

## Land reform policy itself a stumbling block to successful redistribution

*Business Day*, 11 June

By Wandile Sihlobo and Prof Johann Kirsten<sup>i</sup>

One key observation from the political discourse over land reform is that beyond the broad objective of what it seeks to achieve, the more specific problems around how to execute its implementation are misrepresented, poorly framed and therefore misunderstood. In May we [argued](#) that land reform has not been as slow as portrayed in many political messages and that the problems that have since emerged out of land reform implementation are largely to do with a lack of focus on agrarian support. This is a conclusion we reached after having carefully analysed the implementation of land reform policy in post-democratic South Africa.

To further this argument, we want to illustrate that some of the limitations in ensuring the success in establishing commercial black farmers are due to unintended consequences in the implementation of the land reform policy itself. A case in point is the Pro-active Land Acquisition Strategy (PLAS), which was introduced in 2006 for the State to acquire farm land for land reform purposes. To date, it is estimated that a total of between 2.1-million ha and 4.3-million ha, depending on the data source within the Department of Rural Development and Land Reform (DRDLR), has been acquired by the state. It seems, however, that these farms are not being transferred to beneficiaries.

According to the State Land Lease and Disposal Policy, the acquired land would be leased to a beneficiary for a period of between 5 and 30 years, followed by the option to transfer ownership. In reality, however, the beneficiaries only received short-term leases ranging from a year to 5-years. This was clearly reflected in a [research](#) paper released early 2017 by Ruth Hall and Thembela Kepe, albeit having focused on a couple of municipalities in the Eastern Cape province.

This makes sustainable farming almost impossible, as articulated by Bongani (*not his real name*), a potential beneficiary we met at the end of May 2018 in the Eastern Cape province. Bongani aimed to start commercially farming in mid-2005, but that dream was deferred when he discovered after a 3-year waiting period that his application forms to access land were never processed. They were misplaced by the DRDLR during the processing stages. He was told, after numerous follow-ups, that this happened during the demarcation of municipalities, which is strange considering that land reform is not a competence of local government.

Bongani then reapplied in 2009 but still to no avail. He is currently farming on communal land around Maclear town. Nonetheless, we asked him to narrate the application process that he followed in late 2009 and he described the stages as follows:

- Identify a farm in your area of interest;
- Submit an application through the DRDLR district office;
- The application then goes to the beneficiary screening committee;
- It is then transferred to the provincial land committee; and then
- If successful, it goes to the national land committee which is chaired by Deputy Minister of DRDLR

We have skipped some of the details, but just to give you an idea, the process entails a roughly 3 to 4-year waiting period. The obvious risk with this process is that applicants can concurrently express interest in a specific piece of land or farm. This complicates the application process.

Post-application, beneficiaries also need to have a fundable business plan to be eligible for government's post-transfer support. The business plan also has to follow a tedious screening process akin to the aforementioned one, and to further compound the process, the opinion of farmers such as Bongani is that some of the officials at the DRDLR offices tend to lack agricultural proficiency to expedite applications. This, of course, is a risk because it could lead to some errors and delays in dispensing agricultural support services.

After this convoluted process, if one gets to successfully access the farm, they are then placed on probation for about 5-years to assess if they can farm successfully. This is largely where the problem arises because at this juncture beneficiaries have no title deeds to use as collateral. Therefore, the running of the business, which includes all input costs largely depend on one source – the post-settlement support system – so its effectiveness has a huge bearing on the programmes' success. At the same time, this reality creates a permanent dependency on the state resources without real economic empowerment taking place. The highlighted challenges of bureaucracy and human capital have not helped the situation.

Post-settlement support was initially vested in different Government Departments. The Department of Rural Development and Land Reform was initially responsible to deliver the land in question, after which beneficiaries could approach the Department of Water and Sanitation to obtain water rights, the Department of Agriculture, Forestry and Fisheries to obtain agricultural inputs and the Department of Trade and Industry to obtain implements.

This fragmented approach resulted in a misalignment between the land and associated services, which often set the beneficiaries up for failure. Instead of improving alignment between the different government departments responsible for the various support services, the Department of Rural Development and Land Reform ventured into the sphere of post-settlement support (typically the mandate of DAFF and the provincial departments of agriculture) through the creation of the Recapitalisation and Development Programme (RADP) in 2009, which recapitalises poorly performing land reform projects. However, this is more like merely papering over the cracks rather than identifying the root causes of failing projects and spreading the budget responsible for land acquisition very thin.

Bongani's story is not very unique, it partially illuminates the grassroots frustrations of many aspiring black commercial farmers. Similar case studies, albeit having use rights to the land, were highlighted in the aforementioned research paper by Ruth Hall and Thembele Kepe.

The bureaucratic approaches that deferred Bongani's dream of being a successful black commercial farmer could have somewhat been avoided had the market-assisted land reform programme prior to 2006 been expedited with the proficiency that the matter deserves. The market-assisted approach entailed the transfer of title deeds to beneficiaries which would have solved the problem of access to finance. We have previously explained how this process would be carried out, but it is worth restating, briefly, to add a bit of context.

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

With such a programme implemented at a faster pace, it is hard to imagine that aspiring black commercial farmers like Bongani would be experiencing the current challenges as they do today.

Having listened to Bongani's story and reflecting on the statistics of available and arable land for agricultural purposes in some parts of the country, and also the one he had identified in mid-2005, it becomes clear that the failure of Bongani's access to a farm is not so much a matter of the scarcity of land, but rather, a duplication of duties between DRDLR and DAFF, accompanied by bureaucratic inefficiencies and human capital challenges of the State system itself.

Overall, this story can be interpreted in various ways. Some may read this as a reluctance of the government to transfer land and efficiently provide post-settlement support to ensure the success of black commercial farmers, while others can describe this as a failure of the government to re-invent its state mechanism to deliver on a promise whose effort and resource requirements they clearly seem to have under-estimated.

We've decided to narrate Bongani's story, with the hope of re-directing the land reform debate to some of the more immediate issues that remain unaddressed at the grassroots level, which have led to the failure of the policy. New land reform policy proposals should seek to address the prevailing challenges of some aspiring black commercial farmers first before more radical measures can be initiated. If the systemic issues are not resolved, it is difficult to imagine how the policy suggestions of land expropriation without compensation will yield a different outcome from the failures we have observed from past policy propositions. In fact, we anticipate that expropriation without compensation will worsen the aforementioned challenges or exacerbate the problem. Of course, only time will tell.

---

<sup>i</sup> **Wandile Sihlobo** is head of agribusiness research at the Agricultural Business Chamber and Professor **Johann Kirsten** is the Director of the Bureau for Economic Research at Stellenbosch University

*Written for and first [published](#) on Business Day on 11 June 2018.*