IMPLEMENTING LAND REFORM IN SOUTH AFRICA’S NORTHERN CAPE PROVINCE

Alastair Bradstock

Abstract
This paper examines the asset holdings and income portfolios of eight case-study groups located in the Northern Cape Province of South Africa that have recently benefited from the government’s land reform programme. It also describes a participatory land use planning methodology that guides groups through the process of developing a management plan to help them to integrate agriculture more fully into their livelihoods. The research findings show that the majority of households are experiencing difficulties in this regard due to their low asset holdings and the competitive nature of the South African agricultural market that was reformed following the 1994 elections.

Research Findings
• The livelihoods of land reform beneficiaries exhibit extremely low levels of diversification compared to households elsewhere in other developing countries.
• Poor households are heavily dependent upon state transfers especially old age pensions and disability grants, and rich households are able to avoid poverty by successfully accessing the labour market.
• There are often great distances between land reform beneficiaries’ farms and their homes and this effectively excludes those members who are unable to access affordable transport.

Policy Implications
• Where possible farms should be sited much closer to where beneficiaries live, so poorer households can access their land.
• Market liberalisation has introduced a new element of risk (exchange risk) that was absent before and, by abolishing commodity tariffs, the government has opened the market to the inherent price instability of global agricultural markets thereby introducing further risk. Would-be farmers who own few assets are often unable to manage these types of risks that can impact negatively upon their farming operations.
• There is an urgent need for government to develop and adopt an agricultural support methodology for land reform beneficiaries in the post-designation phase of the process so that they can acquire the necessary skills needed to develop their land.

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Acronyms and abbreviations

ANC  African National Congress
ASCRAS  Accumulating Credit and Savings Association
CPA  Communal Property Association
DLA  Department of Land Affairs
FARM-Africa  Food and Agricultural Research Management-Africa
NGO  Non-Government Organisation
PLUP  Participatory Land Use Planning
PSLS  Project for Statistics on Living Standards and Development
ROSCAS  Rotating Savings and Credit Associations
SALDRU  South African Labour and Development Research Unit
IMPLEMENTING LAND REFORM IN SOUTH AFRICA’S
NORTHERN CAPE PROVINCE

1 INTRODUCTION
In the mid-1990s South Africa embarked upon an ambitious land reform programme that was portrayed as the central, driving force of a programme of rural restructuring and development. The programme has three elements:

• a land tenure reform programme that aims to address the insecurity of tenure, particularly in the former homelands, that arose during the apartheid era when the administration of land was often confused and chaotic;
• a land restitution programme that aims to restore land to those people who were displaced as a consequence of such acts as the Natives Land Act of 1913, and the Native Trust and Land Act of 1936;
• a land redistribution component that aims to redistribute land to the landless poor, labour tenants, farm workers, and emerging farmers for residential and productive uses, to improve their livelihoods and quality of life. Indeed, in 2002, the government stated that it aimed to transfer 30% of South Africa’s agricultural land from white to black ownership by 2015.

There is consensus in the general land reform literature that if land reform beneficiaries are to achieve their development goals, then they must be provided with a ‘package of support measures’ (Ellis, 1992; Binswanger and Deininger, 1993; Kinsey and Binswanger, 1993; Lipton et al., 1996; Deininger, 1999; Adams, 2000; Mather, 2000). Kinsey and Binswanger (1993) talking about new settlement schemes in other developing countries suggest that a start-up ‘support package’ should include the following: safe water, roads, relatively good land, and extension and subsistence allowances to permit the family to survive until the first harvest. Inputs, credit and markets are also highlighted as complementary components of a support package (Lipton, 1996; Adams, 2000; Adams et al., 2000; Mather, 2000). The type of support required will be determined by the complexity of local agro-ecological conditions as well as the knowledge that the would-be beneficiaries have of agricultural practices (Adams, 2000).

In spite of this knowledge, Adams (2000) expresses concern that the South African government faces great difficulties in delivering an effective support package for land reform beneficiaries. Interviews with informants in Northern Cape Province’s Department of Agriculture indicate that the key components of a support programme that will provide technical assistance to land reform beneficiaries has not yet been finalised, and that groups are being given advice in an ad hoc manner. There is anecdotal evidence from elsewhere in the country that suggests a similar situation exists in other provincial departments of agriculture. The experience of FARM (Food and Agricultural Research Management)-Africa (a British-based NGO designing and implementing natural resource projects in eastern and South Africa) working with land reform groups was that their lack of implementation plans presented a significant constraint on the development process.

Supporting an emerging non-white farming class is made more difficult due to the fact that from the beginning of the twentieth century government policies were devised to restrict Africans’ access to land and created reserves that were much too small to enable African agriculture to remain profitable (Bundy, 1985). These policies made agriculture a minor livelihood activity, and migrant labour, and the wages remitted to rural households, became a new and increasingly important livelihood strategy for many Africans (Deininger and Binswanger, 1995). Thus South Africa’s land reform programme is trying to create a black farming class from scratch, and while land reform groups have individuals who have worked on white commercial farms the majority of members have no theoretical or practical knowledge of farming.

FARM-Africa is currently working with eight groups that have benefited either from the land redistribution programme or from the land restitution programme. Figure 1 shows their location in the province. It was not possible to select groups that had benefited from the land tenure reform programme, as when the data were collected the government had not launched the programme. FARM-Africa’s experience with these groups and the lack of a structure to deliver inputs to land reform beneficiaries led to the development of a Participatory Land Use Planning (PLUP) methodology. While the PLUP will support households in the process of integrating land into their livelihoods, in the light of agro-ecological and economic conditions that are described below in more detail, it is unlikely that agriculture will become the main element of the majority of land reform beneficiaries’ livelihoods.

Figure 2 shows eight steps of a linear participatory land use planning process. The reader should be aware that the figure is a simplification of a much more complex multi-dimensional process. Its aim therefore is not to describe the process in its entirety but to emphasise the key components that must be engaged in if a participatory plan is to be developed. The
discussion that follows below focuses on some of the key steps in the process but, first it outlines some background information regarding the land reform process and some of the characteristics of beneficiaries of the programme.

2 BACKGROUND

Before land reform beneficiaries take possession of their land they are obliged to form a legal entity that becomes the holder of the title deeds. In 1996, the government passed the Communal Property Associations (CPA) Act, No. 28 that provides a means through which groups of people can own land collectively (DLA, 1997). The two most common forms of communal ownership are trusts and communal property associations. Each trust or CPA is expected to develop its own deed or constitution describing how the body functions as well as describing how land can be accessed and managed by the group. In practice, however, the group does not prepare these documents as they lack the necessary drafting capacity and it is done, often in isolation, by government staff or consultants. Frequently they are written in English rather than Afrikaans (the lingua franca of the Northern Cape) and the style is heavily legalistic. These factors combine to exclude the majority from engaging with and using their constitution to help guide their development activities.

Once the legal entity has been formed, the group then elects an executive committee with responsibility for managing the land. The executive committee in turn has the authority to create sub-committees formed to execute specific tasks on behalf of the executive committee. Many executive committee and sub-committee members experience great difficulties in executing their tasks as they lack the necessary education, knowledge and skills to undertake them, and because trustees or executive committee members of CPAs cannot legally be paid for undertaking their day-to-day tasks. This has the effect of limiting the

![Figure 1 Map of Northern Cape Province showing the case study locations](image)

Source: Department of Environmental Affairs and Tourism, South Africa, 2004
Implementing land reform in South Africa’s Northern Cape Province

level of commitment that poor people are willing to give to an activity that may or may not yield an economic benefit in the future.

The racial inequalities in access to education in South Africa were starkly visible during the apartheid era (Weber, 2002). The differential between per capita educational expenditure between Africans and white pupils was substantial. For example, in 1975 Africans received just 4% of the amount spent on whites, a gap which had narrowed to 51% by 1993 (Leibbrandt et al., 2001; Terreblanche, 2002; Weber, 2002). With regard to secondary and tertiary education, in 1990 there were seven times as many whites in secondary schools and 12 times as many in universities than black people (Collins and Gillespie, 1993). While 97% of white teachers had a university degree, only 4% of black teachers had graduated from a university (Collins and Gillespie, 1993). Howie and Plomp (2002) estimated that teacher-to-pupil ratios in black schools during the 1990s were as high as 1:40 and Collins and Gillespie (1993) estimated that during the same period in white schools the ratio was 1:16. These significant differences in the system produced very different academic results (Howie and Plomp, 2002). In the mid-1990s it was estimated that approximately 55% of South Africans from disadvantaged communities were illiterate and possibly 10% of the population above the age of 16 had never attended school (Howie and Plomp, 2002).

Where the South African land reform programme differs significantly from other similar initiatives elsewhere in the developing world is the fact that many of the beneficiaries have no experience of smallholder or commercial agriculture. While some of the beneficiaries have worked on white commercial farms, they are usually a minority. Understanding how historical processes and events have affected black people’s ability to access land is central to understanding this anomaly. Black people experienced decades of discrimination under colonial, union and apartheid governments, and in this regard the passing of the Native Lands Act in 1913 marked a downturn for South African black agriculture. The new legislation restricted the area where Africans could establish new farming operations to the reserves, which totalled 8% of the country’s land area. The act also barred black people from buying land from whites, and prohibited them from sharecropping, thus restricting them to selling their labour either to the white commercial agricultural sector or to the industrial sector (Levin, 1996; Adams et al., 2000).

Figure 2 THE PLUP Process

1. IDENTIFY PROJECT STAKEHOLDERS
   (Community, Government, NGOs & others)

2. UNDERSTANDING THE SITUATION
   (a. Farm studies   c. Household studies
   b. Wealth ranking d. Livelihood studies)

3. SHARING THE INFORMATION
   (Studies presented to the Management Committee. Agreement reached with Management Committee on the planning process)

4. MANAGEMENT COMMITTEE SHARES THE RESEARCH RESULTS WITH THE COMMUNITY
   (Planning Sub-Committee elected)

5. PLANNING SUB-COMMITTEE TRAINED TO PRODUCE A DEVELOPMENT PLAN

5.1 Livestock Development Plan
5.2 Crop Development Plan
5.3 Other Enterprises Development Plan

6. MANAGEMENT PLAN APPROVED BY THE MANAGEMENT COMMITTEE and THE COMMUNITY

7. MANAGEMENT PLAN IMPLEMENTED

8. PARTICIPATORY MONITORING & EVALUATION

Farm Managers

Farm Mentors

Functioning CPA Administration

Revolving Credit Fund
The effects on black agriculture were far-reaching. By 1918, agricultural production in the reserves had fallen so dramatically that households could meet only 45% of their subsistence food requirements (Binswanger and Deininger, 1993), while forty years previously black agriculture was meeting its subsistence needs and producing a marketable surplus. However, the ability of African households to meet their subsistence needs fell to 20% as further restrictive legislation on black agriculture reached the statute book (Deininger and Binswanger, 1995).

The discriminatory land policies created a highly skewed land ownership pattern in the country where, in the late 1980s, 50,000 white commercial farmers owned approximately 87% of the arable land (Kinsey and Binswanger, 1993). With such an unequal land distribution coupled with the capital-intensive nature of the sector, South African agriculture’s contribution to GDP (7%), and employment (14%) failed to reflect its middle income status where agriculture typically generates 15% of GDP, and employs approximately 25% of the work force (Christiansen, 1993; Lipton et al., 1996).

Thus many individuals and groups now benefiting from the land reform programme have not been involved in agriculture for approximately 100 years. Their lack of any theoretical or practical understanding of agriculture makes it difficult for them to assess their natural resource base and to choose between different production options. The would-be farmers also need an understanding of the government’s macro-economic policies and the ways in which these are likely to affect the options available to them. Information of this kind should be discussed with land reform beneficiaries both in the pre-settlement phase so that they are aware of the competitive nature of the South Africa’s agricultural market, and in the post-settlement stages to help them devise risk-minimising strategies.

During the apartheid era black people were discriminated against in both factor and product markets, and this limited their ability to diversify their livelihoods. Although the African National Congress (ANC) has been in power for 10 years, many poor South Africans still experience great difficulty in accessing these markets and as a consequence their livelihoods still exhibit low levels of diversification. In exceptional years can farmers grow crops without access to irrigation water. Thus the majority of the land in the province can sustain only the extensive grazing of domestic livestock and game species, making a key component of any land use plan a calculation of the carrying capacity of the farm. If information of this kind is not collected when the group takes ownership of its land, and updated on an annual basis to account for the effects of climate and stocking rates, then there is a possibility that the land may become under- or over-stocked.

In the pre-designation stage of the land transfer process it is the responsibility of the DLA to assess the productive potential of the farm. However, these studies are rarely participatory and are usually prepared to meet administrative rather than land management objectives. They rarely contain sufficient information to guide the group in its development activities. Therefore before work can begin on the farm it is necessary for the group, supported by an external facilitator, to assess the soils and determine what types of crops can be grown; investigate the cost and availability of irrigation water in the summer and winter months; calculate the carrying capacities of the range; and review the condition of the infrastructure, e.g. fences, stock watering points, windmills, irrigation equipment, tractors and implements, and outline the maintenance as well as the capital replacement costs.

Wealth ranking
Wealth ranking was the first socio-economic research study that FARM-Africa carried out with its land reform groups. The aim of the research was threefold: first to
differentiate households within each group in terms of their relative wealth, second, to gain an understanding of the perceptions that groups had about wealth and poverty as well as the factors that affect the movement of households between the different wealth categories, and third for the project to target poorer households as the main beneficiaries of its programme. The outcome of this exercise was also used as a means of informing the process of selecting the poorest households from each group so that FARM-Africa could focus its resources on its target group – the poorest of the poor.

The first step in the wealth ranking exercise is to select, with assistance from the management committees, three to four individuals (both men and women should be included) who know the members of the group well. It should be noted that when the numbers of the social group being ranked are in excess of 100 households there is a possibility that the quality of the outcome will decline as there is an inverse relationship between knowing other people’s ‘business’ and the size of a social group (Grandin, 1988).

The first task of the wealth ranking group is to check the accuracy of the membership list. These lists are prepared during the land purchase negotiations, but are usually not updated following the transfer. After this has been completed participants are asked to rank the households whose names have already been written on pieces of paper. After the exercise has been completed the list of households in each category should be read out, and the respondents asked to confirm their choices. Following this task, the group should move to discussing the characteristics of the different groups, and what factors affect a household’s ability to move between the wealth categories. None of the groups encountered any difficulties when utilising this methodology.

Livelihood studies

It is of note that up until 1994 there was a lack of credible and comprehensive socio-economic data sets to guide policy formulation in South Africa (Ardington and Lund, 1996; May, 1996). The apartheid regime failed to collect socio-economic information about all of its citizens, and between 1976 and 1994 official statistics were not collected in the four homelands of Transkei, Bophuthatswana, Venda, and Ciskei on the grounds that they were independent states. This decision effectively excluded the majority of the poor from the official statistics (May et al., 2000).

However, since the early 1990s, a number of data sets have been produced, e.g. October Household Survey, 1993; South African Labour and Development Research Unit, 1993; Participatory Poverty Assessment, 1995; Income and Expenditure Survey, 1995; and Census 1996 and 2001. In 1993, the World Bank supported a national study of poverty that was undertaken by the University of Cape Town’s South African Labour and Development Research Unit (SALDRU). The initiative was called the Project for Statistics on Living Standards and Development (PSLSD), and is known as either the PSLSD or the SALDRU survey.

While these studies have provided excellent socio-economic information for policy-makers and practitioners at the macro level they are less well suited to providing the data required for micro-level interventions. Thus it is often necessary for agencies such as FARM-Africa to collect specific data about their groups and this information plays a key role in the development of land use plans.

Essentially the livelihood research should build on the outcome of the wealth ranking studies and provide an understanding of the asset status of households as well as the key income sources that enable households either to survive or to thrive. The first exercise was a time line describing the key historical events that had affected the group. Following this, a number of topics e.g. seasonality, income sources, security of livelihoods, shocks (household and society-wide), impact of institutions and organisations on livelihoods, and agriculture were discussed. The group was asked to emphasise how these had changed over the last five years and whether they had had a positive or a negative impact on their livelihoods.

Livelihoods research was undertaken by FARM-Africa at each of its eight land reform groups in the province, and Table 1 below provides some general information about each group. Figure 3 is a radial graph that presents the comparative level of six assets for three per capita income terciles across the whole sample and does not include land received through the

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*Source: Sample survey conducted in January 2004*
government’s land reform programme. The results show that in general the poorest per capita income group is distinguished by its relatively small livestock holdings, low ownership of productive tools, and small land holdings. They did however have the largest number of household members, which the research results suggested were more of a liability than an asset. It should be noted that the radial graph simply presents the comparative levels of asset holdings of the different income terciles. It does not attempt to describe any causal relationships that might exist between assets and per capita income.

Table 2 presents the income portfolios of the sample in 2001, and includes any income that households may have derived from land that they received through the government’s land reform programme. Only 20 households or 17% of the sample were engaged in growing their own fruit and vegetables. Unsurprisingly therefore the contribution that this livelihood activity makes to total income is insignificant. As the radial graph shows households from per capita income terciles I and II have relatively low livestock holdings and income from this asset is also marginal. Livestock (cattle, goats and sheep) were owned by 67 households, i.e. 57% of all households, 49% of this group being tercile III households.

Table 2 shows the results of an examination of the income portfolios of the three per capita income groups, demonstrating clearly that gaining access to the labour market is an important factor in determining a household’s wealth status as well as avoiding poverty. This finding is corroborated by other South African studies (e.g. Leibbrandt et al., 2001; van der Berg, 2001; Woolard and Leibbrandt, 2001; Terreblanche, 2002).

Likewise the table emphasises the considerable contribution that state transfers make to the incomes of the poor. This finding is very unlike the income portfolios of other rural groups in Africa. For example, Ellis and Bahiigwa (2003) show a much greater variety of income sources for the households they studied in Uganda, and Bird and Shepherd’s (2003) work in the communal areas of Zimbabwe demonstrates how rural households draw upon a much greater variety of income sources than the eight case studies investigated in this research. The reason for these distorted livelihoods is due to the discriminatory legislation that
successive governments from about the mid-1950s onwards enacted and which continued a previous gradual process of alienating black people from their capability to construct viable livelihoods based on their own resources (Levin, 1996).

The research findings showed that the richest per capita income group is the one that has been most successful in integrating land use, in particular livestock, into its way of life. This was determined by the amount of income it produced for the households concerned, although it should be noted that income levels were modest across all terciles. However, considering the risks involved in farming in the harsh, arid climate of the Northern Cape, and the difficulty that most households owning few assets would experience in coping with shocks affecting the agricultural sector, a strategy that develops agriculture as a marginal livelihood activity would appear to be rational.

The next study tried to gauge the level of understanding that households had about their land reform project, and their plans for making farming a more integral part of their livelihoods. Questions included naming the farm; its size; its productive potential; its location; the activities undertaken on the farm over the last year; whether the member had been involved in these activities; and what activities they would like to do on the farm. The questions were designed to explore what factors had constrained members from achieving their objectives as well as what solutions were most likely to resolve them. Other questions sought to establish why individuals had become involved in the project in the first instance and whether they had managed to realise their objectives following the transfer of their land.

The information concerning households’ plans for integrating agriculture into their livelihoods is of key importance to the planning sub-committee whose task it is to develop a management plan reflecting the different objectives of the group. The significance of this component of the research process should not be underestimated. If the data collected fail to reflect the various needs of the group, then the land use proposals contained in the final plan are unlikely to be accepted. This will necessitate further work and expense on data collection, analysis and write-up. Likewise if the management committee tries to implement a programme that has not received approval by the community, the probability of conflict arising over resource utilisation is high.

**Research methods**

FARM-Africa used participatory methods to collect the qualitative data, e.g. semi-structured interviews, focus group meetings and key informant interviews. FARM-Africa ensured that its focus group meetings were as representative of the group as possible and included a gender mix, young and old people and individuals from both poor and rich households. While these techniques can provide good-quality information in a relatively short period of time, the reader should be aware of the shortcomings of participatory techniques and is referred to some useful sources (see, for example, White, 2002; Mosse, 1994; Cleaver, 1999; Woodhouse, 1998; Johnson and Mayoux, 1998).

FARM-Africa used a questionnaire-based survey to collect its quantitative data. The questionnaire was designed and then tested on a selection of households to assess its complexity, the time it took to complete and whether the questions were providing the answers required by the project. Most of the data were collected by members of the land reform groups who underwent training before going into the field. A considerable literature exists on the problems encountered when collecting quantitative socio-economic data which the reader may wish to investigate (see, for example, Chambers, 1983; Chambers, 1994a; Chambers, 1994c; Chambers, 1994b; Ellis, 2000 p.185).

FARM-Africa combined both quantitative and qualitative techniques in its data collection process as the consensus view that seems to be emerging from the field methods literature is that the research output will be of higher quality when both quantitative and qualitative methods are used together, since different methods will produce different but complementary data (Chambers, 1983; Chambers, 1994c; Davis and Whittington, 1998; Davies et al., 1999; Woodhouse, 1998; White, 2002).

**Sharing the information**

Where external agents have undertaken the research work, they should present the research highlights to the management committees of the groups. In essence the aim of this step in the PLUP is for the ownership of the research results to be passed from the external agency to the management committee. One factor determining the success of this process is how involved the committee has been in the research exercises; another is their ability to engage with a process that is highly dependent upon their levels of education.

FARM-Africa's research results from the #Khomani San, a land reform group situated in the Kalahari near the town of Rietfontein, showed that on average individuals (both male and females) over the age of 35–40 were illiterate. Also none of the individuals in the households surveyed had had any tertiary education. Only 5% of economically active males (aged between 15 and 60 years) had finished their secondary schooling, while for economically active women it was 11%. Similar results were found with the Dirisanang group situated 70 kilometres north of Kimberley in the town of Warrenton. FARM-Africa's experience is that the low levels of education and knowledge of agriculture hinder the process of transferring ownership of the research findings, and consequently organisations operating in this area must take account of this constraint.

**Management shares the research results with the membership**

This step of the PLUP is relatively short and usually consists of a half-day workshop to which all group members are invited. The management committee takes this opportunity to present a summary of the research results to the group. The meeting should be structured
in such a way as to provide opportunities for members to seek further clarification of the research findings. For example, it may be necessary to provide more information about the productive potential of the farm and the profitability of different activities.

It is also important that the members present are made aware of the key activities households have expressed an interest in implementing and that consensus is reached about them at this stage in the process. There should also be opportunities for members to comment and question the committee about why certain options were chosen and others rejected. If this does not happen, then as emphasised above, the process may lack the support it needs to continue.

Finally, after the results have been presented, discussed and agreed, the management committee explains the roles and responsibilities of the planning sub-committee whose mandate it is to produce a land use plan. Before the meeting concludes the sub-committee should be elected. If the sub-committee is to function effectively, it is essential that members are both literate and have sufficient time to attend at least one two-day planning meeting per month.

**Developing and implementing a land use plan: Some challenges and possible solutions**

FARM-Africa’s experience of working with land reform groups showed that the majority encountered some difficulties whilst engaging with its land use planning methodology. The very low levels of education noted above coupled with the lack of experience of research, administrative and management techniques made it necessary for them to be supported in different degrees throughout the development of their plans. This section focuses on the key components of the plan and emphasises those methods that worked and those that did not.

**Background and natural and physical resources of the group**

Generating the historical background of the group was a comparatively uncomplicated task, carried out as part of the livelihoods research process. However this section of the plan, although relatively brief, introduces the reader to the group and describes some important historical events as well as the most recent results from their agricultural initiatives. This experience was in contrast to the workshops which were designed to facilitate the process of mapping and analysing the natural and physical resources of the groups’ farms. While the participatory methods exist to undertake this work it was very difficult to carry it out in practice because so few individuals had visited their farms. This experience was not confined to FARM-Africa’s eight sites but to other groups elsewhere in the province. The cause of this problem is the difficulty that the DLA experiences in identifying farms for sale situated close to where beneficiaries live. For example, some of the #Khomani San group live approximately 100–200km from their land; the Dirisanang group’s farm is situated about 60 kilometres away, and the emerging farmers of Pofadder have to travel 80 kilometres to reach the farm the DLA purchased in 2000. This ‘distance effect’ is a significant problem because the majority of beneficiaries do not own their own transport, and few taxis run affordable services to their farms because they are not situated on regular routes. Across the sample approximately 50% of those members interviewed cited a lack of affordable transport as a significant factor preventing them from accessing their land.

One possible solution to the ‘distance effect’ might be to allow those members who are interested in farming to settle permanently on their land. However, many of the farms purchased by the government for redistribution purposes include a clause in their constitutions specifying that the land can only be used for agricultural, not residential purposes. This is because the department is concerned that long-term negative effects on agricultural productivity would occur if the construction of homes and other infrastructure were to take place. However, the evidence from the Dirisanang group not surprisingly falsifies this presumption. It is precisely because the beneficiaries cannot settle there that the land and its infrastructure have been neglected, contributing significantly to a decline in its agricultural productivity.

The notion of undertaking either commercial or subsistence farming from a remote location is untenable. To manage livestock effectively, the animals must be monitored regularly and fences and watering points need to be checked and maintained to high standards. Likewise vegetable and cereal crops need constant attention especially during the summer months when regular irrigation is vitally important if the crop is to achieve its productive potential. Expecting relatively poor people with few resources to undertake such exacting tasks from a remote location is unrealistic.

**Financial resources of the group**

This component of the plan outlines the financial resources of the group. Financial capital/resources has been defined by Carney (1998) as ‘the financial resources which are available to people (whether savings, supplies of credit or regular remittances or pensions), and which provide them with different livelihood options’. Examples include livestock, food, jewellery and gold. However, it should be noted that the definition of capital is not exact and there are overlaps, for example, it is possible to define livestock both as natural and financial capital. The process of valuing a group’s resources at the farm level is a relatively simple task; however, the issue of the group accessing credit to finance their agricultural operations is more complicated.

During the apartheid years the government encouraged the agricultural sector to follow a capital-intensive growth path by changing the relative prices of capital and labour in favour of the former. Since the ANC took power there is evidence to show that this process is continuing (van Zyl et al., 2001). Thus many of the farms that are transferred are capital-intensive and many of them are large. For example, the #Khomani
San group was given 37,000 hectares of land, and of the 5500 hectares of land owned by the Dirisanang group 160 hectares has irrigable potential. A study examining the working capital requirements of the Dirisanang group's farms showed that they would need approximately Rand 250,000 per annum (1 US dollar = Rand 11.40) (van Niekerk, 2002).

The research carried out by FARM-Africa demonstrated that only 10 of the 118 households interviewed were accessing the credit market and of those 10 only three were using the monies for productive investment purposes, the majority using it to cover consumption needs such as repaying short-term loans and purchasing food. The average amount borrowed by these individuals was Rand 400 at a mean monthly interest rate of 27%. Evidence from elsewhere in the developing world suggests that poor people often require credit to satisfy immediate consumption rather than investment needs. The data from the case studies supported this finding (Matin et al., 2002).

There is an extensive literature detailing how poor people experience difficulties in accessing the credit market. The problems of lack of information about the borrower; the borrower not having sufficient collateral; the high transaction costs that financial institutions incur when dealing with small borrowers in remote rural areas; and the high risk of default due to the occurrence of shocks or moral hazard all combine to cause the rural credit market in low-income areas to fail.

One way in which to overcome these market failures is for poor people to form Rotating Credit and Savings Associations (ROSCAS) or Accumulating Savings and Credit Associations (ASCRAS) to mobilise community savings. However, the literature on this topic shows that these associations are best suited to provide relatively small loans to meet low-cost immediate consumption needs, and would be unlikely to provide sufficient working capital for beneficiaries to develop their farms (Matin et al., 2002). The research results from the case study groups confirmed this general finding. Considering the large sums required by groups, especially those with irrigable land, it is difficult to imagine how their credit needs can be met through a community-based savings scheme. The transaction costs of coordinating a savings scheme of this kind would be large considering that members do not always live in the same town. Moreover as the benefits derived from the land are often ‘captured’ by a small elite it may be difficult to attract sufficient numbers of member households to participate in a savings scheme. Thus the only source of funds available to many groups is through the government's Land Bank, but a lack of skills in preparing business plans make accessing these funds difficult. Some groups have circumvented this constraint by selling their more liquid assets such as domestic livestock and game species in order to fund immediate cash requirements for repairs to machinery, purchase of essential inputs and the payment of wages. The evidence regarding the adoption of this strategy shows that it is financially unsustainable, one group showing that after four years it had depleted over three-quarters of its herd of beef cattle.

To overcome this market failure, FARM-Africa donated monies (Rand 100,000 to 200,000) to establish a revolving fund facility at each site. Beneficiaries used the fund to establish livestock loan schemes as well as to provide the working capital requirements to finance crop production initiatives. The grant was made on the basis that the monies were to be used as a revolving credit fund whereby members or the management committee could borrow money at market rates and repay the capital sum with interest within a given period of time. On receipt of these monies many of the groups converted their credit into livestock thereby creating a ‘livestock bank’. The scheme has not been running long enough to assess whether it offers a sustainable solution to the failure of the credit market in the province. However, if the groups do manage their funds effectively this may strengthen their negotiating position with a formal lending institution if and when they need to borrow additional monies.

**Farm size**

In the above section, the large size of farms was identified as a factor constraining the ability of groups to integrate land into their livelihoods. One of the key reasons for this is the Sub-Division of Agricultural Land Act, No. 70 of 1970 that prevents the sub-division of agricultural land. Commenting on this act, the DLA White Paper on Land Policy (1997) states that ‘although the act was primarily designed to prevent the subdivision of farms into uneconomic units, it is believed that its principal role has been to operate as a zoning regulation and prevent land subdivision for residential purposes and unauthorised change of use, and that there is general agreement that it must be phased out to free up the land market’. The policy document also claims that repealing this piece of legislation would enable farmers to sell underutilised pieces of land on their farms which would ‘have a positive impact on aggregate production and provide opportunities for resettlement and a mix of farm sizes’ (DLA, 1997).

One of the underpinnings of the Sub-Division of Land Act was the notion of an economically viable farm unit that would provide a livelihood to the household owning the farm. While this may still have some relevance for white households, it is unlikely to hold for the majority of black households who draw on more than one income source. Indeed Francis (1999) argues from the findings of her research in the North West Province of South Africa that basing livelihoods purely or primarily on farming has limited potential. Also Aliber (2003) argues that having access to land in the former homelands can help to raise income levels in a household but it is unable to provide a sustainable pathway out of poverty. In the light of the above an argument can be made for repealing the Sub-Division of Land Act thereby making the land reform programme more responsive to the differing needs of households who wish to incorporate land into their existing livelihood strategies. However, while this argument may be technically rational, it is arguably politically unacceptable as the government has set a target of transferring 30% of South Africa's agricultural land from...
white to black ownership by 2015 (Kepe and Cousins, 2002). The current rate of redistribution is exceptionally slow and during the period 1994 to 2001 only 1.2% of South Africa's agricultural land was transferred (Kepe and Cousins, 2002). Kepe and Cousins (2002) and Lahiff (2001) have grave doubts about the ability of the government to achieve its 30% target, and it is most unlikely that it would consider transferring small parcels of land, administratively as costly as transferring larger pieces of land, when so doing would make the possibility of achieving the land redistribution target even more remote.

**Human resources**

For reasons already discussed above the technical agricultural knowledge of most group members is limited. However, it is often the case that farm workers employed by the previous owner remain living on the farm due to provisions made in the Extension of Security Tenure Act, No. 62 of 1997. Because they have worked on the land, they usually have skills that are relevant to the more practically-oriented farm jobs. Therefore it is of particular importance that the household survey includes questions that elicit this type of information and that all those individuals who have worked on farms are interviewed so this valuable resource is not overlooked.

The household questionnaire designed by FARM-Africa investigated the administrative and managerial experience of group members. The results showed unambiguously that these skills are missing at all sites. This is hardly surprising when one considers that the apartheid regime distorted the labour market by introducing legislation reserving the majority of managerial jobs for white people, and channelled black people into unskilled manual labour (Posel, 1991; Terreblanche, 2002). However without these types of skills the groups experience significant difficulties in developing their natural resources.

While the Department of Agriculture is responsible for providing an extension service, in its current form it is poorly resourced and unable to meet the demands of the newly emerging class of black farmers. While the department undergoes a process of transformation, it is necessary to search for alternative models for delivering agricultural and organisational capacity-building training to group members. In the first instance, FARM-Africa exclusively provided this type of support but has since altered its strategy and now employs farm mentors who work with farm managers as a more sustainable way of transferring agricultural skills and a more effective way of developing day-to-day farm management expertise. While it is too early to evaluate the effectiveness of this model, the lack of support from the Department of Agriculture leaves a clear field to experiment with new extension methods that provide much needed technical agricultural support to land reform groups in the short to medium terms.

Before taking possession of their land, each land reform group is legally obliged to elect democratically an executive committee responsible for managing the group’s affairs. Some of the administrative tasks of the executive committee include:

- preparing annual financial records;
- holding regular meetings to discuss the group’s concerns;
- drawing up agendas and keeping minutes of all meetings;
- investing surplus funds for the benefit of the group;
- negotiating loans from credit institutions;
- letting or selling immovable assets;
- instituting legal proceedings;
- disseminating information;
- satisfactorily resolving either internal or external conflict.

The tasks listed above are demanding, and often complicated. As noted above FARM-Africa’s research showed that many land reform beneficiaries who are over the age of 35–40 have been poorly educated, and are often illiterate. The research findings showed that most executive committee members are over the age of 40 and few of them are either literate or numerate. It is clear that a minimum level of literacy is required to undertake most of the above tasks, although it should be noted that even where a member is literate it is most unlikely that he or she will have experienced these types of administrative tasks, and it is therefore imperative for them to undergo training.

The real danger of expecting office bearers to undertake duties for which they have no qualifications is that over time the frustration of failure leads to them being ignored. When this happens there is the possibility that the executive committee will start to make unilateral decisions that may compromise the future of the project. An example of this was found in the Khomani San project where the management committee was disbanded by the government for improper financial administration.

Group members frequently express their feelings of irritation at the failure of their executive committee to manage their affairs transparently and effectively. Often they foresee the election of a new committee as a way of resolving the inadequacies of the current committee. Unfortunately, this rarely solves the problem because there exists a fundamental mismatch between the skills and experience of group members, and the skills and experience required to manage not only a large, disparate group of people who often have competing and sometimes conflicting objectives, but also a technically sophisticated farm.

It is hoped that, by preparing a land use plan, building a functioning administrative structure, providing access to credit, and recruiting farm managers and mentors, the right organisational conditions will be created to enable the groups to work towards realising their developmental objectives. While these may be necessary conditions they are not sufficient. South Africa has adopted a liberal macro-economic policy that has led to the reform of its agricultural market to such a degree that it is now the second most competitive in the world (van Zyl et al., 2001). An implication of these liberal policies is that South Africa’s agricultural commodities are now traded at export and import parity prices. For a farmer this introduces a
new element of risk (exchange rate risk) that was absent before. The effects of exchange rate fluctuations can be either positive or negative. For example, if the national currency depreciates in relation to the US dollar the farmer will receive more Rands per ton of produce sold than he would have prior to the devaluation. However, the opposite is also true. Likewise, by abolishing commodity tariffs, the government has opened the market to the inherent price instability of global agricultural markets thereby introducing further risk.

In such a volatile market, farmers with sufficient assets to reduce the levels of risk by diversifying their cropping strategies and exploiting opportunities in non-agricultural markets will be better placed to take advantage of market opportunities than those who do not. However, it appears doubtful that households with few assets and relevant agricultural skills can devise poverty reduction pathways by adopting agriculture as a livelihood strategy.

4 CONCLUSIONS

The results showed that the case study groups, despite the geographical spread of the research sites, the different socio-economic and agro-ecological conditions, asset holdings and income sources, demonstrated many similarities. The number of assets owned by households across the sample was limited. The relatively low levels of economic growth combined with heavily distorted factor and product markets that have not changed significantly since the end of apartheid are key to understanding these circumstances.

Likewise poor households’ dependence upon public transfers, especially old age pensions and disability grants, was evident, and the important part that securing waged employment plays in helping households avoid poverty was unambiguous. The contribution that other sources of income make to households’ livelihoods such as agriculture and non-farm self-employment was marginal, and the results demonstrated clearly that most households’ income portfolios were not diversified to any significant extent. Moreover the majority of households had been unable to integrate the land to any significant degree into their livelihoods and its impact on poverty reduction had therefore been minimal.

Comparing the sample with poor rural communities elsewhere in Africa as well as in other parts of the developing world emphasises the distorted character of their livelihoods. These differences may prove to be disadvantageous for South African poverty reduction policy-makers. Because South Africa has such a different socio-economic and institutional setting from other countries, it cannot be assumed that successful poverty reduction policies from elsewhere in the developing world will work in the South African context. For example, the ‘Land for the Tiller’ reform programmes that were implemented in Asia post-Second World War granted land to households already living and working in farming either as waged employees or as tenants (Atkins, 1988; Adams, 1995; Lieten, 1996). Rural black South Africans are in markedly different circumstances from this Asian example as they were prevented from making farming the main component of their livelihoods for over 100 years. Moreover the goal of achieving poverty reduction is made more complex by the lack of knowledge about the causes of poverty in South Africa, and by the lack of clarity of policy-makers about what policy instruments will work (Aliber, 2003).

What the research findings suggest with relation to the land reform programme is that either policy-makers are not considering the downstream institutional effects of apartheid sufficiently or they are recognising them but not engaging with them for economic and political reasons (Terreblanche, 2002). Apartheid agricultural policies such as the manipulation of the credit market in favour of a capital-intensive growth path and the restrictions on land sub-division are still in existence and they combine to create significant barriers to the establishment of a would-be black farming class that is characterised by, amongst other things, a lack of productive assets. Somewhat paradoxically recent ANC agricultural policies such as the liberalisation of its agricultural market have substantially increased risk for new entrants.

While some form of input price subsidies and output price stabilisation would help to protect farmers from global commodity price fluctuations, it is most unlikely under the current macro-economic circumstances that the government would introduce any market-distorting measures of this kind, as their membership of the Cairns Group would preclude such interventionist behaviour. Moreover, input price subsidies are more widely out of favour as an instrument for farm support.

While there is a pressing need to provide a range of technical support services to emerging black farming groups as well as formulating land use plans to guide the implementation process, FARM-Africa’s four years of research and practical experience in the Northern Cape Province suggest that if the land reform programme does not undergo some considerable internal modifications to address the constraints outlined above, and if it is not possible to create a more favourable macro-economic environment for the emergence of a would-be black farming class, then land reform’s ability to act as an effective poverty-reduction policy strand would appear to be limited.

REFERENCES


Implementing land reform in South Africa’s Northern Cape Province


ENDNOTES

1 The #Khomani San group’s farms are situated approximately 100 kilometres to the east of the town of Rietfontein while the majority of the Dirisanang group lives in Warrenton, situated north of Kimberley.

2 This element of the land reform programme is the cause of much on-going debate. There are real concerns that the government’s new Communal Land Rights Bill [B67 – 2003] (CLRB) is flawed. For example, the bill is accused of breaching various sections of the South African constitution, in that it does not respect, protect, and promote the rights of women. Moreover it is proposing to give considerable land ownership and administrative powers to tribal authorities and traditional councils dominated by un-elected traditional leaders. Also the volatile process of boundary demarcation is to be vested solely with the Minister of Land Affairs and fails to include community participation which may lead to social unrest if it is not implemented transparently.

3 State transfers included are the old age pension, the disability grant and three types of child grant: the care dependency grant, the foster child grant and the child support grant.

4 FARM-Africa’s research shows that less than 20% of households have managed to integrate land into their livelihood.

5 The management committee of the group select farm manager(s) with support from FARM-Africa and the job(s) is usually only open to group members (the intention being to develop the capacity of the group rather than outsiders). The farm mentors are either working or recently retired white commercial farmers, often the previous landowners, and have extensive knowledge of farming. Their ability to train black farmers in agricultural skills is, however, much less certain.

6 In restitution and redistribution projects the legal entity that owns the land is called a communal property association and in so-called commonage projects (common land) it is a commonage entity that owns the land is called a communal property association and in so-called commonage projects (common land) it is a commonage entity that owns the land is called a communal property association and in so-called commonage projects (common land) it is a commonage entity that owns the land is called a communal property association and in so-called commonage projects (common land) it is a commonage entity that owns the land is called a communal property association and in so-called commonage projects (common land) it is a commonage entity.

7 When the African National Congress came to power, it joined the so-called Cairns Group of countries committed to achieving a fair and market-oriented agricultural trading system. In keeping with this goal the South African government has reduced its agricultural subsidies.