

## ***Secret of land-reform success is to learn lessons from experience***

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The importance of successful land reform to correct the injustices of the past and to restore dignity to the majority of our population is well accepted and appreciated. There is a common understanding that the land reform process was too slow, bureaucratic and costly. This has created frustration and partly contributed to more radical views and proposals on how to deal with the inequality in land ownership in South Africa. These proposals quite often ignore the history of the land reform programme as well as the lessons learnt from our own and international experience.

This is the first article in a series of bi-weekly articles intended to shed light on the various contested issues on land reform, particularly farmland. It highlights the lessons learnt from agricultural land reform internationally and the expensive lessons learnt in South Africa over the 24 years of our own land reform programme.

During the design years of the mid-1990s, it was well accepted that South Africa should not repeat the mistakes of land reform programmes learnt elsewhere. The lessons were clear:

- Land reform needs to be fast-paced, otherwise, a combination of excessive bureaucracy, centralisation of the process and legal challenges are likely to render the programme ineffective.
- The role of the public sector should be clearly defined. Programmes that have relied entirely on the public sector in the belief that only the state is capable of maintaining integrity, delivering services, determining needs and managing the process have generally failed.
- Land reform is only one part of a comprehensive programme of economic reconstruction. The redistribution of land is necessary, but not sufficient to bring about real economic empowerment and poverty alleviation. Additional services, including infrastructure, markets, social services, amongst others, have to be provided as part of a comprehensive reconstruction and development programme.

The conclusion from these lessons was that market-assisted land redistribution programmes tend to perform better than those administered by the public sector. In other words, the state might be good at acquiring land, either through purchase or expropriation, but that does not necessarily translate to effective redistribution of land to the beneficiaries.

Programmes led by the State typically vest too much control in public sector bureaucracies, which tend to develop their own set of interests that are often in conflict with the rapid redistribution of land. This is true in South Africa as beneficiaries are hampered by bureaucratic inefficiencies to acquire land.

It is therefore mistakenly argued that the market-assisted approach (which was followed between 1996 and 2006) was responsible for the slow progress of land reform. With an average of 13 000 farms available on the market every month, there have always been enough willing sellers.

However, in the wake of years of disempowerment and impoverishment, a well-functioning land market is not a sufficient condition for a successful land reform programme since the history of dispossession has made it difficult for beneficiaries to access finance to acquire these farms.

Furthermore, the large, mechanised and well-established farms are expensive and can be a challenge to the newcomer. Allowing easy and painless subdivision of these larger farms would have been a great opportunity for land reform but this, unfortunately, was never made possible unless acquired by the state. Also required is the provision of (sizeable) land acquisition grants and post-settlement support to assist beneficiaries to acquire land and start the farming enterprise. Executing land reform through grants to beneficiaries resolve challenges around beneficiary selection. This was the main philosophy of the market-assisted approach for land reform recommended to the government in the mid-1990s. The idea was simple:

- A beneficiary expresses interest in land purchase for farming.
- He/she identifies a farm for sale and agrees with the owner on price.
- An application for land reform grant and a mortgage (at preferential rates) is lodged and own cash contribution provided.
- A grant and bond is registered (all funded from one source – such as the state owned agricultural bank); transaction completed; title deed registered and post-settlement support also made available immediately.
- Mentorship and support by neighbouring farmers and agribusiness firms kick in.

It is unfortunate that this intended approach was constrained by land acquisition grants being too small (leading to group farming) and was delayed by over bureaucratized approaches in order to comply with public finance rules. At the same time, post-settlement support arrived too late due to poor coordination between provincial land reform and agricultural departments. The end result was many failed projects. The land reform beneficiaries were in a way set-up to fail which necessitated the introduction of the Recapitalisation and Development Programme (RADP) to recapitalise poorly performing land reform projects.

The critique against the market-assisted approach as well as the concern about the slow progress towards the land reform targets prompted a shift away from the system of grant-based purchase by individuals or groups altogether and towards state purchase of land through the Proactive Land Acquisition Strategy. In this programme, introduced in 2006, the South African Government takes ownership and then government officials decide on the beneficiaries who would become tenants. Farmers wanting to buy the land from the state were never given the opportunity to do so and now farm with short-term rental contracts, making access to finance and other business contracts very difficult, if not impossible. Farmers on these rental farms were not given the option of full title deed frustrating the real empowerment of black commercial farmers.

Policy design is largely to blame for the perception that progress has been slow.

How slow was the progress with land reform since 1994? The statistics on land reform and especially on how much farmland the State already owns has been problematic, to say the least. With recent numbers acquired from DRLDR, we can report our best guess of the achievements of the land reform programme to date. First, it is important to understand the total land size in South Africa and as Table 1 shows there was 82,5 million hectares of farmland under freehold tenure in 1993. Since 1994, a total of 4,1 million hectares of farmland was lost to urban development, mining and other non-agricultural uses reducing the area of freehold farmland to 78,4 million hectares.

**Table 1: South Africa land size**

Land item	Hectares
<b>South Africa total</b>	<b>122 518 143</b>
<b>State-owned land</b>	<b>10 566 215</b>
Nature conservation, national parks, etc.	7 448 764
State forests	1 812 478
Department of Water Affairs	575 723
Department of Defence	688 127
Correctional Services	41 123
<b>Urban areas, towns and villages</b>	<b>11 357 935</b>
<b>Farm land under traditional tenure</b>	<b>18 036 773</b>
<b>Farmland under freehold tenure (1993 census)</b>	<b>82 557 220</b>
<b>Land use change due to urban sprawl, mining, expansion of parks and forests since 1994</b>	<b>4 143 993</b>
<b>Total area of farmland under freehold (2015)</b>	<b>78 413 227</b>

Source: Bornman (2017) (survey of deed transactions) and GEOTERRAIMAGE (2015) – spatial land data in 2015

Of this 78 million hectares, a total of 8 356 124 hectares (or 10,7%) was allocated to beneficiaries via the redistribution or restitution programmes since 1994. We estimate through our own research and analysis of deed transfers, that black farmers acquired an additional 1,2 million hectares (1,5%) privately without the support of the government programmes. Due to the suspension of the LRAD and SLAG programmes in 2006 very little redistribution to individual owners happened while the State has acquired and still owns a total of 2,2 million hectares (or 2,8%) of farmland instead. Many communities elected to receive financial compensation as part of the restitution process. Up to date, this accounts for a total of 2 920 385 hectares (3,7%).

**Table 2: Summary of land redistribution statistics**

Agricultural land acquired by the State since 1994 and still held by the State for land reform purposes (Source: DRLDR as at 28 April 2018)	2 243 041 ha
Redistribution (Source DRDLR, May 2018)	4 860 969 ha
Restitution (Source DRDLR, May 2018)	3 495 155 ha
Private transactions (black willing-buyers buying from white willing-sellers without assistance or involvement from DRDLR)	1 220 934 ha
<b>Land owned by white farmers (May 2018)</b>	<b>66 593 128</b> <b>(80,6% of 1993 total)</b>

If we compare the redistribution and restitution numbers released by Minister Nkwinti in February 2017 and the numbers provided by DRDLR in May 2018, the slow progress is clearly evident. Only 10 800 hectares were redistributed to beneficiaries for the full 2017/18 year while only 105 000 hectares were returned to communities and beneficiaries under the restitution programme. This signals a very slow land reform progress, in actual fact the redistribution of farmland has come to a

complete halt with the only action happening being land purchases by the State through the PLAS programme. This again confirms the argument that when the State acquires land it is unlikely to redistribute the title deed to beneficiaries. Moreover, one aspect completely missing from our land reform programme is the issue of tenure reform in the former homeland areas. This is an important omission and something the Constitution demands of the State.

Overall, the State's failure to effectively redistribute the land acquired has partially been one of the key factors contributing to the view that land reform has been slow. This is leading to growing frustration and which has led to calls for 'expropriation without compensation' as an instrument to speed up the process. Whether this will in any way solve the plight of individuals needing access to land remains to be seen. But so far, it appears that the process is not appropriately taking into account some key lessons from the past, which should serve as guiding principles for a more robust land reform process.

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