

## Review

# The land reform programme (LRP) as a poverty alleviation and national reconciliation tool: The South African story

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With the first democratic elections, there was a great need to rebuild the South African (SA) economy. Some of the major pressing issues that needed priority included addressing the high poverty and unemployment levels in the country. This has resulted in debates from development economists on which approach to adopt to quickly get the rural poor out of the vicious circle of poverty. One of the most supported approaches is to develop the rural population first seeing as it is the one most affected by poverty. Since the majority of the population is located in the rural areas, it is of paramount importance that attention is given to them through supporting their (smallholder) agricultural sector. This paper seeks to highlight and evaluate the Land Reform Programme (LRP) as one of many approaches used to promote the smallholder agricultural sector. The idea is to determine the success or failure rate of this intervention and perhaps come up with some possible policy recommendations that can make it more effective.

**Key words:** Land reform programme, land tenure, poverty alleviation, smallholder farmers.

## INTRODUCTION

### THE LAND REFORM PROGRAMME (LRP)

The Land Reform Programme (LRP) in South Africa started in 1994 as a World Bank recommendation to address the skewed distribution of land in the country (CPLO, 2010). Von Blankenburg (1993) defines the LRP as "the redistribution of land ownership titles or other interventions in land use rights". With so many African people having lost their land unceremoniously and without any compensation during the apartheid era, making sure that such injustices were addressed became one of the priorities of the ANC-led government soon after it came into power in 1994. The biggest challenge was to reverse the effects of the Native Land Act of 1913

which restricted the area of land for lawful African occupation, stripped African cash tenants and sharecroppers of their land, and, consequently, replaced sharecropping and rent-tenant contracts with labour tenancy (Walker, 2003). The act resulted in only 10% of the land being reserved for blacks. As such, Sibanda (2001) perceives the LRP to have been adopted to address these injustices thereby fostering national reconciliation and stability. Furthermore, it was hoped that its implementation would facilitate a more rapid economic growth especially by improving household welfare and alleviate poverty (Sibanda, 2001).

The 1997 White Paper on South African Land Reform from the Department of Land Affairs (DLA) (1997) lists the following as the main arguments for the adoption of this programme:

1. More households will have access to sufficient food on a consistent basis through their own production.
2. Opportunities for small-scale production would arise

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thereby, absorbing a sizeable number of the previously unemployed job-seeking population. The unemployment rate can be addressed through LRP as people become farmers and not active job seekers.

3. Land reform can have favorable environmental impacts as land security encourages more investment in land improvement and encourages environmentally sustainable land use practices.

Using these arguments, the LRP was structured in such a way that it had three prongs, namely; (i) land redistribution (ii) land tenure and (iii) land restitution.

### **Land redistribution**

According to Lyne and Darroch (2003) and Moore (2004), land redistribution sought to redress the racial imbalances in rural land ownership whereby whites, in spite of being the minority race owned 87% of the productive land, leaving 13% of very unproductive land in the hands of the blacks. Oettle et al. (1998) further pointed out that this prong of the LRP provides the poor citizens of the republic with land for residential and productive purposes in order to improve their livelihoods. Thus, Lahiff (2007) writes that the targeted population includes those with the desire to use the land for agricultural production purposes like farm workers, labour tenants and emergent farmers but part of the land is also given for residential purposes especially, to the rural and urban poor. With regards to those intending to produce on the land, Sibanda (2001) explains that this approach catered for those interested in group production, commonage schemes, on-farm settlement of farm workers and farm worker equity.

Despite the beneficiaries being the poor, this approach is built on the premise of a willing buyer willing seller basis. Those in possession of the land have to be willing to sell it to the intended beneficiaries who in turn have to be willing to offer a market price for that land. This sounds like the best way to transfer land ownership but literature from Deininger and Binswanger (1992) has shown that most people in South Africa in need of land have found it difficult to purchase it as its market value usually exceeds its productive value due to the input and product subsidies granted to white commercial farmers during the apartheid era. Thus, white commercial farmers were able to produce less but get more through government subsidies and the existence of those subsidies is responsible for pushing farmland prices up regardless of the production levels. As a solution to facilitate land purchases by prospective but disadvantaged buyers, Lyne and Darroch (2003) documented that the government adopted the World Bank's recommendations of using cash grants. Didiza (2006) pointed out that the setting up and allocation of these grants in South Africa is guided by the Provision of Land

and Assistance Act (Act 126 of 1993) which allows the accessing of grants through two programmes; (i) the Settlement and Land Acquisition Grant (SLAG) and (ii) Land Redistribution for Agricultural Development (LRAD) programme

### ***The Settlement and Land Acquisition Grant (SLAG)***

This was the first type of grant offered by the government to provide funds for land reform beneficiaries to buy or improve their purchased land. In her presentation at the International Conference on Agrarian Reform and Rural Development held in Brazil, the then Minister of Agriculture, Didiza (2006) mentioned that the initial grant given under SLAG was R 15 000 but was later increased to R 16 000 per household in 1998. However, those that wanted to purchase the entire farm were encouraged to come together and combine their individual grants, buy a farm and register it as a separate legal entity such as a community land trust or communal property association (Lyne and Darroch, 2003). According to Didiza (2006), SLAG was designed in such a way that it covered different types of projects such as group settlements, group and individual production, on- and off-farm settlements and farm worker equity schemes. By the end of year 2000, the Ministry of Agriculture and Land Affairs had approved at least 484 projects consisting of a total of 780,407 ha of land transferred to 55,383 households for the SLAG system (Turner and Ibsen, 2000). Whilst this might sound like a big success, the reality is that from 1994 to 1997, less than 1.2% of the available land was transferred through the land redistribution and land tenure prongs of the reform programme. Nduru (2003) therefore argued that this was by far lower than the set target of distributing at least 25.5 million hectares or 30% of white-owned agricultural land to blacks by 2015.

According to Didiza (2006), the lengthy project cycles, excessive bureaucracy and reliance on outside consultants to formulate project plans without real participation by the beneficiaries themselves, over-centralization of the decision-making process, and low levels of complementary support services led to the suspension of the land redistribution programme after the 1999 elections to allow government to come up with a revised and better approach to speed up the entire process. This new grant system to succeed SLAG was known as the Land Redistribution for Agricultural Development (LRAD) programme and was implemented in August, 2001.

### ***Land Redistribution for Agricultural Development (LRAD) programme***

Unlike the SLAG system where only the poor were eligible for financial assistance, Lyne and Darroch (2003) noted that those beneficiaries with savings and who could

raise bigger loans to finance their farms qualified for successively larger grants under LRAD programme. Thus, the amount of money the applicants could inject into the farm determines the extent of the grant they were eligible for. In other words, larger grants were given to those with more savings and could raise bigger loans to finance their farms. One other distinct feature of this LRAD programme given by Bannister (2004) is that the land purchased was specifically for agricultural production and not human settlement purposes. By the end of its first year, Shabane (2002) argued that the programme had distributed approximately one million hectares of farmland in South Africa.

The basis for this system was to help alleviate poverty by creating an environment that would promote and encourage commercial agriculture (Lahiff, 2007). In order to ensure the success of the LRAD system, the government made the processing and giving of funds to be through legal financial institutions such as the state-owned Land Bank. According to Bannister (2004), the LRAD programme was designed to assist all types of farmers, from potential small-scale producers, through medium-scale farmers, to large-scale farmers.

### **Land tenure reform**

As one of the LRP's three legs, land tenure was introduced to provide security to all South Africans under diverse forms of locally appropriate tenure (DLA, 1997). Lahiff (2007) added that tenure reform aimed to protect and strengthen the rights of those people staying on and making use of privately-owned farms and state land. The beneficiaries thus, include farm workers and tenants. With such protection, Sibanda (2001) argued that random evictions of people from their land for various reasons, whether justified or not, were ameliorated. Adams et al. (1999) highlight the benefits of this approach as having proper rights which also meant that the land owners had the essential security they needed to invest on the land without any fear of losing their investments in case of unplanned forced evictions.

### **Land restitution**

According to Lahiff (2007), restitution was created under and guided by the Restitution of Land Rights Act (Act 22 of 1994). This Act facilitates the restitution claims and compensation through the Land Claims Court and Commission (Gwanya, 2003). Some of the responsibilities of the Commission include providing fair compensation and restoration particularly to the landless and rural poor, reducing the skewed land distribution in South Africa, whilst also promoting reconciliation through the restitution process. However, only those that can prove beyond any reasonable doubt that they were dispossessed of their land before the Native Land Act was

promulgated on 13 June, 1913 are qualified for restitution (DLA, 1997). Under the restitution system, such people have a choice on how they want to be compensated. Their options include giving those that want their original land back or at least getting alternative pieces of land if their original land cannot be reacquired. Those that are no longer interested in the land anymore get financial compensation to the value of the original land at prevailing market price.

According to Lahiff (2007) and Turner and Ibsen (2000), at least 63,455 individual (or family) and community claims had been lodged by 31<sup>st</sup> December, 1998, both in urban and rural areas. By September, 2000, Turner and Ibsen (2000) stated that at least 12,623 households had received a total of 268,306 ha. According to Tilley (2006), March, 2005 saw a total number of 79,696 valid claims, of which 59,345 (74%) had been settled. By August 2006, only 8,107 claims were still waiting to be settled, of which 6,975 were classified as rural and 1,132 as urban (DLA, 2006). Of all the claims submitted before the cut-off date, the CPLO (2010) revealed that more than 95% (79,696) of them had been settled by the end of 2009. This translates to more than 2.6 million hectares, which cost the state an estimated R 16 billion. When the LRP was first implemented, so much was expected from it. On paper, it sounded easy enough as the whites were in possession of very big pieces of fertile land across the country, most of which they did not even use. Reality, however, has proven to be a completely different case as only has been redistributed. To make it worse, the majority of the resettled population has not been able to continue utilizing their newly acquired land in the same productive way as their predecessors. As such, food production levels across the nation have continued to dwindle. A number of other factors can be singled out as having contributed towards this failure of the agrarian reform in SA.

### **Failures of the LRP**

Data from the CPLO (2010) showed that only 6.9% of the total land earmarked for redistribution purposes had been transferred to 1.78 million beneficiaries at the end of 2009. This translates to approximately 5.67 million hectares only, 90% of which has not even been farmed productively (CPLO, 2010). The land redistribution leg alone has contributed just over 3.4 million hectares of land to this total from the period of 1994 to 2009. Based on these statistics, Bernstein et al. (2005) have established that if the programme's targets are to be met, then the delivery of the three legs will have to be increased fivefold otherwise the 30% target will be met in 54 years time. This means that an additional 20.6 million hectares of commercial agricultural land has to be redistributed by the government at an average of 1.87 million hectares a year.

Aliber (2008) also recognized this slow pace of land

reform despite the high demand for land in South Africa. Nonetheless, instead of trying to quicken the pace of this programme, the SA government realized that it was not going to meet its 2014 deadline, hence the National Department of Agriculture Land and Agrarian Reform Programme (LARP) documented subsequently recommended that the target be shifted from 2015 to 2025 (CPLO, 2010).

Furthermore, not only has the pace been very slow but also the land transferred is of extremely poor quality such that it is almost impossible for the beneficiaries to harvest anything from it. Thus, Lyne and Darroch (2003) claimed that such land is of poor value than that transferred through the private means. In some cases, land is available but due to ethnic differences, it is very difficult to agree on its equitable allocation. Bradstock (2005) gave an example of such a situation in Riemvasmaak in the Northern Cape Province where the two ethnic groups in the area failed to reach an agreement on a mutually acceptable land use allocation. According to Bradstock (2005), there was an element of considerable mistrust between the two ethnic groups as they believed that the option failed to protect their use and inheritance rights.

In the opinion of SAHRC (2004), the staff and financial constraints within government ministries responsible for land redistribution have also contributed towards the slow pace of the redistribution process. Since redistribution is based on a "willing buyer-willing seller" principle, money is needed to assist the aspiring farmers purchase the arable land from the willing sellers. However, the government's funds are also limited as the national budget has to be shared between different priorities such as addressing high unemployment, housing, crime levels and others. The situation has been further exacerbated by the fact that most landholders tend to inflate their land prices with the hope of making huge profits since they know that the government will fund the land purchases for restitution claimants (CPLO, 2010). Didiza (2006) gave specific reference to Mpumalanga where land prices in the province ranged between R 23 000 to R 45 000 per hectare. Together with the Western Cape, the Mpumalanga Province also has had lots of land purchased by foreigners who happen to have more money than the South Africans intended for the reform programme. With the landholders being profit-minded, they always go for the highest offer regardless of the nationality of the prospective buyer. Consequently, this has distorted the land market and pushed up land prices further. Deininger and Binswanger (1992) blamed the very high market value of farmland in South Africa on the long history of input and product subsidies granted to white commercial farmers. These subsidies distorted the land prices in such a way that land became more expensive than its production potential.

Other challenges that have affected the settling of financial claims by the government through the restitution leg include the non-disclosure by claimants, which may

lead to the exclusion of the rightful descendants. In turn, this exclusion leads to family disputes. In addition, there have been a number of inadequate/conflicting claimants' personal details which have delayed payment. Didiza (2006) further blamed the delay on fraudulent claims/misrepresentation by some family members.

One other argument that could be brought up is that those in possession of the arable land are not as willing to sell it as was hoped for due to various reasons. One of the popular reasons is that such land belonged to the landholders' ancestors hence, it should be passed from generation to generation within the same family as inheritance. On the other hand, those that are willing to part with their land are actually not willing to do so at the prevailing market price. This unwillingness, especially, by white farmers, to part with their land has increased tensions in the country. Through their research, Bernstein et al. (2005) managed to confirm these high tension levels through one senior land official who stated that a "situation similar to Zimbabwe was not far off if the white land owners did not co-operate". This statement was based on the accusations that the landowners are making the LRP impossible by demanding unreasonably high prices for their land.

Bradstock (2005) believes that the amount given to the beneficiaries as grants has also played a role in the failure of the LRP. His studies in the Northern Cape made him reach the conclusion that the grants given to the beneficiaries in the province to purchase land were not enough. As a result, aspiring farmers were forced to pool their financial resources with other farmers so that they could afford to buy the farms. However, having so many people buying the same piece of land as a group creates problems especially if some of the members do not share the same objectives as the rest of the group. With conflicting ideas on how the land should be utilized, it is almost impossible to run these farms. Bradstock (2005) further writes that some members of such groups view their contributions as an investment that is going to give them financial profits or enhance their employment chances in the short run. When this turns out not to be the case, some members lose interest in the farms and withdraw their contributions thereby paving way for the collapse of the farms.

With all these failures of the LRP, Laker (2004) concludes that the main objective of giving the poor land with the hope of improving their lives has not been met at all. Instead, there has been a serious depreciation of the productive capacity of the farms involved as a result of neglect, mismanagement and theft. All these factors are responsible for the downfall of a programme that was once deemed to be a great tool for reconciliation and poverty alleviation.

Therefore, if poverty and food insecurity problems in SA are to be circumvented, then those that receive land in the former homelands should do their best to produce as much food from it as possible, probably more than

their predecessors (Mushunje, 2003). However, studies done by the Center for Development and Enterprise in Johannesburg, as stated by Tupy (2006), revealed that about 60% of all black South Africans wish to live in the towns and cities and work in the manufacturing and service sectors. If this is the case, then, perhaps the LRP will not contribute massively towards poverty alleviation and food security as initially hoped. This has been the dilemma facing most African governments in their attempts to redistribute land. In SA, the land issue has also been overshadowed by more politically rewarding issues such as housing, employment creation, infrastructure, etc as Sihlongonyane (2003) uncovered.

With so many countries having adopted the land reform programme, history from some of them such as China has shown that when done properly, these programmes can go a long way towards solving the land problems caused by the European settlers in Africa. At the same time, other countries such as Zimbabwe have made a mess of things by making the reform program a "political football" that benefited mostly the politicians at the expense of the poor citizens. Cousins (2000) estimated that five percent (5%) of the land in Zimbabwe went to those with political ties, with another 15% going to civil servants or others with jobs in the urban economy. To make it even worse, no proper criteria was used as people with no agricultural background were given the rich land that they could not cultivate due to either their inexperience or lack of adequate resources. Namibia also has had more failures than success stories especially due to the slow pace of the reform process.

Taking the experiences of these and other African nations that have adopted the LRP, Mushunje (2003) supported the view of Oettle et al. (1998) that giving people land alone is not enough. The land beneficiaries should also receive post-settlement support to allow them make proper use of their newly acquired land. Other forms of support identified by Kirsten et al. (1997) includes providing the beneficiaries with access to additional capital and appropriate support services such as the extension, technical services, infrastructure development and marketing support. The current forms of support such as the Farmer Support Programmes (FSP), though implemented in line with the LRP's objectives, have not been able to fulfill their responsibility of assisting the smallholder farmers with the right assistance and at the right time.

## SYNOPSIS

The government's interventions through the LRP were meant to make the rural poor earn a better livelihood through farming. If the targeted beneficiaries could be supported enough to make sure that they produced enough food for themselves, then a number of problems such as the high household food insecurity levels and

unemployment rates would be drastically reduced. However, the success of these interventions is highly dependent on the targeted beneficiaries having arable land on which to practice their farming, something which most South Africans do not have. With the Land Reform Programme (LRP) having been introduced over a decade ago, one cannot help but wonder why so many citizens still do not have the necessary natural capital (land) vital for the success of these interventions. Even those that now have land seem to be doing worse than their predecessors on that land. The answer to this question can only be arrived at by reviewing the LRP, especially, in terms of its success and failure stories.

This paper has discussed some of the interventions made by the SA government in its attempt to reduce the injustices caused by the past policies and also to enhance the contribution of the smallholder agricultural sector in the entire economy. Whilst some countries such as China have been successful in their agrarian reform the same cannot be said about SA. The pace of the entire programme has left so much to be desired. The willing buyer-willing seller principle guiding the land redistribution prong is widely supported but its success is only based on the availability of willing sellers, something that SA does not have a lot of. As such, even the cash grant systems have failed to help the poor acquire land as land owners prefer selling to the highest bidders, even if those bidders are foreigners.

In spite of such a slow pace, there are some people that have benefited from the programme. However, the lack of post-settlement support has made such beneficiaries to struggle to produce enough to feed themselves. As such, productivity has gone down on the resettled farms compared to the pre-land redistribution days. The existing support programmes such as the FSPs have not managed to provide the necessary interventions as hoped. The necessary structures (such as Land Bank) are in place in some places but the level of assistance given has not been enough. The government does provide extension services through its extension officers but the number of people they have to serve is far more than they can handle. Therefore, even though the government's efforts are clear, more still needs to be done in order to make these interventions play an even bigger role in alleviating poverty in the country.

There is a need for the private sector to be more involved in such interventions. Perhaps incentives such as tax exemptions should be used to entice them into contributing even more. Mentorship programmes whereby the commercial farmers become mentors of the resettled farmers should be encouraged. This would allow the new farmers to gain enough knowledge and skills necessary to keep productivity high in their new farms. There is also a need to review the cash grant system to make sure that the grants given are given under conditions that suit the poor farmers. The amounts

should also allow the beneficiaries to at least afford more productive land that has in the past be bought by rich foreigners.

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