Part two: Perspectives on existing policy and new directions for the future

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4 *Transforming rural South Africa? Taking stock of land reform*

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Introduction

Land reform is an ambitious initiative. Although widely criticised for being too slow and tentative, it nonetheless constitutes one of the policy programmes of the African National Congress (ANC) government that seeks to restructure the agricultural sector and, by transferring access to and ownership of land from whites to Africans, to redress the injustice of colonial and apartheid dispossession as well as to transform social and economic relations in the countryside (ANC 1994). In 1994, the challenge was enormous: to respond to the demands of the landless for land and livelihoods and introduce a sizeable sector of African smallholders, in order to reduce poverty and promote equity.

This chapter reviews progress and problems in all three components of South Africa's land reform programme – land restitution, land redistribution and land tenure reform – and critically assesses these against policy frameworks and targets. It presents a combination of quantitative and qualitative information, noting policy developments and trends in land delivery. This review is used as an empirical basis to advance three interrelated arguments about the challenges of doing land reform in South Africa today. These indicate the need for a paradigmatic shift in approach.

The first argument is that the 'willing buyer, willing seller' demand-led approach adopted by the government has inherent limitations, which are illustrated with particular reference to grant-based land purchases. The failure thus far to intervene proactively in markets to meet demand has impeded reform; even where land reform has happened, the structure of agricultural holdings has been left largely intact. For these reasons, among others, the existing approach offers limited options for poorer applicants.

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The second argument is that the persistent problem of 'post-settlement support' and the resulting underutilisation of redistributed land points to wider policy challenges beyond the realm of 'land reform'. While institutional coordination among state agencies is a necessary condition for improved impact on livelihoods, it is not sufficient. Direct state support for investments in production in the land reform context runs counter to larger historical shifts – specifically the deregulation of agriculture and dismantling of the state apparatus designed under apartheid to support white farmers.

The third argument is that budgets have become a key constraint on the programme over the past two years and, in the future, are likely to be a key determinant of, and constraint on, the pace of land reform. Perspectives on whether South Africa can afford to pursue the market-based approach are presented. It is argued that land reform confronts the state with the conundrum of attempting to buy out white privilege in a context of fiscal restraint.

A retrospective of the first ten years of land reform

The target for land reform, proposed by the World Bank and adopted in the Reconstruction and Development Programme (RDP) in 1994, was to transfer 30 per cent of agricultural land within the first five years. This was to be achieved primarily through a market-led programme in which the state supported those wanting land – 'willing buyers' – to purchase land at market price from 'willing sellers'. This 'willing buyer, willing seller' policy was confirmed in the *White Paper on South African Land Policy* (DLA 1997). The state would also purchase land directly to restore it to those previously dispossessed, through a land restitution programme. As well as transferring ownership from whites to Africans, the tenure rights of people living in the communal areas of the former bantustans or 'homelands' were to be upgraded and secured, ending decades of second-class land rights for Africans. Farm workers and other people living on commercial farms owned by others were also to have secured rights, protecting them from arbitrary eviction and providing avenues through which they could become owners of their own land.

By 1999, however, less than 1 per cent of agricultural land had been transferred through all aspects of land reform. Not only was the pace painstakingly slow. A ministerial review during that year acknowledged emerging evidence that those acquiring land through the programme were underutilising it and not

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benefiting from improved livelihoods, as intended. In 2000, following the review, the government adopted a revised and no doubt more realistic target of transferring 30 per cent over an extended time frame of a further 15 years, by 2015. A revised land policy was introduced to offer higher subsidies to those buying land through the redistribution programme, including those aiming to enter into commercial farming. Increased budgets and staff levels for the Department of Land Affairs (DLA) since then have helped to increase the rate at which land has been redistributed, though this is still well below the rate required to meet official targets. By February 2005, 3.5 million hectares had been transferred through all aspects of land reform – approximately 4 per cent of agricultural land (MALA 2005a: 8). To reach the 30 per cent target by 2015, delivery over the coming decade would need to be increased eightfold.

Land redistribution

The land redistribution programme was to address the divide between the 87 per cent of the land dominated by white commercial farming and the 13 per cent in the former 'homelands'. Redistribution was to ease congestion in the communal areas and diversify the ownership structure of commercial farmland. In the first ten years of land reform, most land transfers were through the redistribution programme, with restitution contributing just less than a third of the total. The total land redistributed through redistribution and tenure reform, as of September 2004, was nearly 1.9 million hectares (Hall 2004). Apart from its slow progress, land redistribution policy has also changed what the programme is supposed to achieve and whom it is meant to benefit.

Land redistribution started under the pilot programme from 1995 until 1999 and aimed to benefit poor households who could apply for state grants of R16 000 per household to enable them to buy land and have a little start-up capital. Only households earning below R1 500 a month were eligible for these grants. The small size of the grants compared to the price of land resulted in large groups pooling their grants to buy farms being offered on the market. This became known as the 'rent-a-crowd' syndrome and led to fears of overcrowding and unsustainable land use. The focus on land transfer and the lack of support for the productive use of land were widely recognised as key failings of the programme, which is considered to have made limited contributions to beneficiaries' livelihoods (Turner 1997; May & Roberts 2000).

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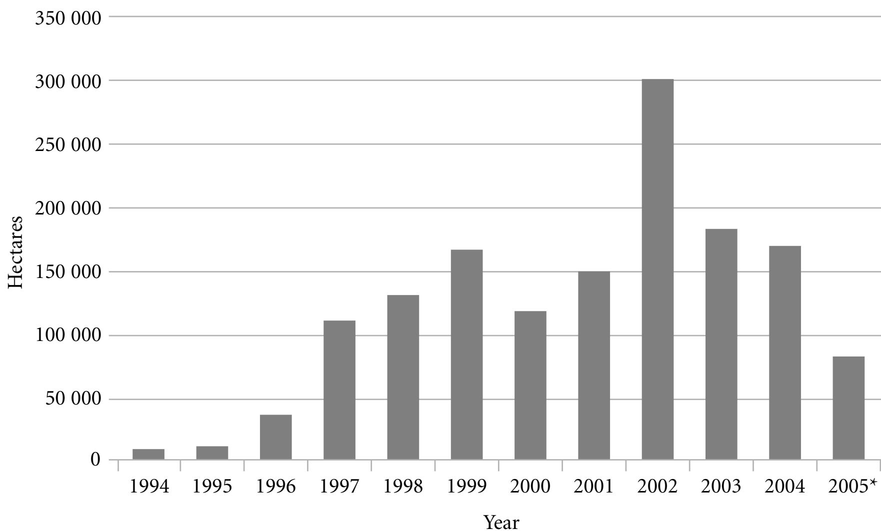
A new policy, Land Redistribution for Agricultural Development (LRAD), was launched in 2001 with the goal of establishing a class of African commercial farmers, and since then has emerged as the primary means by which people are able to acquire land. As the joint programme of the DLA and the National Department of Agriculture, it was envisaged as more closely linking land acquisition to support for new farmers (MALA 2001). After a hiatus during the ministerial review, land transfers through LRAD picked up pace, recovering to previous levels (Hall 2004). Delivery rose dramatically in 2002 and then declined from 2003 as a lack of funds held up the transfer of projects (see Figure 4.1).

Figure 4.1 *Land transferred through redistribution and tenure reform as at July 2005 (by year)*



Source: MALA (2005b: 24)[1]
Note: * Computed to July 2005.

Unlike its predecessor, the LRAD programme is not means tested (there is no income ceiling), and it offers grants on a sliding scale from R20 000 to R100 000, depending on the level of cash or loans the applicants are able to contribute. The result is that the poor must compete with others for access

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to limited resources. The profile of LRAD grants and projects differs widely, both within and between provinces. Nationally, most projects are at the 'bottom' of the scale, as applicants are unable to commit financial resources. In some provinces, though, like KwaZulu-Natal, LRAD projects are clustered towards the top of the sliding scale, involving substantial capital contributions from applicants themselves as well as loan finance (Jacobs, Lahiff & Hall 2003).

Since LRAD is for agricultural land use only and gives priority to commercial farming, an alternative or a counterpart is needed to respond to the demands of those who are not in a position to invest in, or sustain the risks associated with, commercial enterprises – or whose interest is to get land for residential or other non-agricultural purposes. Although LRAD is only one component of the land redistribution programme, the 'rest of redistribution' outside of LRAD appears to be in a state of flux, with some programmes being phased out while others are still in the design phase (Hall, Jacobs & Lahiff 2003). DLA officials in the provinces appear unclear on the status of the Settlement and Land Acquisition Grant (SLAG). The grants are seldom used since LRAD offers more money. Although still technically available for applicants wanting land for settlement, in practice SLAG appears to be on the way out. The question of who will respond to the widespread need for settlement in the rural areas now falls between two stools, with DLA focusing on land for agriculture and the Department of Housing (DoH) focusing on urban settlement (Hall 2004). To illustrate, there has been almost no take-up of the rural housing subsidy, which enables those in communal areas to access housing finance, despite not owning the land on which they will build. A proposed Land Redistribution for Settlement sub-programme has been mooted, which would entail a trilateral partnership between local government, DLA and DoH to address the demand for land for settlement and other non-agricultural purposes. However, this has been in the drafting stages since 2003 and by early 2006 no policy was in place.

Another aspect of land redistribution is the provision of grants to municipalities to purchase commonage land to make available for public use, primarily to poor livestock owners. This has been a sizeable initiative: by the end of 2002, municipal commonage accounted for a third of all land transferred through redistribution. However, this has been patchy across the country, with most commonage being acquired for extensive grazing in the semi-arid

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Northern Cape. Commonage has been de-emphasised recently, with few funds being made available, as the focus of redistribution fell increasingly on transferring land directly into the ownership of new farmers, through LRAD. One implication of the state of the sub-programmes of redistribution is that, in practice, a variety of land needs must be accommodated within LRAD.

While there has been progress in redistributing land from white into African hands, and the pace has improved over time, the existing programme is a far cry from the transformative vision of widespread redistribution that informed the Freedom Charter and, later, the RDP. It is more limited in its extent, is not strongly linked with a wider agrarian reform to restructure the rural economy, and has shifted away from an exclusive focus on the rural poor towards a vision of an African commercial farming class operating alongside the white commercial farming sector.

Land restitution

Restitution of land rights in South Africa balances the imperative to restore land to the dispossessed with concerns to minimise disruption to agricultural production and political stability. The impetus for restitution came from people forcibly removed from 'black spots' into the so-called homelands, mostly within living memory, but the programme has come to encompass a much wider range of claimants, including those evicted in urban areas, former labour tenants on commercial farms, and those who lost land and livelihoods through 'betterment' planning in the homelands. Restitution has turned out to be a gradual and bureaucratically mediated process of returning land to the dispossessed. It is widely considered to be the success story of land reform in South Africa, as most claims are now settled; however, much of this has been done via the payment of cash settlements to urban claimants. Some of the most intractable, costly and potentially conflictual claims in the rural areas are yet to be addressed. These raise fundamental questions about (i) how the rights of claimants and current landowners will be addressed; (ii) financing the acquisition of land; and (iii) appropriate models of agriculture for resource-poor claimants.

As part of political negotiations in the early 1990s, the ANC agreed to limit land restitution to those dispossessed after the Natives Land Act of 1913; alienation of land through colonial conquest and successive attempts to drive Africans off their land prior to this time would not be addressed. Despite the circumscribed

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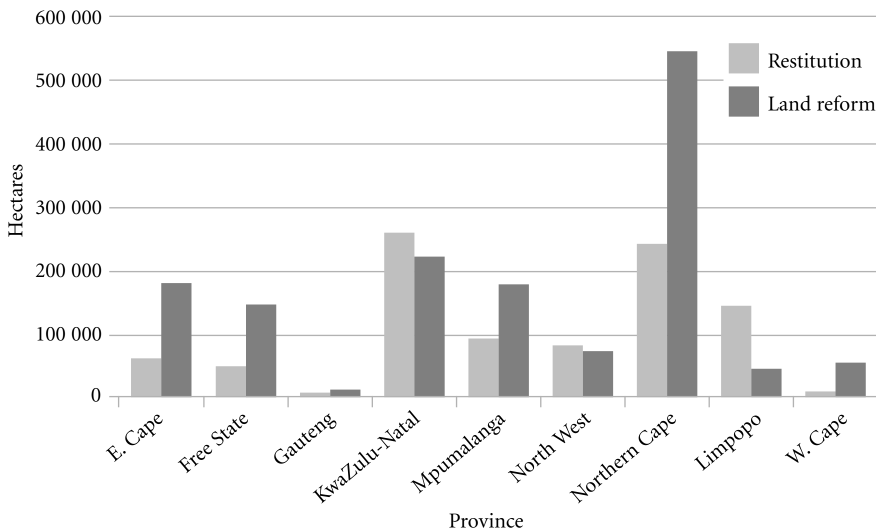
nature of restitution, though, it is quite unlikely that those negotiating the terms of restitution at Codesa (Convention for a Democratic South Africa) anticipated the scale and cost of the programme, or its complexity. A total of 63 455 restitution claims were lodged with the Commission on Restitution of Land Rights (CRLR) by the deadline for submission in December 1998 but, although work on the claims had been under way for nearly five years, only 41 claims had been settled by March 1999.

Figure 4.2 *Land transfers through 'land reform' (redistribution and tenure reform) and restitution, as at June 2005 (by province)*



Sources: MALA (2005a: 20); DLA (2006)

The pace of settling claims rose after the adoption of an expedited administrative method of settling claims – through negotiation between the claimants and the CRLR, rather than through adjudication by the Land Claims Court. By 30 June 2005, 62 127 claims were settled, transferring a total of 916 470 hectares (MALA 2005a: 20). However, as claims are investigated, they are often split up, and as a result the total number of claims increases. There are currently about 80 000

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claims in all. The president set a deadline that all claims must be settled by the end of 2005 but, in view of the number of large rural claims outstanding, this was widely agreed to be unfeasible and in early 2005 the deadline was extended until March 2008. Even with the extension of the deadline, it is unlikely that all claims will be settled by this date, and even once settlement agreements have been signed, implementation of these – including the purchase and transfer of land, drawing up of land use plans, creation of human settlements and disbursement of development funds – may take a further decade, according to the Chief Land Claims Commissioner (Gwanya, pers. comm.).[2] Settlement of claims is not, then, an end point of restitution, but one moment in the longer and more complex task of restoring land and livelihoods.

Most of the settled claims are urban claims that have been settled with cash compensation. A PLAAS (Programme for Land and Agrarian Studies) study in March 2003 could identify only 185 rural claims (as lodged) that were settled and involved land being restored to claimants (Hall 2003). This also means that the bulk of the rural claims is still outstanding – estimated since 2004 to be in the region of 9 000 (Gwanya, pers. comm.,[3] MALA 2005a: 16). Where land is restored, large farms have often been transferred in their entirety to communities, who have moved onto this land and either allocated portions to their members for individual use, or attempted to farm the land collectively. Where poor communities have lacked capital to enable them to continue with existing operations on commercial farms, they have sometimes entered into joint ventures with commercial partners able to provide finance and expertise, or even leased out their land to the previous owner. These arrangements should be expected to emerge where resource-poor people become owners of commercial farms, in the absence of an agricultural support regime. They may be the best available options for the successful claimants, but these trends also call into question whether the restoration of land rights is adequate, or durable, in the absence of a wider process to restore livelihoods. As argued by Walker (2005), restitution addresses rights, but these may prove superficial if they cannot be used as a basis for development.

While some claimants have had their land restored, many more are still waiting for justice to be done – up to now, their patience with the process has been remarkable. As political pressure mounts to speed up the resolution of claims, new and innovative approaches to restitution will be needed, especially in those parts of the country where there are many overlapping

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claims by different communities, and where large portions of districts are under claim. In some districts, however, the CRLR and district councils have started to map out claims and explore more holistic local-level solutions rather than proceeding on a claim-by-claim basis. Even so, major information gaps impede long-term planning for restitution. What is still *not* known about restitution claims includes how much land is under claim, where it is, what its market value is and how many claimants have claimed land. This information would enable strategic debate at a national level about the future direction, and likely cost, of restitution.

Tenure reform

Redefining tenure rights is part of South Africa's land reform, and is led by a vision of a flexible tenure regime that legally secures the rights of people occupying and using land, balancing these equitably against the rights of owners. Alongside the efforts to transfer ownership of land to black South Africans through restitution and redistribution, tenure reform aims to redress the discrimination in terms of the nature of land rights held by Africans, specifically in the contexts of people living on commercial farms (estimated to be at least three million) and in the former bantustans (estimated to be in the region of 16 million) and elsewhere where people hold land communally.

Two laws have been passed to secure the tenure rights of farm dwellers: the Extension of Security of Tenure Act 62 of 1997 (ESTA) and the Land Reform (Labour Tenants) Act 2 of 1996 (LTA). Both aim to regulate tenure relations between owners and occupiers of farms and determine when and how occupiers may be evicted so as to prevent people from being arbitrarily evicted and left with no alternative place to go.

Government and civil society organisations have acknowledged that implementation of both laws has been weak and ineffective. Evictions continue to occur outside of the legal framework, though little is known about how many farm dwellers have been evicted either via the legal route or illegally. Available data from KwaZulu-Natal indicate that illegal evictions may outnumber legal evictions by as many as 20 to 1 in some regions – but in certain provinces, such as the Western Cape, evictions are increasingly happening through the legal route. The growth of new informal settlements suggests that the movement of people from farms is continuing.

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As well as establishing these protective measures, ESTA and the LTA provide the means by which farm dwellers can acquire long-term secure tenure rights, either where they are or elsewhere or, if evicted, can get alternative accommodation, usually in the form of low-income housing. ESTA occupiers and labour tenants have acquired long-term tenure rights mostly via the provision of LRAD grants. The LTA goes further than ESTA in that labour tenants are entitled to claim the land they already occupy and use, and become the owners of this – in a process somewhat similar to restitution.

Official records show only 36 projects to provide long-term tenure rights to farm dwellers, mostly in the form of alternative accommodation in low-income housing to people evicted through ESTA (MALA 2005a: 62). This means that a minority of those facing eviction has been provided with an alternative place to stay or an alternative land-based livelihood. It appears that the 'developmental' aspect of ESTA has largely failed to materialise and instead it has become primarily a mechanism to regulate evictions rather than to reform tenure rights in a proactive manner. A national survey by Nkuzi Development Association in 2005 found that just under one million people were evicted from farms in the ten years between 1994 and 2003 – more than the estimated number of people benefiting from land reform – and that less than 1 per cent of these cases involved any legal proceedings (Wegerif, Russell & Grundling 2005).

The labour tenant process is proceeding slowly; it is not possible to say how many of the approximately 21 000 claims that were submitted by the deadline in March 2001 have been settled. The DLA reports that just 175 projects have been established, transferring over 96 000 hectares of land to labour tenants, which amounts to about 3 per cent of the land transferred through all aspects of land reform (MALA 2005a: 61). Because of the conflicts that have arisen between landowners and tenants in the process, interim dispute resolution mechanisms are being established at district level in KwaZulu-Natal and Mpumalanga.

In recognition of the serious deficiencies of these existing measures to reform farm dwellers' tenure rights, new legislation has been drafted to strengthen the content of their rights and to consolidate ESTA and LTA into one law. This has not yet been made public and it is unclear what changes to farm dwellers' rights will be proposed when the Bill is tabled in Parliament, which was due to happen during 2002 (but, as of early 2006, the Bill had not yet been

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published). Farm tenure reform does need to be seen as part of a redistributive reform – rather than confirming the status quo – but at present farm dwellers are becoming an invisible category within LRAD alongside other eligible applicants for discretionary grants.

While tenure reform in the commercial farming areas has focused on balancing the rights of landowners and farm dwellers, in the communal areas of the former bantustans or homelands, tenure reform is needed to clarify who has rights to what land, the nature and content of these rights, and how they are to be allocated and administered, recorded and adjudicated. The Communal Land Rights Act 11 of 2004 (CLRA) was passed by Parliament in February 2004. The Act empowers the Minister of Land Affairs to transfer ownership of communal land from the state to communities residing there, to be held under 'new order rights', whose content is not yet defined. The Act is to provide for the democratic administration of this land by the communities who own it. It requires that land administration committees allocate and administer the land, in terms of 'community rules'. These rules must be written down and registered, which will convert a community into a single 'juristic person' capable of owning property. However, where they are in place, traditional councils set up in terms of the Traditional Leadership and Governance Framework Act 41 of 2003, and comprising 60 per cent unelected tribal authorities and their appointees, will play this role of land administration instead of elected committees.

Critics of the CLRA have argued that it reinforces the powers of unelected tribal authorities and compromises democracy in the rural areas; fails to address congestion in the reserves or confront gender discrimination in access to communal land; fails to secure land rights or protect members from illegal sales of land; and expects unremunerated community members to take on the task of land administration which, for the rest of the country, is a service provided by the public sector (Claassens 2003; Ntsebeza 2005). The latter suggests that, far from overcoming the dualism between the commercial farming and communal areas, the extension of private land titles to the latter may aggravate rather than reduce disparities between these rural areas, as there will still be limited public support to administer land rights in the communal areas compared to the rest of the country.

Tenure reform policy is intended to address the chaotic state of land administration in the communal areas of the former homelands and coloured

reserves. However, communal tenure reform is the least evolved of all aspects of land reform, with implementation of tenure reforms in the former homelands planned to start only in 2006.

Reflections and challenges

The pace of delivery, in terms of land transfers, while still slow compared to national targets, increased in the period 2001 to 2006. The pace of settling restitution claims has improved dramatically, but most have been settled with cash and there has been limited restoration of land to claimants. Land budgets are now being spent, budgetary allocations for restitution have increased and this is set to continue, though budgets prohibit the scaling up of redistribution. Farm dwellers' rights have been poorly enforced and there now appears to be a gap in policy to drive tenure reform on farms. Implementing partnerships have been created with a range of statutory and non-statutory agencies, and the private sector is increasingly engaging in a parallel process of supporting African farmers to enter the sector, but land reform applicants face substantial difficulties in acquiring suitable land on the open market. Post-settlement support now receives some funding, but there remains disagreement among key players on roles in providing and funding post-transfer support. A further challenge is to integrate land reform into local development planning and to monitor and evaluate systematically the impact on livelihoods – a prerequisite for increased budgetary allocations and possibly also of political will to prioritise land reform.

Despite incremental improvements in delivery across most areas of land reform, then, there remain fundamental weaknesses in how the programme has been conceptualised. In particular, three key challenges now face the programme.

Land acquisition

First is the problem of land acquisition: how land is to be acquired and transferred at scale – and the limits of a 'willing buyer, willing seller' demand-led approach. The 'willing buyer, willing seller' approach makes land reform contingent on the willingness of current owners to sell at the prices that grant applicants can afford or, in the case of restitution, at the prices the CRLR is prepared to offer. However, South Africa has a fairly active land market, with

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an estimated 6 per cent of agricultural land being transacted each year, but opportunities to acquire land through the market for land reform have been missed. This is because the size, shape and infrastructure of commercial farms are often inappropriate. Proactive measures to subdivide agricultural holdings are needed to make available suitable parcels of land for land reform.

In the land redistribution programme there exists a basic contradiction between (a) the high land prices of whole properties being offered at market price, (b) the grant size, which limits poorer applicants to R20 000 each, and (c) the limits being placed on applicants pooling their grants, as group projects are now being discouraged. It is difficult, and may be impossible, to buy existing commercial farms with small grants, unless there are many people in a group – but big groups are no longer allowed (MALA 2001). Reform in this context allows limited deracialisation rather than structural change – and puts much of the land on the market out of the reach of would-be beneficiaries.

Generalised availability of land on the market, of course, is not relevant in the context of restitution, where claims are made on specific parcels of land. The government's reluctance until now to use its existing expropriation powers has given current landowners an effective veto on land restoration; claimants have been offered alternative land or cash compensation instead. The Restitution of Land Rights Amendment Act 48 of 2003 empowers the minister to expropriate land without a court order, thereby strengthening the powers that the government has, up until now, chosen not to use. Thus while some commentators have emphasised the limitations presented by the 'property clause' in the Constitution, including Lungisile Ntsebeza's chapter in this book, at present the most immediate constraints on a more proactive and interventionist approach to acquiring land for redistribution or restitution appear to be more political than legal.

The question of how suitable land will be acquired and transferred at scale is probably the most contested aspect of South Africa's land reform. With evidence that the market-led approach is a key constraint, a new path forward is needed. This will have to involve a degree of compulsion on landowners to make available their land. While the market may have some role to play, the state needs to intervene on behalf of land claimants and other landless people. Expropriation will be needed to force restitution where landowners are unwilling to sell, to acquire land in areas where there is a great demand for it and

where landowners are not willing to sell, and also for its demonstration effect, to bring landowners to the negotiating table. This should be accompanied by just and equitable compensation, as provided for in the Constitution. Taking into account historical and other factors mentioned in the Constitution, this should be expected to be below market levels (RSA 1996: Section 25(3)).

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Land use and post-transfer support

The second challenge is that of land use and post-transfer support: the types of land use and models of agricultural production that will be promoted, and what post-transfer support will be available. Post-transfer support to beneficiaries has been a critical gap in land reform identified by two official reviews and three official Quality of Life surveys (Turner 1997; May & Roberts 2000). LRAD was introduced as a policy that would link land acquisition to support for agricultural development (MALA 2001). DLA has acknowledged the need to provide support beyond the land transfer stage, but it is often beyond the capacity of project officers to perform this function. Provincial departments of agriculture, the Land Bank, the National Development Agency and local government are not resourced to provide adequate agricultural support to land reform beneficiaries. This has resulted in ad hoc post-transfer interventions by different agencies and large-scale underutilisation of land.

Problems of alignment between Land Affairs and Agriculture also explain in part the chronic failure to provide adequate support to enable beneficiaries to derive substantial benefits. The separation of the two departments and their policy and operational frameworks has resulted in a failure to budget for post-transfer support at a provincial level. The introduction of a Comprehensive Agricultural Support Programme in 2004 was the first time that capital budgets have been earmarked for this purpose. However, direct state support for production in a land reform context is running counter to larger historical shifts – specifically deregulation of agriculture and liberalisation of markets. While individual projects may or may not receive support, most of the financial, marketing and agricultural extension systems designed to subsidise the agricultural sector have been dismantled. This means that the economic climate for new African farmers is hostile, making the prospects of a successful smallholder farming sector recede. Amidst widespread calls for proactive acquisition of land, there was little discussion at the Land Summit

about the relationship between land and agricultural policy, whether a more radical land reform programme might imply an alternative vision for the future of the agricultural sector, and what this might look like.

Budgets

The third challenge arises from the budgetary realities that will now determine the pace and scale of reform. Land reform and restitution budgets have increased substantially but exceeded 0.5 per cent of the national Budget for the first time only in the 2005/06 financial year (National Treasury 2005: 712). Over the previous four years, provincial allocations to fund land reform were overcommitted, with the result that new projects could not be approved in some provinces. By the start of 2004, the DLA confirmed that there was a backlog of more than R500 million of approved projects 'on hold' because there were no funds to transfer. This means that budgets have become a key constraint on the programme, and demonstrates the difficulties of attempting to buy out white privilege in a context of fiscal restraint.

However, in line with other shifts in social spending following the 2004 elections, increased funds were injected into all aspects of the land reform programme. Funds for the restitution programme and, to a lesser extent, also for 'land reform' (the budget for land redistribution and tenure reform), rose sharply in the 2005/06 Budget. Total funds for restitution rose to R2.7 billion from R933 million in the previous year, while the land reform budget rose from R474 million to R770 million (National Treasury 2005: 712). The divergence between the two programmes – and the rise in restitution funding – is even starker when looking at the capital funds available for land purchase (see Figure 4.3).

While welcome, it remains doubtful that this substantial boost to land reform will be sufficient to bring the programme on track. What is needed depends substantially on how land is to be acquired. If market prices are to be paid, the programme will need to account for the rapidly rising market price of land. The market value of commercial agricultural land was approximately R57 billion in 2002 (NDA 2004: 84). Regarding restitution, if settled claims are indicative, then the outstanding rural claims alone should be expected to cost in the region of R20 billion for the land alone, to which must be added institutional costs to implement the projects. Post-transfer support and

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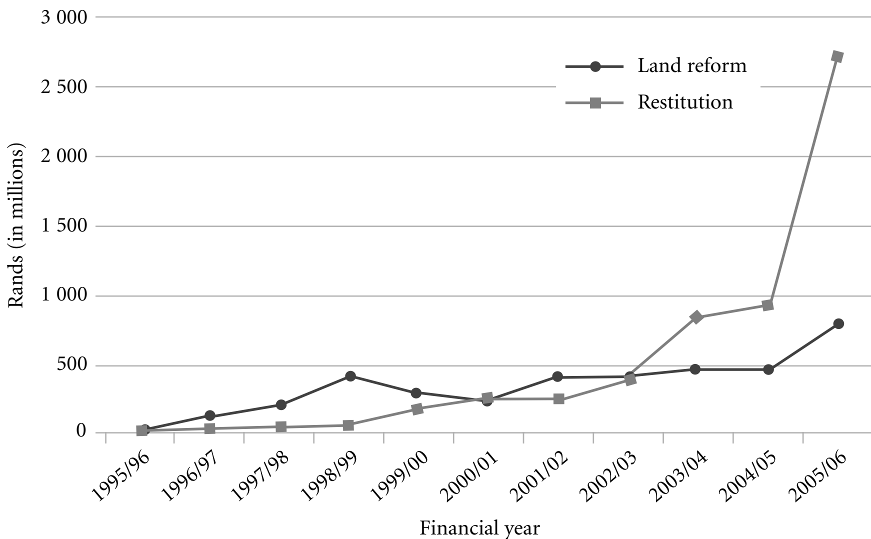
operating costs for the programme must also be considered. The World Bank advocates a rule of thumb that land should constitute only a third of the total cost of market-led land reform, with two-thirds of the funds being dedicated to post-transfer support and operating costs.

Figure 4.3 *Land reform and restitution budgets 1995/96 to 2005/06 (not inflation adjusted)*



Source: National Treasury (2005)

These figures must prompt us to consider, first, whether South Africa can afford the current paradigm, and, second, whether there is political support to dedicate the requisite resources. Even if non-market methods of acquiring land are pursued, and below-market compensation given to owners, and even if the cost of reform can be partially offset against resource commitments from landowners and agribusiness, further increases in public funding will be needed. The extent of investment of public funds required for land reform to succeed underscores the need to find appropriate land use models, and to monitor the impact of the programme.

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Conclusion

This review of progress and problems in South Africa's land reform paints a disconcerting picture. While an impressive range of laws and policies is in place, implementing institutions have been established and staffed, and land has been transferred, the change that has been wrought has been limited in its extent and also in its impact on social and economic relations. The deeply etched racial and class divides in the countryside persist. What does this mean for the land question?

There remains the same land question as was faced in 1994, but we are not in the same position to confront it. We may have the benefit of a decade of experience with implementation and innovation, like the drive towards decentralisation and emerging social movements of poor people articulating their own needs and demands. However, it may also be that a window of opportunity to push for more radical change has passed. As argued by Andile Mngxitama (2004), the current modest land reform programme justifies the continuation of structural inequality. Its changing discourse justifies maintaining the agrarian structure intact, as black economic empowerment emerges as an organising concept to describe and guide – and mobilise support from the private sector for – land reform.

Agrarian reform, though, by restructuring the agricultural economy, is key to translating land reform into economic development. However, South Africa's land reform programme has advanced largely in isolation from other interventions into the rural and agricultural economies. To the extent that there are elements of agrarian reform underway, these include agricultural policy to promote new entrants, reforms to farm labour and the provision of post-settlement agricultural support in the form of training as well as infrastructure and credit. However, these have been limited in their scale and impact thus far, and agricultural deregulation policies have created a particularly hostile economic environment for new farmers, making the prospects of success slim for poor people, women and farm workers who are able to access the programme.

Aspects of agrarian reform that have not been pursued are spatially focused land reform planning, extension and marketing support for small-scale and resource-poor producers, and intervention in land and commodity markets and in the size distribution of landholdings. A core challenge now facing

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the programme is the need for the state to intervene to make suitable land available to meet local needs, rather than relying wholly on land markets and the willingness of current owners to sell. To advance a wider agrarian reform, there is now a need for convergence and joint policy development across the areas of land affairs, agriculture, rural development and local government.

The objectives and vision informing land reform in South Africa have changed substantially over the past decade. The emphasis has shifted from a major restructuring of agriculture and provision of land for settlement to a limited programme of farmer settlement. The land redistribution programme has discarded its pro-poor provisions and now in practice favours those with their own resources to invest. Emerging African commercial farmers now compete with the mass of the rural poor for preferential access to land reform benefits. While the programme has made significant progress in some areas, beneath the rhetoric of prioritising the disadvantaged, the poor, women, farm workers, the youth and the disabled, the question of who should benefit from land reform remains hotly debated. There also remains the challenge of integrating land reform with agricultural policy, rural development and local economic development, and so locating the redistribution of land and land rights at the centre of a wider process of pro-poor agrarian reform.

Notes

1 Although this graph reflects official data released in July 2005, the total is substantially less than the total reported in September 2004 and cited earlier. This appears to be the result of anomalies in data management.

2 Thozamile Gwanya, Chief Land Claims Commissioner, telephonic interview on 16 August 2004.

3 Thozamile Gwanya, Chief Land Claims Commissioner, telephonic interview on 16 August 2004.

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