and then being employed by the same government as 'experts' to advise land reform beneficiaries.

Furthermore, beneficiaries of land reform are not 'active participants' in the land market – they lack the necessary legal and technical skills to understand and comply with the often complicated and bureaucratic land transfer process. The case of South Africa shows that the landless face many hurdles to access land under the MLAR model. Ironically, landowners have been the major beneficiaries of land reform, as they have retained their landholdings with minimal transfer of land or have sold marginal lands to the government at a premium. This has undermined the democratisation of the South African agrarian structure in favour of

the historically marginalised black population (Mkodzongi forthcoming). Below, we explore in detail the problems embedded in South Africa's neo-liberal land reforms.

Problems with South Africa's neo-liberal land reforms

The problem with South Africa's land reform policies lies in their ambiguity. On the one hand, they seek to maintain the large farms inherited from apartheid; and, on the other, they seek to redistribute land and address historical injustices in the agrarian structure. This creates contradictions in the actual implementation of land reform. A problematic assumption underpinning government policy is that markets will facilitate the transfer of land rights from landowners to the landless poor. This has proven to be largely misleading as only a limited amount of land has been successfully transferred over a 20-year period. Given this unsuccessful experiment with market-based land reform, there is now a need for a serious rethink of land reform approaches, including looking beyond the market.

White landowners and transnational agribusinesses have exercised undue influence over the land reform policy-making process, adopting tactics of pessimism and alarm to delay the transformation of the agrarian structure in favour of the landless poor. Accepting a mentor or strategic partner became a *de facto* condition for receiving funding through the RADP (DRDLR 2010). To further complicate the situation, funding under the RADP was offered on the 'basis of a credible plan by the strategic partner per project' (DRDLR 2010: 11). Given the above, business planning duties became the responsibility of the strategic partners rather than the beneficiaries themselves. This was expected to ensure the entrenchment of the agribusiness model in the land reform projects. According to Hall (2009b), the government wanted to maintain the original production patterns and output levels. This is why beneficiaries were discouraged from changing land-use plans to better suit their own socio-economic circumstances. Many of these farmers were too poor to acquire the large farms available on the market; a better option would have been the sub-division of such farms into smaller, more appropriate entities.

The continued dominance of large farms, due to the post-apartheid consolidation of farms by transnational

agribusinesses (Hall 2007), presents barriers for new African entrants to farming who are expected to compete with these well-established agribusinesses without the benefit of prior state support. Historically, white farmers relied on state support for their survival until the agricultural sector was liberalised in the 1990s in anticipation of the end of apartheid (Bernstein 2013). The absence of post-apartheid state support has contributed to the failure of land reform projects, as the new farmers are expected to 'go it alone' with minimal state support. The failure to dismantle large farms in favour of a more diversified agrarian structure has contributed to rural poverty.

Most beneficiaries lack training in and knowledge of commercial agriculture, as well as the resources required for viable production (Anseeuw & Mathebula 2008; Davis & Lahiff 2011). Moreover, the agribusiness model promoted by the government in its land reforms has been reported to exclude resource-constrained farmers from lucrative markets. Rusenga (2015) finds that beneficiaries of land reform engaged in horticultural enterprises faced many challenges in accessing markets for their produce, which was deemed to be below the required standard. Such farmers failed to compete with their more established white counterparts who dominated the supply chain. Despite the wide range of difficulties besetting land reform beneficiaries, the 'agriculture department has remained biased in favour of commercial farming and unsupportive of smallholder farming and the production systems of the poor' (Hall 2009a: 2–3).³ The government wants beneficiaries to operate their projects as 'successful agricultural businesses' (DRDLR 2013: 10), yet it has not provided adequate financial resources and training to allow such farmers to gain access into the agro-food supply chain dominated by securely entrenched large farming businesses. In the face of these challenges, beneficiaries are expected to produce for markets in order to contribute to national food security and revenue (Xingwana 2009; Nkwinti 2010b).

It has been argued that to improve the competitiveness of smallholder farmers there is a need to 'strengthen forms of collective action...to promote equity and competitiveness' (Louw et al. 2007 in Baiphethi & Jacobs 2009: 465). This could 'facilitate co-ordinated efforts to train farmers in product quality and marketing to enable such farmers to comply with delivery schedules, overcome transport problems and access cheaper inputs'.

Without such intervention, it is unrealistic for the government to expect land reform beneficiaries to be successful in a situation where the odds are hugely stacked against them in terms of their preparedness to take advantage of market opportunities.

A study by Vermeulen, Kirsten and Sartorius (2008) on agribusiness procurement practices in South Africa shows that although small-scale farmers are contracted in many sectors, their supply is insignificant as a percentage of the total volume procured. For supermarkets, centralisation reduces transaction costs relating to coordination, inventory management and supervision (Berdegué et al. 2005). It also allows for the upgrading of their supplier base, as larger suppliers are attracted to supplying larger volumes to central areas rather than delivering to many stores spread out. Thus, 'buying in one place in bulk can mean economies of scale and better bargaining with suppliers' (Berdegué et al. 2005). For the suppliers, the advantages are reduced transaction costs relating to transport, as they no longer supply widely dispersed stores. Additionally, the suppliers can react quickly to quality control issues. However, the so-called advantages to suppliers, especially small farmers, depend on conditions such as the size of the country, which influences the distance travelled to deliver produce to distribution centres. Market proximity, among other factors, is a key determinant of market choice and has direct implications for the transaction costs incurred by farmers (Chikazunga 2013).

The deregulation of agricultural markets, which started in the 1980s and included the withdrawal of state subsidies, has negatively affected the beneficiaries of land reform who have received limited state support after being offered land. Since the end of apartheid, the process of farm consolidation has been on the increase, with agribusinesses increasingly dominating the agricultural value chain from input manufacturing to production, processing, marketing and distribution. Reardon et al. (2009) note that since the 1980s, there has been 'private-sector investment in and consolidation of processing and retail'. The retailers, together with other agribusinesses, emerged as major players dominating the agricultural output markets (Louw et al. 2007; Hellin, Lundy & Meijer 2009). Louw et al. (2008) observe that in southern Africa 'agribusinesses are important stakeholders in the agricultural supply chain'. The South African food retail sector is dominated by four big retailers – Shoprite/Checkers, Pick n Pay, Spar and Woolworths – handling

about 50 to 60 per cent of all food retail in the country (Louw et al. 2007). Thus, the agricultural value chain is dominated by a few large companies, and this makes it difficult for smallholder farmers to access agricultural markets and the supply chain. Consequently, agribusiness prefers to procure from 'larger companies with the necessary capital to meet the supermarkets' procurement requirements' (Louw et al. 2007). However, Reardon et al. (2009) and Louw et al. (2007) demonstrate that where the sector is dominated by small farmers, such as with tomatoes in Guatemala and fresh produce in the case of Thohoyandou in Limpopo (Baiphethi & Jacobs 2009), smallholders become the major suppliers. This means that where large farmers dominate, the markets are structured to exclude small farmers, given that supermarkets' first priority is to reduce transaction costs by sourcing from larger suppliers. In order to qualify as a supplier to supermarket chains, 'smallholders need to comply with a host of standards, such as organic farming certificates, food quality and safety regulations and packaging criteria', and due to 'their failure to meet such standards and specifications, most smallholders fail to take advantage of opportunities offered by agro-food chains' (Baiphethi & Jacobs 2009: 465).

The situation is exacerbated by the fact that the government is generally biased against smallholder farmers. This favouring of large farms must be conceptualised within the context of the yet to be resolved 'farm size productivity' debate. Supporters of the large-farm model, such as Bernstein (2007), argue that since the agrarian question of capital has been resolved on a global scale, and capitalism dominates even in countries of the South, redistributive land reform will not increase 'agricultural productivity and rural employment and incomes on the basis of an egalitarian (and stable) agrarian structure of "family" farms' (Bernstein 2007: 38). Similarly, Byres (2004: 36, 37) argues that the adoption of superior technology by large farmers 'cuts at the basis for the inverse relationship...where the new technology has spread and, as part of that, mechanisation has been adopted, then the economies of scale associated with that have given large farmers a clear advantage'. Others, such as Dyer (2004), argue that under the small family-farm model, poor small farmers intensify the exploitation of their labour because their survival depends on it. Dyer (2004: 59) concludes that 'it is thus misguided to treat the inverse relationship as a sign of relative efficiency rather than of distress'. A counter-argument, however,

highlights the advantages of small farms, which are deemed to be more efficient than large farms, although this does not mean they produce higher yields. According to Platteau and Lipton (1993):

one reason for the link between relative equality in land-ownership and higher levels of growth in developing countries is the relative efficiency of farm production by large numbers of small producers, as opposed to small numbers of large ones – the so-called inverse relationship between farm size and productivity, a feature observed by economists since the 19th century. A large number of smaller farms can produce and earn more than a small number of large farms operating at the same level of technology. This in turn can be explained by the combined effects of low labour costs, where farming families work their own land and the desire to maximise returns to their scarce asset – land. Large farms depend on hired labour to a much greater extent, which has associated costs, such as supervision to ensure quality of effort. (In Toulmin & Quan 2000: 41)

Although large farms 'generally achieve higher yields than small farmers on the land they cultivate, they generally leave much arable land to pastures and forests which makes them inefficient compared to small farms' (Van den Brink et al. 2007: 155). Given the inefficient utilisation of land symptomatic of large farms, and the relative advantage of smallholder farms highlighted above, the South African government should consider dismantling the large farms in favour of a more democratic structure, which would allow a diverse group of farmers, beyond the racialised minority that currently dominates the sector, to engage in productive agriculture. It has been argued that the high productivity attributed to large farms 'is usually due to their privileged access to technology, credit and information, for instance in areas where green revolution technology dominates' (Toulmin & Quan 2000: 42). Furthermore, 'promoting labour intensive growth, including the encouragement of small farms and more egalitarian land relations, is likely to have a more significant impact on reducing poverty than more capital intensive growth which marginalises small producers and undermines their land rights' (Toulmin & Quan 2000: 42). A good example of this is Zimbabwe's recent experience with redistributive land reform. Under its controversial fast-track land reform programme, Zimbabwe dismantled

large farms inherited from colonialism and replaced them with small and medium-scale farms, while some large estates were retained at reduced sizes (Moyo 2011). This led to the democratisation of the agrarian sector. Since the land reforms, a new agrarian structure comprised of a more diverse group of farmers has replaced the minority of white farmers who previously owned most of the productive land. Additionally, Zimbabwe has witnessed an upward trajectory in agricultural production in certain sectors, although the agricultural sector as a whole is yet to fully recover (Scoones et al. 2010).

In general, evidence from countries where radical agrarian reforms have been implemented shows that productivity improves when large farms are divided up and allocated to poor households (Sobhan 1993).⁴ Furthermore, bias in favour of large farms that exercise undue influence over government policy undermines the political and social goal of land reform, which is to ensure justice through equitable land distribution. The purported efficiency of agribusinesses and their contribution to national foreign currency reserves cannot justify inequitable access to land, especially in the settler societies of southern Africa. Maintaining the *status quo* has dangerous political consequences, as recently witnessed in Zimbabwe where landless peasants were forced to 'invade' commercial farms owned by white landowners.

Resolution of the land question, equity and poverty reduction

laws and decrees...in land reform should be treated as weapons in the struggle against landlords. (Chinese official in Borras 2007: 64)

Since the former settler colonies of southern Africa inherited an unjust landownership structure underpinned by race, land and agrarian transformation should include the dismantling of this racialised structure in favour of a more democratic order involving a broader range of beneficiaries, beyond the advantaged minority white landowners who historically have controlled most of the productive land. This means that many large farms and agribusinesses should be targeted for redistribution to small-scale African producers. While a few large estates could be retained, they might be reduced in size to facilitate equity and efficiency in the agrarian sector. It has been argued that 'land reform involves interven-

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tion in the prevailing pattern of landownership, control and usage in order to change the structure of holdings... and broaden the distribution of benefits' (World Bank 1975). According to Mafeje (2003: 23), poor peasants or small-scale producers (both women and men) 'are the inevitable objects of agrarian reform'. While some will need new land in areas previously reserved for large farms, others have access to land but suffer a plethora of challenges such as 'extractive state policies, lack of infrastructure, lack of proper marketing facilities, exploitation by middlemen and unscrupulous traders, all of which militate against accumulation from below' (Mafeje 2003: 23). Most of these challenges are products of the unjust agrarian structure maintained in the post-colonial era.

Historically, African producers have been discriminated against by colonial and apartheid governments. This contributed to their current state of low productivity. Agrarian reform should involve, inter alia, building the capacity of small farmers to become more productive and to diversify livelihoods beyond the farm. Importantly, agrarian reform can also open up access to natural resources, which is likely to complement the livelihood strategies of the landless poor and thereby reduce poverty.

It has been argued that 'land tenure problems are power problems, problems of disparity in economic, social, and political power' (Parsons in Borras 2007: 63) and, thus, cosmetic changes to the current agrarian structure will not bring about the desired change. 'If the government is dominated or strongly influenced by the landholding group...no one should expect effective legislation as an act of grace' (Parsons in Borras 2007: 63). This means that while it is important to maintain agricultural productivity during the land transfer process, redistributive land reform must fundamentally restructure agrarian relations in favour of the poor. In the South African case, this should inevitably involve dismantling the large farms, or reducing their size in favour of a more democratic tri-modal agrarian structure (Moyo 2011). In this way, redistributive land reform can address 'the interlinked political, economic and social dimensions which in turn have significant implications for development' (World Bank 1975: 5).

The marginal capital to output ratio has been said to be lower for small producers than for large-scale farmers. The International Fund for Agricultural Development (IFAD) has argued that the productivity of the rural poor can easily be raised by modest investment (in Mafeje

2003). IFAD has asserted, further, that 'one unit of resources invested in the peasant subsector would generate greater savings than if it were invested in the capital-intensive subsector'. This means that where the poor are in the majority, the diminishing return to capital would not be as significant in the poor sector as in the non-poor sector. Investing in poor producers helps to mobilise their labour and, hence, agricultural productivity.

In addition, there are more financial challenges to sustaining big farms than is the case for small producers, as evidenced by many bankruptcies facing white commercial farmers. Thus, the South African government should promote the growth of the smallholder farming sector rather than the large farms it currently favours. The government should also support the development of technologies that suit small farmers, taking into consideration local and indigenous knowledge (Mafeje 1988). Most imported technologies in the past favoured mass production of export crops by agribusiness, and contributed to land degradation and job shedding (Marcus 1989). Therefore, scientific research should support technologies that suit smallholder agriculture and complement broader livelihood strategies beyond the farm.

Rethinking land reform, equity and justice in the agrarian sector

In South Africa, the demand for land transcends the issue of agricultural productivity to encompass other diverse aspects, such as urban housing, identity and belonging, which have received limited attention in the literature (James 2007). Moreover, access to land by the rural and urban poor enhances their livelihoods, as they can utilise natural resources that are currently enjoyed by only a few (Mkodzongi 2013). Land reform, as part of a wider post-apartheid state-making process, must take these diverse needs into account. Experience elsewhere shows the benefits of dismantling large farms and redistributing them to a large number of smallholders (Toulmin & Quan 2000). It has been argued that 'once poor people are given good farmland they can lift themselves out of poverty permanently even without significant government support' (Van den Brink et al. 2007: 159), and that countries undergoing unsuccessful land reform (like South Africa) tend to have high levels of rural poverty.

In countries that have undertaken successful land

reform in favour of smallholders, such as China, Costa Rica, Indonesia, Malaysia, Taiwan and Thailand, rapid economic growth has been witnessed, which challenges the myth that smallholder farmers cannot farm productively. In the South African context, the failure to dismantle the colonial era bi-modal agrarian structure has undermined democratisation of the agrarian sector, simultaneously hampering economic growth. Empirical data gathered in Limpopo show that the government has failed to restructure agrarian relations in favour of the poor and landless; instead, its market-based land reforms have sought to gradually create a cohort of black capitalist farmers, rather than redistributing land to the poor as initially planned. Even these so-called 'emerging farmers' have not been adequately supported. Indeed, the government has set them up to fail, as the entire agricultural value chain remains dominated by agribusinesses. Penetrating this racialised agricultural value chain has been a challenge for many of the new black farmers. Given the above, without a radical transformation of the agrarian sector, the government's efforts to address historical injustices are likely to fail.

The large estates that dominate the agricultural sector need to be dismantled in favour of a more democratic and diversified farm sector. Supporters of the large farms that dominate South Africa's agrarian sector have sought to downplay the need for land among black inhabitants of the former bantustans by claiming that the agrarian question in South Africa was resolved under apartheid industrialisation, and that the poor no longer require land but need employment in cities (Bernstein 1996; Hendricks 2013). Yet, there is evidence to suggest that the so-called semi-proletarians resident in shanty towns on the urban periphery are mobile and continue to maintain links with their places of origin in former bantustans where they derive part of their livelihoods from the land (Chitonge & Ntsebeza 2012). Claims that such people do not need land are misleading in their underestimation of the role that land can play in the livelihoods of the rural and urban poor.

In some sectors, redistributive land reform has been opposed on the pretext that it leads to food insecurity. Yet, in many countries that have redistributed land rights to peasants, food production has risen, and local economies and employment have improved (Toulmin & Quan 2000). Even in Zimbabwe, with its controversial fast-track land reform, peasant farmers have made significant investments in their newly acquired land

and rural livelihoods have been diversified. According to Deininger (in Van den Brink et al. 2007: 158):

Equitable land distribution is also beneficial for non-agricultural and non-rural growth. Access to land provides a good social safety net, which induces more farmers to move into nonfarm businesses, given the higher risks associated with entrepreneurship. In China the broad based access to land allowed peasants to take increased risk, move into nonfarm activities and then produce the boom in small-scale entrepreneurs. This also explains why China spends significantly fewer fiscal resources on social security-type transfers than, say India where fewer have much more restricted access to land.

Redistributive land reform, thus, has the potential to address rural poverty by kick-starting rural economic activity that contributes to local employment creation. Additionally, land reform can allow some smallholder farmers to diversify into non-farm activities, which enhances rural livelihoods. In South Africa, this is likely to lessen the fiscal burden currently faced by the government because of the large numbers of rural households that are dependent on social grants for their livelihoods. Again, experience from Zimbabwe shows that smallholder farmers can take advantage of land reform to diversify livelihoods through engaging in activities such as artisanal mining and other natural resource extraction activities. Mining has also opened up opportunities for households to engage in petty commodity trading at mine sites; this has allowed women to participate in the rural economy. Revenue generated by such activities has been invested in agriculture, as these farmers receive no support from the government.

It has been argued that 'in countries with a highly unequal distribution of land, the case for...redistributing property rights from the rich to the poor is a strong one'. This is important for 'conflict prevention, equity, economic growth, jobs and poverty reduction' (Van den Brink et al. 2007: 154). Failure to redistribute land has contributed to increasing poverty and marginalisation, especially among South Africa's rural citizens. It is, thus, imperative for South Africa to rethink its land reform policies in order to address injustices that have persisted in the agrarian sector.

Conclusion

South Africa's land reforms have failed to restructure agrarian relations in favour of the landless poor. This is a direct cause of poverty and injustice. While it was anticipated that market-based land reforms would facilitate the speedy transfer of land from white landowners to historically marginalised black citizens, this has not happened in practice. An insignificant amount of land has been redistributed, and the dualistic agrarian structure inherited from apartheid remains unchanged. This has contributed to rising rural poverty. The government has relied largely on the expertise and influence of landowners to craft land and agrarian reform policy, while the beneficiaries of land reform have been sidelined in policy formulation and in the implementation of land reform projects. This has led to poor programme design and the failure of land reform projects. In terms of future policy, there is a need to rethink land reform approaches by considering a more redistributive process that could bring about the equity and efficiency for which the sector is long overdue.

ENDNOTES

- 1 The case study data were gathered by Clemence Rusenga in the course of doctoral studies at the University of Cape Town.
- 2 See <http://www.gov.za/speeches/rural-development-and-land-reform-approves-r206-million-rands-funding-emerging-farmers-8> [accessed 10 October 2015].
- 3 The DRDLR is responsible for land reform, while the Department of Agriculture, Forestry and Fisheries (DAFF) is responsible for agricultural support. From 1994 to 2009, the two departments were in one Ministry of Agriculture and Land Affairs. They now operate as separate departments. This separation of mandates has been credited as being behind the poor support provided to land reform projects, as the DAFF remains focused on large-scale commercial agriculture (Hall 2009a).
- 4 See Sobhan (1993) for detailed experiences of radical agrarian reform in countries such as China, North Korea, Cuba, South Korea, Vietnam and Taiwan.

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