

12. Making Land Reform Work

Despite the complexities of the land issue, it is possible to design and implement a more effective and sustainable reform program, but a far more substantial investment of time, energy and financial resources is required.⁵²⁴ The government will need both renewed commitment to move forward and recognition that current policies are falling short of stated objectives – as well as understanding that reform requires time to have significant impact.

If land reform is to succeed in South Africa, new approaches are needed to transfer more land to a much wider group of people, with a focus on poorer segments of the population and an emphasis on post-transfer support. This does not need to be at the expense of existing support for newly emergent black commercial farmers, who are a critical component of any change in the structure of asset ownership in the country. Efforts should continue to promote larger black commercial farmers. But a dual agenda is feasible. The following are ideas for initiatives and innovations that could help accelerate land reform and enhance its impact, particularly for poorer citizens.

A. GETTING RESTITUTION RIGHT

The government's efforts to resolve the huge backlog of restitution cases are laudable. However, the manner in which the program is being accelerated, through the use of cash settlements rather than restoration of land, threatens to undermine its objectives. Particularly for the remaining rural claims, cash settlements should be discouraged and efforts made to provide as part of any restitution package either suitable land for small-scale production and housing, a job or credit for micro-enterprise activities. The restitution program should be an engine for wealth creation and enhancement of livelihood options. Cash settlements are not a sustainable contribution to development or poverty alleviation and should not be the method of first choice.

⁵²⁴ Thembela Kepe and Ben Cousins, *Radical Land Reform is Key to Sustainable Development in South Africa*, Policy Brief no. 3, PLAAS, August 2002.

B. EXPANDING AND IMPROVING REDISTRIBUTION

South Africans will judge the land reform program by several key criteria: the amount of land redistributed; its beneficiaries; the speed of redistribution; and the amount of support received by beneficiaries. Given the political imperative of making redistribution work, there are a number of steps the government should take.

Prioritising Smallholder Agriculture

The land reform program, particularly its redistribution component, LRAD, has moved away from its original emphasis on enhancing the livelihoods of the poorest. The government should recommit itself to this as a fundamental objective of the overall land reform effort, not just on social welfare grounds, but also because small farmers represent significant economic development potential that has not yet been unleashed, due to the legacy of land dispossessions but also lack of support. Efforts should be targeted to areas where violence is most prevalent or likely, such as KwaZulu-Natal and Mpumalanga, two provinces that also have over 90 per cent of the country's high potential commercial land.⁵²⁵

Supporting Partnerships

At President Mbeki's instruction, the government has undertaken a process involving key stakeholders in building a broader consensus on the existing land reform program. The National African Farmers' Union and Agri-SA are in semi-permanent talks with the government. "Confidence is growing between government and farmers", said a representative of organised commercial agriculture. "We recognise our responsibilities. We must involve emerging farmers and support them. We can't just offer land to the government; they aren't interested. But if we approach the government with a viable business plan, then there is much more interest".⁵²⁶ Partnerships and joint ventures that involve education, training and skill-building, along with innovative ideas, can link both interested farmers to land reform processes and supply to demand.

PLAAS identifies five different kinds of joint ventures: contract farming, share-cropping, share equity, municipal and company-supported schemes. "Building the capacity of small-scale farmers, farm workers and other landless people involved in joint ventures should be a key long-term

⁵²⁵ McIntosh Xaba and Associates, "A Scoping Study of Current Freehold and Farming Communities in South Africa", op. cit., p. 7.

⁵²⁶ ICG interview, South Africa, 26 November 2003.

objective for government".⁵²⁷ Research into the impacts of these kinds of initiatives could provide a roadmap for future Department of Land Affairs support. More importantly, these joint ventures can be funded under the current LRAD policy, as long as they transfer real ownership directly to the beneficiaries, so no new policy framework is needed. Public backing must be linked to stringent criteria and systematic monitoring or there are dangers that joint ventures can be cosmetic and fail to deliver tangible benefits.⁵²⁸

One option is that smaller farmers create cooperatives and connect to larger farmers or traders to produce for export. This would allow for technological transfer from large to small farmers. According to one donor official, "Mentoring arrangements with large-scale white farmers could play a role in assisting new farmers... In some innovative cases, white farmers have been contracted to act as farm managers on communal farms, for example in Limpopo. New farmers need to learn how to raise new loans, and access post-settlement support".⁵²⁹ Small farmers could also benefit from initiatives with agribusiness. For example, the sugar industry could help the government in creating systems for selecting farmers and acquiring land, and in identifying ways to reduce costs. Arrangements in the fruit, wine and timber sectors have demonstrated that input and product markets can be made to benefit the poor. The LRAD policy can accommodate these partnerships. It would be problematic, however, if the private sector were to demand specially earmarked funds from the government, which would not be directly under the control of the beneficiaries but would end up in various kinds of trust funds essentially controlled by the commercial farmers or agribusiness.

Further, there is room for NGOs to take a more active role in supporting the land reform agenda. LRAD projects aimed at poorer households would be better managed by NGOs than by technical consultants who are focused on commercial objectives. NGOs that advocate for food security and livelihood development objectives in the context of land reform should help plan and manage a greater number of these projects, but only at the request of the beneficiaries themselves.

Identifying Commercially Viable Products

Numerous commercially viable products could find receptive internal or external markets. There are highly competitive agricultural exporting industries based on smallholder farms. Cattle raising is promising: new

⁵²⁷ Hall, Jacobs and Lahiff, *Evaluating Land and Agrarian Reform in South Africa*, op. cit., p. 19.

⁵²⁸ ICG correspondence with Ruth Hall, 6 March 2004.

⁵²⁹ ICG interview, South Africa, December 2003.

smaller livestock herders are experiencing a 20 to 25 per cent return on capital, which is much higher than expected.⁵³⁰ Wool growing is another promising area, especially in the Eastern Cape. Horticulture holds major potential and is very labour intensive. Alternative export commodities such as sunflowers, fruits such as cherries, apples and pears, and organic vegetables should be emphasised by land reform initiatives as they can be produced during the northern hemisphere winter.⁵³¹ Vegetables are best on smaller plots of land, while sugar cane has excellent prospects on larger holdings.⁵³² A promising new initiative is the grouping of land reform beneficiaries to market produce under a common label. Projects that have 25 per cent worker equity have been fair trade accredited, and suppliers have agreed on rebates, demonstrating the major potential that exists for negotiating input and product markets that benefit the poor.⁵³³

But perhaps the most important objective should be to promote basic staple crops. Maize, wheat and other traditional food security crops have great potential for land reform beneficiaries, given the significant levels of child malnutrition in rural South Africa. If people had their own land, they would grow some of their own food in order to improve nutrition. This is especially true of women farmers, who, as in many places throughout Africa, are allocated less land when cash crops are introduced. Providing a little land "would have the biggest bang for the buck in peri-urban areas".⁵³⁴

Levelling the Playing Field – Addressing the Land Market

In order to level the playing field for reform beneficiaries, the government must address the land market. Access to land for sale in the willing seller, willing buyer framework and the high prices of that land are having severe effects on efforts to acquire land for transfer without resorting to expropriation. Six specific actions should be taken now. The government must promote the subdivision of commercial land for redistribution; it should introduce a tax on land held above a certain maximum size; land auctions should be made accessible to land reform applicants; the government should use its powers of expropriation in a few cases to encourage greater cooperation by land owners; more attention must be paid to subsidising land purchases for smallholder farming; and the processes for purchasing land must be streamlined and accelerated.

⁵³⁰ ICG interviews, South Africa, November and December 2003.

⁵³¹ ICG interviews, South Africa, November and December 2003. ICG interview with Reg Rumney, BusinessMap, 28 November 2003.

⁵³² ICG interview, South Africa, with DLA official, December 2003.

⁵³³ McIntosh Xaba and Associates, "A Scoping Study of Current Freehold and Farming Communities in South Africa", op. cit., p. 39.

⁵³⁴ ICG interview, South Africa, November 2003.

Subdivision. Owners of large farms have no incentive to subdivide under the apartheid-era Subdivision of Land Act, but the minister of agriculture has the power to waive this law. Subdivision is necessary in part because full-time, intensive commercial agriculture is too risky for most poor people, and available commercial farms are much too large for their small-scale agriculture activities. However, in most cases the government does not want to set up poor farmers on small parcels of land because the process is expensive and time consuming. Nevertheless, because suitably sized parcels of land are needed, the state should remove all restrictions on the subdivision of land, only to replace them with certain zoning restrictions. In certain areas, highly suitable for small-scale farming, the state should involve itself directly in actual subdivision, despite the time and cost involved.

Until the Subdivision of Agricultural Land Act is phased out to free the land market, its application should not be allowed to frustrate reform. Revised regulations covering exemptions are needed so that the Surveyor General can routinely approve subdivision surveys for land reform, and the Registrar of Deeds can register interests. The requirement for such matters to be approved by the minister in Pretoria should be waived.

The result of subdivisions would be an increase in beneficiaries and a reduction in average farm size. To assist the process, municipalities should identify what land could be available, who needs it and what they want to do with it. This is important because there has been no overall process of gathering information on the level of demand for the purposes of reform programs. Studies indicate that rural people want access to small parcels to build a homestead and for farming or grazing. But the overall demand is unknown.⁵³⁵

Land reform is perhaps even more urgent in urban areas. Instead of the government planning the entire process, it might be easier to extend LRAD to the urban areas and reinforce the housing subsidy scheme. Families would then have the means to buy plots and building materials and establish shelter and small farms themselves. This, too, would require scrapping the rules on subdividing property. The process would probably look chaotic compared to the current "military style" provision of uniform public housing, but it would allow redistribution to move forward more rapidly with greater popular control.

Land Tax. The Property Rates Act, passed in February 2004, allows local government to introduce land taxes. As of June 2004, the contours of the Act were uncertain after the Cape High Court struck down a market value-

⁵³⁵ Hall, Jacobs and Lahiff, *Evaluating Land and Agrarian Reform in South Africa*, op. cit., p. 2.

based property rating system as unconstitutional.⁵³⁶ Nevertheless, the Act does offer an opportunity to fashion a new reform tool. Hitherto, the absence of a tax on land above a certain size or on underutilised land has distorted the agricultural sector and been a disincentive to reform. The tax structure either does not tax commercial farms at all or, in the traditional white smallholder areas around certain urban centres, taxes farms regressively, creating hardship for small farms. The fact that large farms are not subject to a land tax makes it costless for owners to hold on to unused or underutilised land or convert it to game farming, with no associated costs. A donor government official commented, "The willing buyer, willing seller approach is good, and it should be the basis of land reform efforts, but don't expect it alone to solve the problem. The South African government needs to put pressure on whites to give up some of the land".⁵³⁷ Such a tax should encourage larger owners to sell land and, combined with subdivision, make available a large pool of commercial farmland and introduce incentives for smaller farmers. Land reform beneficiaries will be exempt for ten years.

A senior Department of Land Affairs official said the government is looking actively at this proposal: "When the state says it will buy land, the prices become inflated. So we have to look at what interventions can be used to avert such distortion, such as taxation. Our broader political goals are reconciliation and nation building, without negative consequences".⁵³⁸

The farm size at which taxation would increase should be set generously, so as to avoid hurting middle-sized farmers, while making it costly for large land owners to hold on to major tracts of unused land for speculative purposes. A different size should be set according to climatic region to take account of natural productivity differences. Tax structures should be highly progressive, so as to disincentivise ownership of large parcels of underutilised land. Should these kinds of taxes prove ineffective at making more land available for transfer, the owners of multiple farms might be taxed at a higher rate for their additional farms.

Land Auctions. The current land redistribution process does not allow applicants to access land auctions, which are a major avenue for transactions.⁵³⁹ The state should remove this restriction and indeed subsidise their involvement in the process, either through vouchers or interventions by the Department of Land Affairs or the Land Bank.

⁵³⁶ "Municipal Rating Hiccup", *Business Day* (South Africa), June 2, 2004.

⁵³⁷ ICG interview, South Africa, December 2003.

⁵³⁸ ICG interview, South Africa, December 2003.

⁵³⁹ PLAAS, "Evaluating Land and Agrarian Reform in South Africa", slide presentation, 8 October 2003.

Eminent Domain. The state has the power to compulsorily acquire land in certain circumstances, and the process through which this can occur has been expedited by recent legislation. The minister for agriculture and land affairs should use this power selectively, when owners are particularly intransigent, in order to demonstrate that it means business on land reform and to encourage compliance within the willing seller, willing buyer framework. The state could also acquire certain areas that are very well suited for small-scale farming and are currently unused or derelict.

Subsidies. Just as emergent black commercial farmers are a focus of land redistribution efforts, so too should be landless blacks who want to become smallholders but need subsidies to buy land. Department of Land Affairs provincial land reform offices should receive more resources expressly to help potential smallholders purchase land. Credit, marketing insurance and other support should be made available through local governments and the Land Bank to these new farmers.

Streamlined Processes. The red tape associated with allocating funds undermines market-based attempts by the state to purchase land. Sellers often cannot wait for the state to approve funds for purchase, so deals fall through.⁵⁴⁰ In some provinces, more land is redistributed through the open market than through the land reform program.⁵⁴¹ While this is not bad in itself, it is indicative of the continuing snags in government-backed redistributions.

Funding Innovation

Resources should be made available for pilot projects involving new land acquisition models, as well as for transfer and support for land use. There is much to learn about cost and the response of institutions to such efforts. Allowing local innovators to explore what works would help the government craft a more effective and timely land reform program. Some examples of ways to support innovation include proactive acquisition of land, local government integration of reform with development planning and a needs-based approach to land reform rather than the responsive demand-led approach.⁵⁴²

A means of supporting innovation designed to quickly and cheaply implement post-transfer land development would be to amend government procurement rules (as was done in Brazil, Mexico and Indonesia) to allow

⁵⁴⁰ McIntosh Xaba and Associates, "A Scoping Study of Current Freehold and Farming Communities in South Africa", op. cit., p. 18.

⁵⁴¹ M.C. Lyne and M.A. Darroch, "Land Redistribution in KwaZulu-Natal: Five Census Surveys of Farmland Transaction, 1997-2001", University of Natal, 2002.

⁵⁴² ICG interview with Peter Jacobs and Ruth Hall, PLAAS, 27 November 2003.

for community-driven approaches. This would put resources directly into the hands of beneficiaries to develop the land for which they assumed ownership. Money would be released in tranches and its use monitored.⁵⁴³

Providing Post-Transfer Support

Post-transfer support also needs more resources and attention if land reform is to have a large impact and be sustainable. Those who benefit from restitution and LRAD are often not supported and become increasingly indebted. "It is a hostile environment for new entrants into agriculture", said one land reform expert.⁵⁴⁴ This results from a lack of state services and the withdrawal of subsidies as part of the deregulation exercise of the 1990s. New farmers must have access to credit, marketing channels and insurance if they are to succeed.

Post-transfer support could also be better organised. Beneficiaries should have opportunity to be involved in determining the services they receive, including whether to acquire title, how to improve tenure security, the kind of inputs to be provided and the extension services and technical advice needed. This requires government departments to create a joint approach so beneficiaries can submit one proposal rather than apply separately for each service. The private sector should be fully integrated into this approach.⁵⁴⁵

Most apartheid-era subsidies have rightly been dismantled over the past decade, to the point where South Africa has one of the most deregulated and liberalised agricultural sectors in the world. However, new commercial farmers benefiting from land reform should receive some state aid. The government could subsidise interest rates, lower water and other costs and improve agricultural extension services for new farmers.

Utilising State-Owned Land

There remains considerable state-owned land that could be targeted for redistribution. The state owns 9 per cent of the country's total land area, excluding the former homelands.⁵⁴⁶ The amount available for transfer, however, was widely disputed in interviews ICG conducted in South Africa, suggesting that further analysis of state-owned land is needed.⁵⁴⁷ The Department of Land Affairs estimates that 5 to 7 per cent of state land can

⁵⁴³ ICG interview with land reform expert, 5 March 2004.

⁵⁴⁴ ICG interview with Ruth Hall, South Africa, 27 November 2003.

⁵⁴⁵ ICG interviews, South Africa, November and December 2003.

⁵⁴⁶ McIntosh Xaba and Associates, "A Scoping Study of Current Freehold and Farming Communities in South Africa", *op. cit.*, p. 6.

⁵⁴⁷ ICG interviews, South Africa, November and December 2003.

be used for settlement.⁵⁴⁸ A study by the Konrad-Adenauer-Stiftung concluded that by 1999 only 120,600 of the available 25 million hectares of state land and former homelands had been distributed. The most promising, underutilised state land is that known as the municipal commonage – land granted by the state to towns for residential use. The Department of Land Affairs established a municipal commonage program in 1997 to give poor residents access to existing commonage lands. Nearly a third of all land transferred in the land reform program has come under this initiative. However, since the policy changes in 2000 that produced LRAD's emphasis on new commercial farmers, the program has been downgraded.⁵⁴⁹ The government should again make the municipal commonage program a priority, with appropriate support to new farmers. If a clear legal framework for tenure and management is in place, there would be substantial benefits in terms of livelihoods, food security and poverty alleviation.

C. ADDRESSING TENURE REFORM

The Communal Rights Land Act, passed by parliament in February 2004, should be the foundation of a process that aims at establishing a land administration system in the communal areas. This involves assurances of legal protection against uncompensated evictions and that housing can be improved; guidelines for inheritance of property; a framework for transferring land; services such as sanitation, water, electricity, roads, schools and clinics; a system of administering property rights; and a way to address property disputes.

The tenure of those occupying communal land – farm workers, and farm dwellers – should be legally recognised as ownership. Greater certainty about who controls and thus is accountable for land would open the door to financial resources, but simply registering land with traditional authority structures without reference to the political dynamics of local areas could exacerbate the conditions for conflict. Continuing uncertainty over control of the land would limit investment for development.⁵⁵⁰

Whatever is decided, any further rights given under tenure reform will require back-up. Significant resources will be needed for implementation and enforcement. There will also need to be integration with local economic development initiatives and provision of social services.

⁵⁴⁸ ICG interview, South Africa, December 2003.

⁵⁴⁹ Hall, Jacobs, and Lahiff, *Evaluating Land and Agrarian Reform in South Africa*, op. cit., pp. 16-17.

⁵⁵⁰ Durkje Gilfillan, "Poverty Alleviation, Economic Advancement and the Need for Tenure Reform in Rural Areas in South Africa", paper presented at the SARPN conference, 4 June 2001, pp. 8-9.

D. INCREASING POLITICAL WILL FOR LAND REFORM

In current circumstances, the land reform program will not come close to meeting its targets. Government and donor commitment must be increased. This is fundamentally a question of political will.

Planning, Coordinating and Staffing for Success

While there has been much emphasis on speeding delivery of projects and better fulfilling the expectations of the poor, there needs to be an equal emphasis on delivering sound projects. If the emphasis remains solely on "speeding up delivery", this may well come at the expense of planning, facilitation and post-transfer support. This can be seen in the restitution program, currently regarded as the success story of land reform, where estimates of land claims have often been inflated and cited as a success story even before the claim is finally settled. A prerequisite for enhanced planning will be to clarify which agencies and departments have what responsibilities, particularly for post-transfer support. There is a great need to streamline many processes. Agriculture, Housing and Land Affairs are all concerned, leading to unnecessary confusion and competition. Beneficiaries need one place to go. That place should be at the district level, with local government. Capacity building should be focused on local delivery mechanisms where beneficiaries live, not just national institution building.

More staff resources are also needed. A senior Department of Land Affairs official acknowledged, "We have developed a significant amount of cadres for implementing land reform initiatives. We need to expand this core of skilled people".⁵⁵¹ The department has less than 700 staff working on land reform and land restitution; more personnel and further training will be needed to meet the government's ambitious targets. Retention of staff is also critical as many constraints result from the high turnover rate.⁵⁵²

Integrating Land Reform and Rural Development

There is no overall strategy for rural development and little planning for how land reform programs link into broader efforts to promote the rural economy. The government's Integrated Sustainable Rural Development Program (ISRDP) aims at improving service delivery and infrastructure development, but with little focus on land issues. This undermines efforts to enhance and diversify livelihoods.⁵⁵³ Relevant departments, in close coordination with stakeholders, should seek to amend ISRDP to take into

⁵⁵¹ ICG interview, South Africa, December 2003.

⁵⁵² Atkinson, Pienaar and Zingel, *'From on Farm to Own Farm?'*, op. cit.

⁵⁵³ Hall, Jacobs, and Lahiff, *Evaluating Land and Agrarian Reform in South Africa*, op. cit., p. 2.

account the poverty alleviation, food security and job creation potential of land reform.

Incorporating Women

Women have been in the main excluded from land reform debate. The government should prioritise them in restitution and redistribution initiatives and ensure that their land rights are more secure through tenure reform, particularly the strengthening of community access to the municipal commonage. It is particularly pressing to change discriminatory inheritance laws that, because of the HIV/AIDS pandemic, leave ever more women destitute on a husband's death.

Involving Civil Society

It is also important for the Department of Land Affairs to engage with civil society in an enhanced dialogue regarding national land policy. This could include farmers and farm workers unions, representatives of landless people, NGOs, research bodies and traditional chiefs. If government is to gain from such a review, however, the department will need to be given the resources to add legal, socio-economic and financial expertise. There has been agreement in principle between government and civil society groups on holding such a land summit, but it should occur before the issue becomes more explosive. Specifically, government should use it to encourage farmers to put more tangible offers on the table.

At the same time, the NGOs and researchers should be constructive. A leading donor agency official pointed out, "The boundary between advocacy and destructive criticism is a narrow one and to stay on the right side requires real diplomatic and interpersonal skills, which not all NGO representatives, or representatives of donor agencies for that matter, possess".⁵⁵⁴

Land activists, who also support a land summit, plan to build grassroots support for more robust reform, including a land audit.⁵⁵⁵ Activists also intend to continue limited land occupations in both rural and urban areas.⁵⁵⁶ Groups working on land are also beginning to forge links with the Congress of South African Trade Unions (COSATU) and other sectoral reform groups, such as those advocating for jobs, HIV/AIDS

⁵⁵⁴ ICG interview, South Africa, March 2003.

⁵⁵⁵ "A summit can't tinker with details", said a land activist. "We need to provoke a debate over the fundamentals. We have to look at the government's economic policies. The IMF and World Bank have demonstrated that the market based reform hasn't worked. There will be consequences for the ANC if it doesn't address the land issue". ICG interview, South Africa, March 2003.

⁵⁵⁶ ICG interviews, April and August 2003.

assistance, housing, utility reform, and additional grassroots issues. COSATU, the principal labour organiser in the country and a key government supporter, is becoming increasingly active with other elements of civil society in promoting land reform. As its membership base sinks due to job losses, it is reaching out to broaden its base in South Africa and regionally.

Managing Expectations

It is clear that ambitious plans for major land redistribution in the next decade cannot be fulfilled without a massive increase in resource commitment. If the expectations of landless populations are not addressed, the potential for instability and even conflict will grow. The government has already helped contribute to the risk by raising those expectations to an unrealistic degree and by allowing tensions over tenure to simmer. By expanding opportunities for consultation and increasing transparency, it would be in a better position to call on public support to meet more reasonable objectives. Accelerating land reform numbers at the expense of sound projects and would not satisfy either justice or development goals.⁵⁵⁷

Committing Resources

The resource implications for meaningful, accelerated land reform are enormous. Fully funding a land redistribution and restitution program that met the government's current targets would cost in the billions of dollars. Experts say that land reform spending must increase several-fold over the current level for such targets to be met, and this would cover only the cost of land acquisition, not staff and start-up production.⁵⁵⁸ How realistic this is can be seen from the fact that shortfalls are leaving countless projects unfunded, their status up in the air and the overall program less credible. It is also important to note that the longer full implementation is delayed, program costs will likely only increase with both inflation and rising real estate prices.

E. FINDING A ROLE FOR DONORS

Major donors have largely failed to form a coherent strategy for land reform and find it increasingly difficult to justify allocating aid. They are intimidated by the complexity and sensitivity of land reform and concerned that the administrative environment will make effective implementation

⁵⁵⁷ De Villiers, *Land Reform*, op. cit., pp. 81-82.

⁵⁵⁸ ICG interviews, South Africa, November and December 2003.

difficult.⁵⁵⁹ The sharp decline in Zimbabwe's agricultural output resulting from land seizures has further underscored the dangers of sweeping but poorly designed plans. African governments have become suspicious that donors, by urging a range of conditions – including a pro-poor focus, the willing seller, willing buyer principle and maintenance of economic stability – are using support for land reform as a neo-colonialist Trojan Horse to perpetuate racial imbalances in land ownership. Donors counter by arguing that funding land reform without a focus on the rule of law and broad economic indicators would be irresponsible, and progress can be made when there is joint agreement on fundamental principles to guide redistribution.

Given the expense of land redistribution, donors are needed but Western governments largely appear not to appreciate that, for most Africans, the repossession of land alienated by whites remains the central agrarian issue. It is important for donors to be sensitive to land reform's local political context so they do not adopt what could be perceived as colonial attitudes.

In short, despite the many perils of land redistribution, resolving the tangle of land disputes and creating a more stable and equitable pattern of ownership and access across southern Africa is an absolutely vital measure of conflict prevention. There is also a tremendous opportunity for governments, concerned citizens and donors to establish a common, forward-thinking agenda for implementing land reform programs that will provide a bedrock for economic and social development.

Donors do not have a strong presence in the land sector. DFID has been re-engaging with the Department of Land Affairs over the last two years and is supporting capacity-building within the Department of Land Affairs. Mirroring others in the donor community, there are debates within DFID over the promotion of market mechanisms versus political and social protection within any land reform initiative, and it is undertaking a thorough review of its support to land reform in South Africa. Of the other donors, USAID is funding private sector initiatives in support of LRAD; the EU is only supporting land reform initiatives aimed at black commercial farming; Belgium provides modest but strategically important support to land restitution research; Sweden provides support to civil society initiatives; and the World Bank continues to provide advice. Donor support for land reform is of limited consequence for South Africa given its own resources. South Africa is not expected to borrow money from the World Bank for land reform. South Africa borrows on commercial markets, so its Ministry of Finance does not usually borrow from the World Bank.

⁵⁵⁹ However, the U.S. Zimbabwe Democracy and Economic Reform act provides for liberal U.S. support for land reform once governance issues in Zimbabwe are resolved.

Significant assistance is necessary for reform to succeed, and the South African government will have to increase its own investment. Gaps in funding need to be identified and agreement reached among stakeholders on priorities. It would be prudent for donors to help South Africa address this issue before it becomes further politicised. Clear conditions on aid should be established of the kinds discussed above. However, conditionality related to land is received with great suspicion throughout southern Africa. Prominent land reform advocates have argued that it is a backdoor means to undercut more radical reform measures, such as expropriation.⁵⁶⁰

Budget support for land redistribution, monitoring and evaluation – the latter so that programs can be adjusted and improved – will be needed. This is the kind of help donors have not tended to provide. As a one top Department of Land Affairs official notes, "Donors only seem interested in technical assistance. They have made a concerted effort to move away from land reform. Donors like the UK should provide grants for land acquisition".⁵⁶¹ A donor official objected that, "In the case of South Africa, it is not right for donors to shoulder the cost of land acquisition. South Africa can pay for its own land reform. It doesn't see it as much of a priority if it only receives 1 per cent of the national budget. The private sector should invest in funding land reform with the government. Donors should support the process with policy reform, policy review, and alternative approaches. Donors can be interfering and should play a careful role".⁵⁶² Another donor government official suggested a further constraint: "All donors view land reform as critical. However, donors have their programs set for the next five years, so most do not have the flexibility to do anything new for awhile".⁵⁶³

If donors cannot support land acquisitions, they can at least help the South African government and other stakeholders build the capacity to implement land reform by assisting staff, training and post-transfer measures, all of which are also critical areas.

F. CONCLUSION

It is easy to become overwhelmed by the political, financial and bureaucratic obstacles to establishing more equitable and productive patterns of land use and ownership. Certainly, successful land reform can come only as part of a broader process of economic, social and political change. Instituting a fundamental transformation in farming systems can take decades, and land redistribution is a volatile issue, the pace of which

⁵⁶⁰ See, for example, the writings of Sam Moyo of Zimbabwe.

⁵⁶¹ ICG interview, South Africa, December 2003.

⁵⁶² ICG interview, South Africa, December 2003.

⁵⁶³ ICG interview, South Africa, December 2003.

cannot reasonably run ahead of advances in related government responsibilities, especially the provision of basic services and infrastructure such as water, power, communications and extension services.

Secure access to land and natural resources is vital to improve the economic situation of the poor across southern Africa. Reform of customary land relations must pay special attention to the legal status and economic activities of women and the poor, who are often disproportionately dependent on the municipal commonage – hence the importance of governments helping to sustain customary land tenure by reforms that clarify rights and benefits. While individual freehold tenure has been fully protected in law and in practice, communal systems of land rights have suffered from lack of legal protection and administrative support. The establishment of an effective land administration and property market is closely intertwined with the notions of good governance, the rule of law, sustainable development and poverty reduction.

Land issues continue to fuel a deep and sustained sense of grievance in the region, and if largely moderate calls for land reform are ignored, the pressure for more radical steps could become considerable. The unfortunate example of Zimbabwe has provided ample evidence that donor missteps, political demagoguery and a general sense of economic and political desperation can result in violence and send an entire society into a dangerous downward spiral.

Effectively addressing land reform requires a level of political openness and inclusiveness that has often proved challenging for governments in the region and donors alike. Because of its sensitivity and complexity, land tenure reform is by nature a time-consuming process that requires significant institutional development. Progress is dependent on establishing appropriate constitutional and legal frameworks through careful preparation and extensive public consultation.

Reform is far more likely to be successful if rural and urban landless populations are well-organised and informed. This requires support, especially legal assistance, from local government structures and NGOs. Where local groups have not been able to present their case effectively, the process has often been hijacked by local elites looking to exploit the situation. Without an inclusive approach to policy formulation and implementation, land will remain a highly contested issue, particularly in those societies suffering the greatest social and economic inequities. The unbalanced ownership by elites – white or black – is an increasing threat to economic development and political stability.

Governments throughout the region should reaffirm the principle of inclusiveness as a cornerstone of programs aimed at restitution, redistribution and redress. This would help ensure that white citizens,

including commercial farmers, know they have a place in society and can contribute to the general welfare.

Donors also have critical roles to play in the land reform process, and not solely financial. However, official development assistance to land reform presents unique problems. Land reform is deeply political and usually contentious in the recipient and donor countries alike. But it should not be abandoned simply because of the Zimbabwe experience. If anything, Zimbabwe has only demonstrated the importance of getting it right.

An understanding of the emerging situation is important if donors are to respond readily to requests for assistance. Civil society organisations such as research and training institutes, land reform advocacy alliances, legal service providers and field-level service NGOs can be a major source of knowledge. The history of land reform supports the theory that civil society can be vitally important in initiating action by governments – as it did in South Africa in 1994.

Since 2000, the World Bank has made a renewed effort to support redistribution and harness the power of civil society groups by supporting community-driven development in land reform. However, this has not been without problems, partly because the rural poor are understandably not well-organised, while NGOs are under-resourced and lack experience of land reform implementation. Further, there is growing recognition that the market will not transfer land to poor farmers without concerted efforts by the state to remove advantages favouring large-scale producers (subdivision restrictions and absence of a land tax), that legal appropriation of land is a valid option, but not necessarily a faster and better one than market-assisted land reform, and that land is only part of the full costs of land reform and needs to be supplemented by providing grants for shelter, working capital and advice and other assistance to get new farmers started.⁵⁶⁴

In southern Africa, as elsewhere, redistribution progress has been slow, only partly due to the scarcity of funds for land acquisition. Inadequate administrative capacity of governments is the most fundamental and recurring problem. Socio-political and legal difficulties arise when African farmers, previously holding land under customary law, take over land held under "modern" law. There are major technical and economic problems in subdividing large farms into viable units for smallholders. Overly optimistic predictions of the speed and scope of reform inevitably return to haunt the politicians who made them.

In South Africa, the government's development strategy must focus on job creation, given the crisis of employment and livelihoods the country

⁵⁶⁴ See for instance Rogier van den Brink, "Land Policy and Land Reform in Sub-Saharan Africa." Available at www.oxfam.org.uk/what_we_do/issues/livelihoods/landrights/downloads/ssalplr.rtf.

faces with its resultant impacts on health care, nutrition, crime and other social indicators. However, agriculture has enormous job creation potential. If there is greater investment in the agricultural sector, employment is generated and real wages increase. Farm incomes have a multiplier effect, fuelling demand for consumer durables. Agriculture also has enormous potential to reduce poverty. As a donor government official observed, "So many of the poor are poor in South Africa due to a lack of title to land and support services for small-scale agriculture".⁵⁶⁵

South Africa's legacy of colonialism and apartheid destroyed the foundation of normal growth patterns by destroying peasant agriculture. Colonisers expropriated land, often violently, and manipulated markets to create massive reserves of cheap labour for the manufacturing and commercial farming sectors while limiting possibilities for blacks to accumulate wealth. South Africa's agricultural sector should be – and could be – much larger. Most South African experts believe that as the mining sector diminishes in the next decade, agriculture will absorb a greater share of GDP and export growth⁵⁶⁶ but larger farms leave much land unused and do not employ people as intensively as smaller farms do.

World Bank and other land reform advocates hold that South Africa could use its land much more productively and with many more people involved. With limited and slow opportunities for growth in other sectors of the economy, it could promote job creation and economic growth most effectively through accelerated land reform aimed at poorer citizens.⁵⁶⁷ As a Bank-related publication concluded, "Large numbers of poor potentially commercial farm households can obtain reasonably attractive household and employment levels through fiscally affordable land redistribution".⁵⁶⁸

But it is not just about commercial viability. With unemployment between 40 and 45 per cent nationally, many poor South Africans have little chance of being absorbed into the formal economy. "It is not about production for the market, but feeding families", said a land reform activist. "The urban-rural divide is a false one. Agrarian livelihoods are the way to go".⁵⁶⁹ PLAAS research indicates that poorer rural residents use land productively but are limited to subsistence production by a lack of access to markets. Because most communal area residents diversify their livelihoods through on-farm and off-farm activities, land transfers – if properly

⁵⁶⁵ ICG interview, South Africa, December 2003.

⁵⁶⁶ ICG interviews, South Africa, November and December 2003.

⁵⁶⁷ ICG interviews, South Africa, November and December 2003.

⁵⁶⁸ Van Zyl, Kirsten and Binswanger, *Agricultural Land Reform and South Africa*, op. cit., p. 424.

⁵⁶⁹ ICG interview with Andile Mnekama, National Land Committee, December 2003.

supported afterward – can be critical ingredients in reducing vulnerability.⁵⁷⁰ The World Bank estimated in 1994 that fully implementing the land redistribution goal (30 per cent of the land in five years⁵⁷¹) in a way that focused on smallholder agriculture would produce 600,000 net full-time farm jobs at a cost of approximately \$9,500 per job.⁵⁷²

The government has not yet made this kind of commitment to sustainable smallholder agriculture as a core beneficiary of land reform. South Africa has a capital-intensive modern agricultural sector that has produced a great deal of food and become more efficient with liberalisation. Many senior officials want to maintain a focus on further modernisation rather than go in a direction they consider backwards. There is a desire to create higher skilled, better-paying jobs as the heart of the job creation strategy, and small-scale agriculture is not seen by many in decision-making positions as the appropriate conduit for investment in employment generation. Many wish to keep the existing production structures while changing racial patterns of ownership within that structure and do not see land reform involving smallholders as a fundamental component of an economic growth strategy.⁵⁷³

Other officials, however, understand the case for smallholder agriculture, especially from an employment generation standpoint. A senior official in the Department of Land Affairs said, "Over the years it is clear that small farming operations are more sustainable, viable and contribute better than large scale commercial farming to the economy. Large-scale agriculture has proved to be a failure with respect to equity. Over the last decade, smaller farms are more equipped to manage in this economy and more profitable".⁵⁷⁴

Opponents of a smallholder-based land reform usually question the viability of small farms. However, viability to these critics means income level, not efficiency. These two concepts are mixed inappropriately. "Family farms are more efficient", said one donor official with long experience in

⁵⁷⁰ Hall, Jacobs and Lahiff, *Evaluating Land and Agrarian Reform in South Africa*, op. cit., p. 20. Robin Palmer of Oxfam further explains why smallholders are at a disadvantage: "There are unreconstructed power relationships in South Africa....These formal and informal power structures [the banks, for example] are rigged against emergent black farmers. When you are supposed to have willing buyer, willing seller, what you often get is an unequal relationship". "IRIN Web Special on Land Reform in Southern Africa", IRIN, 7 July 2003. Available at www.irinnews.org/webspecials/landreformsa/default.asp.

⁵⁷¹ The World Bank set the 30 per cent in five years target in 1994. Later, the government amended this to 30 per cent by 2015.

⁵⁷² ICG interviews, May and November 2003.

⁵⁷³ ICG interviews, South Africa, March, May, November and December 2003.

⁵⁷⁴ ICG interview, South Africa, December 2003.

land reform in South Africa.⁵⁷⁵ They are owned by the farm family, which manages with its own labour and does not need permanently hired workers. In South Africa, smaller farmers usually lack access to credit, so large farmers have a competitive advantage. Banks can rely on repayment from larger landholders because the government will often help with a problem. Large traders, who have more information, are better at getting produce to the market. Not enough support or emphasis goes to smallholders. A donor official concluded, "The smallholders need to benefit and they are not being supported. The focus cannot just be on well-equipped black entrepreneurs".

Analysts also pose other important questions. They are concerned that landless people are unable to farm because of their inadequate resource base. Fears are raised about the amount of farmland in South Africa that is ecologically and economically appropriate for intensive smallholder development.⁵⁷⁶ Foreign exchange earnings would be undercut, and urban food supplies might be reduced if the commercial agricultural sector was not emphasised.⁵⁷⁷ There are also worries about new farmers entering the agricultural sector at a time of consolidation and increasingly challenging competition due to deregulation and liberalisation. These are important questions, but all can be addressed through careful planning and increased commitment and support.

Renewed emphasis must be put on both elements of a successful land reform effort – new commercial farmers as well as new small farmers. Support for previously landless people to become small farmers will be just as important as increasing the number of viable black commercial farmers. Putting significant domestic and donor resources behind both elements – combined with significant engagement on tenure reform – can help ensure that violent conflict is minimised in South Africa's land reform process, and that justice and development go hand in hand.

⁵⁷⁵ ICG interview, South Africa, 25 November 2003.

⁵⁷⁶ See, for example, Richard Cowling, "Options for Rural Land Use in Southern Africa: An Ecological Perspective", in Michael de Klerk (ed.), *A Harvest of Discontent: The Land Question in South Africa* (Cape Town: IDASA, 1991), p. 12.

⁵⁷⁷ Tom Lodge, "A Man Who Causes Famine is No Hero", *Focus* 31 (September 2003), p. 21.