‘Willing Buyer, Willing Seller’: South Africa’s failed experiment in market-led agrarian reform

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ABSTRACT Since its transition to democracy, South Africa has implemented a multifaceted programme of land reform to address problems of historical dispossession and rural poverty, relying heavily on the concept of ‘willing buyer, willing seller’. This version of market-led agrarian reform has been influenced by the World Bank but enjoys support from landowners and elements within the ruling African National Congress committed to maintaining the structure of large-scale, capital-intensive farming. Central to the South African approach is the voluntary acquisition of land, but also important have been the methods of beneficiary selection, of farm planning and of post-settlement support, all of which have been influenced by the market-led approach and serve to discriminate against the very poor. The rate of land transfer remains far below official targets and the limited available evidence suggests that, where land has been transferred, it has made little positive impact on livelihoods or on the wider rural economy. Key to understanding the slow pace of reform is the lack of mobilisation and militancy among the rural poor and landless, who to date have had minimal influence over the design and implementation of the land reform programme.

Since its transition to democracy in 1994 South Africa has adopted a strongly pro-market approach to land reform, influenced by conservative forces within the country and international backing for market-assisted agrarian reform (MLAR), particularly from the World Bank. A slow rate of land transfer, however, has led to calls for a more radical approach that would effect a more rapid redistribution of land from the white minority to the black majority, but has not been backed up by mobilisation of the landless and has yet to deflect the state from its chosen path.

In contrast to countries such as Brazil and the Philippines, where market-led agrarian reform evolved from, and has not entirely replaced, longer-running processes of ‘state-led’ reform, South Africa’s land redistribution programme has fallen entirely within the era and the parameters of MLAR. Factors that made South Africa a candidate for MLAR—apart from the timing of its liberation—were the extreme inequalities in landholding.

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(particularly along racial lines), the highly commercialised nature of South African agriculture, the presence of a well developed land market and the commitment of the incoming African National Congress (ANC) government to neoliberal economic policies and ‘national reconciliation’. Moreover, the historical path of agricultural development in South Africa—specifically, the dispossession or extreme marginalisation of smallholders and tenant farmers and the consolidation of production in the hands of relatively few large-scale producers—meant that a ‘land to the tiller’ approach was not a realistic option. Land reform, to be meaningful, would have to be fundamentally redistributive, benefiting not only those currently involved in agriculture but also those who had long been dispossessed.

From colonial dispossession to democratic reform

The extent of dispossession of the indigenous population in South Africa, by Dutch and British settlers, was greater than in any other country in Africa, and persisted for an exceptionally long time. European settlement began around the Cape of Good Hope in the 1650s and progressed northwards and eastwards over a period of 300 years. By the mid-20th century most of the county, including most of the best agricultural land, was reserved for the minority white settler population, with the African majority confined to just 13% of the territory, the ‘native reserves’, later known as African Homelands or Bantustans.

At the end of apartheid roughly 82 million hectares of commercial farmland (86% of total agricultural land, or 68% of the total surface area) were in the hands of white people (10.9% of the population), and concentrated in the hands of some 60,000 owners. Over 13 million black people, the majority of them poverty-stricken, remained crowded into the former homelands, where rights to land were generally unclear or contested and the system of land administration was in disarray. These areas were characterised by extreme poverty and under-development relative to the rest of the country. On privately owned (white) farms millions of workers and their families faced tenure insecurity and lack of basic facilities. Today, South Africa has one of the most unequal distributions of income in the world, and income and material quality of life are strongly correlated with race, location and gender.

The negotiated transition to democracy in South Africa (1990 – 94) left much of the power and wealth of the white minority, including land ownership, intact. The international political and economic climate had also shifted decisively, and the old certainties that had informed both the nationalist and the socialist wings of the liberation movement, led by the ANC, were fading fast. The new Constitution guaranteed the rights of existing property owners but also granted specific rights of redress to victims of past dispossession and set the legal basis for a potentially far-reaching land reform programme.

South African agriculture is dualistic in nature, with a highly developed and generally large-scale commercial sector coexisting with large numbers of small-scale farmers on communal lands. Some 82% of the total surface area of the country is available for agricultural use, but relatively low rainfall,
particularly in the western parts of the country, means that the majority is suitable only for extensive grazing. The scarcity of good quality land, and the domination of the agricultural sector by high-value products such as meat and fruit (much of it for export), has major implications for land reform, especially where demand is for small plots for production of staple food crops.

The white-dominated commercial sector generates substantial employment and export earnings, but contributes relatively little to GDP in what is today a highly urbanised and industrialised economy. While close to half of the black (African) population continue to reside in rural areas, most are engaged in agriculture only on a very small scale, if at all, and depend largely on non-agricultural activities for their livelihood, including migration to jobs in the urban areas, local wage employment and state welfare grants. South Africa had a thriving African peasant sector in the early 20th century, but this was systematically destroyed by the white settler regime on behalf of the mines, which demanded cheap labour, and of white farmers demanding access to both land and labour. Thus, a key challenge set for itself by the government of the ‘new South Africa’ was how to redress historical injustice, combat rural poverty and contribute to economic development, without destroying the advanced agricultural sector or alienating politically conservative white landowners.

**South Africa’s land reform policy**

The Constitution of the Republic of South Africa sets out the legal basis for land reform, particularly in the Bill of Rights. Section 25 places a clear responsibility on the state to carry out land and related reforms, and grants specific rights to victims of past discrimination. It allows for expropriation of property for a public purpose or in the public interest, subject to just and equitable compensation, and states explicitly that ‘the public interest includes the nation’s commitment to land reform, and to reforms to bring about equitable access to all South Africa’s natural resources’.

The policy framework for land reform was set out in the 1997 *White Paper on South African Land Policy* and identifies three broad categories of reform:

- **land restitution**, which provides relief for victims of forced dispossession;
- **land redistribution**, a discretionary programme to redress the racial imbalance in landholding;
- **tenure reform**, intended to secure and extend the tenure rights of the victims of past discriminatory practices.

The objectives of the redistribution programme, and the preferred means of achieving them, are described in the White Paper thus:

The purpose of the land redistribution programme is to provide the poor with access to land for residential and productive uses, in order to improve their income and quality of life. The programme aims to assist the poor, labour
tenants, farm workers, women, as well as emergent farmers. Redistributive land reform will be largely based on willing-buyer willing-seller arrangements. Government will assist in the purchase of land, but will in general not be the buyer or owner.

While tenure reform and restitution include an element of redistribution, it is the redistribution programme itself that is expected to make the most substantial contribution and benefit the greatest number of people. The legal basis for redistribution is the Provision of Land and Assistance Act of 1993, but this is no more than an enabling act that empowers the Minister of Land Affairs to provide funds for land purchase. The details of the redistribution programme are thus contained in various policy documents, rather than in legislation.

The foundations for the South African land reform programme were laid during the negotiated transition to democracy, when the ANC (the dominant element within the liberation movement) was itself in rapid transition from a Marxist-influenced national liberation movement to a neoliberal party of government. The concept of ‘willing buyer, willing seller’ entered the discourse on land reform gradually during the period 1993–96. It was entirely absent from the ANC’s Ready to Govern policy statement of 1992, which instead advocated expropriation and other non-market mechanisms, and from the Reconstruction and Development Programme, the manifesto on which the party came to power in 1994. By the time of the White Paper on South African Land Policy of 1997, however, a market-based approach, and particularly the concept of ‘willing buyer, willing seller’, had become the cornerstone of policy. Such an approach was not dictated by the South African Constitution, which makes explicit provision for expropriation for purposes of land reform and for compensation at below market prices, but was rather a policy choice, in line with the wider neoliberal (and investor-friendly) macroeconomic strategy adopted by the ANC in 1996.

Until 2000 redistribution policy centred on the provision of the Settlement/Land Acquisition Grant (SLAG), a grant of R16 000 available to qualifying households with an income of less than R1500 per month. This phase of the redistribution programme was generally described as targeting the ‘poorest of the poor’, which it appears to have done with some success, but was also widely criticised for ‘dumping’ large groups of poor people on former commercial farms without the skills or resources necessary to engage in agricultural production.

Since 2001 SLAG has been effectively replaced by a programme called Land Redistribution for Agricultural Development (LRAD), which was introduced with the explicit aim of promoting commercially oriented agriculture but claimed to cater to other groups as well. The new policy offers higher grants, paid to individuals rather than to households, and makes greater use of loan financing through institutions such as the state-owned Land Bank. Beneficiaries can access LRAD grants from R20 000 to R100 000. All beneficiaries must make a contribution, in cash or kind, the size of which determines the value of the grant for which they qualify, although this
requirement is, in practice, waived for those applying at the bottom of the scale.

Most redistribution projects have involved groups of applicants pooling their grants to buy formerly white-owned farms for commercial agricultural purposes. This emphasis on group projects has largely been the result of the small size of the available grant relative to the size and cost of the typical agricultural holding and of a general hostility—among sellers of land and state officials—to the sub-division of land (see below). Under LRAD, however, there has been a move towards smaller groups, including extended family groups, because of the increased availability of finance in the form of both grants and credit. In addition, the removal of the income ceiling for applicants has facilitated the entrance of black business people into the redistribution programme, who are able to engage more effectively with officials and landowners in order to design projects and obtain parcels of land that match their needs.

Less commonly groups of farm workers have used the grant to purchase shares in existing farming enterprises, especially in areas of high-value agricultural land such as the Western Cape. While these ‘share-equity schemes’ are often seen as one of the more successful types of land reform in South Africa, they have also been criticised for perpetuating highly unequal relations between white owner-managers and black worker-shareholders, and for providing little by means of material benefits to workers. Since 2001 state land under the control of national and provincial departments of agriculture has also been made available for purchase. Over 700 000 hectares of land have been provided in this way, much of it transferred in freehold title to existing black occupiers, including many associated with the former homeland administrations. A separate grant, the Grant for the Acquisition of Municipal Commonage, has been made available to municipalities wishing to provide land for use by the poor, typically for grazing purposes.

In terms of overall achievements, land reform in South Africa has consistently fallen far behind the targets set by the state and behind popular expectations. In 1994 virtually all commercial farmland in the country was owned by white people, and the incoming ANC government set a target for the entire land reform programme to redistribute 30% of this within a five-year period. The target date was subsequently extended to 20 years (ie to 2014), but, at current rates, this target is most unlikely to be met—by 2006 only 4.1% of agricultural land had been transferred under all aspects of the programme. Government has tended to attribute this slow progress to resistance from landowners and the high prices being demanded for land, but independent studies point to a wider range of factors, including complex application procedures, budgetary limitations and bureaucratic inefficiency.

By July 2006 a total of 3.4 million hectares had been transferred through the various branches of the land reform programme, benefiting an estimated 1.2 million people (see Table 1). The greatest amount of land (43.8%) was transferred under the redistribution programme, with lesser amounts being transferred through restitution, state land disposal and tenure reform. The total area of land transferred is equivalent to 4.1% of the agricultural land in
white ownership in 1994 but because much of the land transferred under restitution and tenure reform, as well as some of the land under redistribution and all the land under State Land Disposal, was land that was formerly under state ownership, the actual impact on white-owned land is considerably less. Missing from these statistics is the amount of ‘pure’ market-based redistribution (ie land sales unconnected with the official land reform programme) and, more significantly, the vast number of farm dwellers (workers, tenants and their dependants) who have lost access to land on white-owned commercial farms since 1994. A recent study by Wegerif, Russell and Grundling found that over two million farm dwellers—including some tenant farmers engaged in independent production—had been displaced between 1994 and 2004, more than had been displaced in the last decade of apartheid (1984–94) and more than the total number of people who had benefited under all aspects of the official land reform programme since it began. It must be emphasised that the precise achievements of the land reform programme are a matter of intense debate, largely thanks to a lack of detailed reporting by the state agencies involved.

The weaknesses of current policy—and the criticisms raised by land reform activists—have been increasingly acknowledged by politicians and officials of late. The National Land Summit held in July 2005 heard calls for the review or even abandonment of the ‘willing buyer, willing seller’ approach from activists and senior political figures, among them the deputy president and the then minister of land affairs. Government has since signalled its commitment to a more proactive approach to land purchase, and to a greater role for local government, but it appears unlikely that this will translate into any fundamental departure from the principles of market-led reform.

**Competing visions of land reform**

While the South African land reform programme is usually described as market-led (or market-based), it differs from other versions of MLAR in a number of important respects. It is argued here that, taken in its entirety, the South African land reform programme should be seen not as a single and

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**TABLE 1. Total land transfers under South African land reform programmes, 1994–2006**

<table>
<thead>
<tr>
<th>Programme</th>
<th>Hectares redistributed</th>
<th>Contribution to total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redistribution</td>
<td>1,477,956</td>
<td>43.8</td>
</tr>
<tr>
<td>Restitution</td>
<td>1,007,247</td>
<td>29.9</td>
</tr>
<tr>
<td>State land Disposal</td>
<td>761,524</td>
<td>22.6</td>
</tr>
<tr>
<td>Tenure Reform</td>
<td>126,519</td>
<td>3.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,373,246</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source:* Department of Land Affairs, power point presentation to Nedlac by Mr Mduduzi Shabane, Deputy Director-General, 24 August 2006.
coherent policy approach, but rather as the outcome of competing imperatives and contending political forces. The result is a messy compromise that has proven to be extremely slow and has failed to deliver on its key policy objectives. Part of the explanation for this must be the low levels of mobilisation (and the absence of militancy) among the rural poor and landless, which has left the design and implementation of land reform policies to be shaped by state officials and their technical advisors and, less directly, by landowners through their power to withhold land from the programme.

While land reform has never been a very prominent issue within South African politics—when compared to issues such as unemployment, housing or HIV/AIDS—there has been considerable ideological contestation around the subject since the transition to democracy began in the early 1990s. Much of the debate has been pursued at a relatively abstract, rhetorical level, with recurring calls from land reform activists, politicians and others to ‘speed up’ the process of reform, or to ‘get tough’ with landowners (as a group) and to provide land for the poor and the landless, effectively as abstract categories. This is unfolding largely in the absence of parallel struggles on the ground where identifiable groups of people might mobilise to acquire specific pieces of land for particular purposes.

A powerful lobby of both conservatives and liberals has argued for the preservation of the existing, large-scale commercial agricultural sector, albeit with varying degrees of acceptance of the need to increase black participation within the sector. This position draws support from landowners, needless to say, but also from powerful business interests and, more surprisingly, from elements within the government’s Department of Agriculture and the ANC itself. Much of this loose coalition can be considered hostile to radical land reform but accepting of the need to create a more ‘inclusive’ commercial agricultural sector and to defuse social tensions, if only for reasons of political stability. For the big business-aligned Centre for Development and Enterprise land reform is about ‘deracialising land ownership in commercial agriculture, and “normalising” the countryside’. The needs of the rural poor and landless, it argues, can best be addressed within the urban and industrial sectors, and in the development of the existing black rural areas (ie the former homelands) rather than through any restructuring of landholding or of the large-scale agriculture sector.

A second body of opinion—which combines elements of neoliberalism and neo-populism—argues for reform of landholding and the agricultural sector via the market. This position—articulated most prominently by the World Bank and drawing support from a range of academics and policy analysts within South Africa and internationally—argues that South Africa’s large-scale commercial sector is inefficient, thanks to decades of subsidies, protectionism and discriminatory policies and should be restructured to allow the emergence of more ‘family size’ farms. Black people wishing to enter or expand within the agricultural sector should be provided with assistance to enter the land market and compete with large-scale commercial farmers. Within the country, this approach is most actively supported by proponents of Black Economic Empowerment (BEE), the South African
version of affirmative action, who advocate redistribution to black ‘entrepreneurs’ but who generally oppose radical restructuring in favour of the poor. It has also been seized upon enthusiastically by landowners because of the seemingly objective arguments it presents in favour of voluntarily negotiated purchases at market prices, and by a government keen to deflect popular expectations of a more radical, interventionist, policy.

A third, broad, position articulates a more radical (‘populist’) version of land reform. Drawing support from the mass popular mobilisation against apartheid, in which the ANC played a central role, this position has been framed largely in terms of restorative justice—‘return of the land’—and calls for direct intervention by the state to effect a widespread redistribution of land to the poor and landless, often accompanied by calls for minimal compensation to landowners.28 This position undoubtedly enjoys widespread support among the organisations of the poor and landless, such as the Landless People’s Movement, NGOs associated with the former National Land Committee and the newer Alliance of Land and Agrarian Reform Movements (ALARM), as well as the grassroots membership of the ANC.

Most attention from this loose coalition has been focussed on pressurising the state to take action against white landowners in general, with little mobilisation around concrete demands at a local level. Land occupations—the most direct expression of demand for land—have been rare and almost entirely restricted to peri-urban areas, where the demand is primarily for land for housing rather than for agricultural production. The negotiating power of civil society was further weakened by the collapse, resulting from internal tensions, in 2004 of the National Land Committee (NLC), a federation of provincial non-governmental organisations, which was for many years the foremost voice for land reform. An associated grouping, the Landless People’s Movement (LPM), loosely modelled on Brazil’s Movimento dos Trabalhadores Rurais Sem Terra (MST), emerged in various parts of the country between 1999 and 2004, but it too had collapsed by the time of the National Land Summit in 2005.29 A new coalition, the aforementioned ALARM, has more recently emerged but, like the former NLC, it consists mainly of provincially based NGOs and lacks a mass membership base.30

Notably absent from the mainstream discourse is a radical, small farmer position that focuses on the provision of relatively small plots of land to poorer households for production of staple foods, within an appropriate (state-assisted) support structure. Several critiques of the dominant policy discourse, and suggestions for greater emphasis on smallholder production and poverty alleviation, have been put forward, mainly by academics and a few local NGOs, but these have had little influence on the policy process to date.31

In the sections that follow critical areas of land reform in South Africa are examined, looking at both the ideological factors that have shaped policy and their practical outcomes. Of these, the methods of land acquisition and compensation are the most controversial and have received the most attention from all sides in the debate to date. The other three—beneficiary
selection, farm planning and post-transfer support—have been relatively neglected, both by analysts and by actors within the reform process.

**Land acquisition and compensation**

The critical question of how land for redistribution is to be acquired, and the compensation (if any) to be paid, was resolved in favour of the ‘willing buyer, willing seller’ model in the White Paper of 1997, which effectively granted landowners absolute discretion over participation in the land reform programme. This discretion applies most directly in the areas of land redistribution and farm workers’ tenure reform, but it also heavily influences the rights-based restitution process which, in theory and in law, falls outside the ‘willing buyer, willing seller’ paradigm.

While there is certainly an active land market in South Africa, there is reason to believe that much of the land being transacted is not available to land reform beneficiaries. Good quality land that comes onto the open market tends to be sold by public auction or private contract and transfer of ownership typically takes place within a few months of the initial offer to sell. Funding applications from would-be land reform beneficiaries generally take significantly longer than this to process and must be linked to a specific property. Moreover, the size of farms in South Africa generally tends to be much larger than what would be suitable for new entrants to the agricultural sector, a problem compounded by a general unwillingness among landowners to sell off portions of their land and strong official bias against subdivision (see below).

The official approval process for grant applications requires, among other things, a written agreement to sell from the landowner, an agreed price that is confirmed as ‘market-related’ by an independent valuer and a detailed farm plan, all of which can take anywhere between three months and two years to assemble. Thus would-be beneficiaries cannot participate in auctions, or ‘shop around’, or confirm a purchase within the usual timeframe demanded by the market, and so are excluded from the great majority of land sales. The ‘willing sellers’ are, in practice, required to wait for an extended period for confirmation of sale, and face the risk that the application will be turned down on technical grounds or because of an absence of available funds.

While little firm evidence has been produced on this point to date, it seems reasonable to assume that only a landowner who is exceptionally committed to the cause of land reform, or who cannot dispose of land by other means (because of poor location or quality of land, for example), would be likely to enter into a land reform transaction.

An integral part of the landowner veto is the freedom to negotiate their own price which should, in theory, be market-based, or market equivalent. Aliber and Mokoena argue that MLAR places landowners in a strong negotiating position because of the limited number of properties being offered for land reform purposes, because applicants often have a strong preference for a particular property (because of its proximity to their current residence or because of ancestral connections), and because of the additional
cost that would be incurred (for government and applicants) if negotiations were to collapse and the lengthy planning process had to begin again for another property. Payment of market prices has been strenuously opposed by organisations representing landless people, as demonstrated at the National Land Summit of July 2005, and has been declared ‘non-negotiable’ by landowners. While the land market has reacted to changes in the wider political and economic environment during the transition to democracy, the scale of the land reform programme itself has been too small to have had any discernible impact on supply or price of land.

Prices paid for land for reform purposes are, in practice, set by professional land valuers retained by the Department of Land Affairs (DLA), who generate their own estimate of ‘market price’ based on factors such as recent sales of comparable properties in the area. Where such an estimate falls below the asking price of the landowner, some limited negotiation is entered into between the DLA and the landowner and landowners are free to accept or reject the offer made by DLA. The intended beneficiaries have no direct role in this process, and therefore have no power to influence the price paid or the final outcome of the negotiations. Cases have been reported of deals falling through because of miniscule differences between the asking price and the amount offered by DLA, suggesting that negotiating skills may not be adequate amongst DLA officials.

A specific claim of MLAR is that, by paying landowners cash prices at the time of sale, it will make itself attractive to landowners and keep prices down, but this does not appear to be the case in South Africa. Landowners and their representatives complain not only of the lengthy and cumbersome bureaucratic procedures around sale agreements, but also of delays in payment once agreement has been reached. Cases have been reported of landowners waiting up to four years for their money. In a study from the Northern Cape Province, Tilley identified a perception among landowners that both land reform applicants and the DLA were ‘unreliable’ negotiating partners: applicants because they did not have autonomy to engage in negotiations on their own behalf and remained dependent on officials to determine the ultimate grant amount and to finalise the transaction; DLA because of ‘its protracted procedures, negotiating style and phased project cycle’.

Price setting thus occurs through bureaucratic processes that bear only a distant relationship to the workings of the ‘real’ land market. ‘Willing sellers’ and ‘willing buyers’ find themselves caught up in often-protracted and obscure processes dominated by officials attempting to apply market principles, a far cry from ‘the independent encounter of willing buyers and sellers in the market’ envisaged by its proponents. The bureaucratic complexity of the process does not make it attractive to landowners, while limited grant sizes, limited budgets, lengthy and restrictive approval processes and landowner prejudice combine to ensure that would-be land reform beneficiaries are restricted to a small proportion of the land coming onto the market every year, and often end up with land that is of relatively poor quality and more extensive that they would wish. The failure to introduce any specific measures to increase the supply of land for redistribution—and
particularly the lack of any credible threat of expropriation—not only limits the impact of reform but also fails to send a clear political message to landowners as to what, if anything, is required of them under the reform programme.

Beneficiary targeting

In line with World Bank recommendations the South African redistribution programme is premised on the principle that the beneficiaries will ‘self-select’, rather than be selected by government officials. In practice, little is known about the type of people benefiting from land reform, those who apply and are rejected, and those are not being reached by the programme at all. Since its inception the South African land reform programme has been beset by a lack of basic information, arising from inadequate (and often non-existent) systems for monitoring and evaluation. This results in a dearth of reliable data on the socioeconomic characteristics of beneficiaries entering the programme as well as on the impact of land reform on livelihoods and the broader economy. While some of this can be attributed to poor data management systems within the Department of Land Affairs, much of the problem—especially regarding the socioeconomic profile of beneficiaries—results from the fact that relevant data is simply not collected in the first instance. Hence there has been considerable speculation around who exactly is benefiting from the programme and how this might be changing over time.

The few studies available suggest that only a small proportion of the landless and land-hungry are gaining access to the programme; that they are predominantly literate males over 40 years of age; and, increasingly, that they are those with access to wage income (including pensions), rather than the unemployed, and have relatively good access to information.

While land reform policy officially aims to reach a range of beneficiaries—including women, young people, the unemployed, farm workers and aspirant commercial farmers—there has been a discernable shift in policy in favour of the latter group in recent years. This is manifested in two main ways—the size of individual grants (and loans) awarded, and the criteria used to evaluate ‘business plans’ (ie farm planning—see below). Since 2001 the size of grants awarded to successful land reform applicants has been determined by the size of ‘own contribution’ made by the applicant. Own contribution can be in cash or in kind (eg agricultural equipment or livestock). Grants can also be used to leverage loans from the state-owned Land Bank (and visa versa: loans can be used as ‘own contribution’ to leverage grants), further favouring those with demonstrable assets. Own contributions do not necessarily contribute to the purchase of land, especially when the contribution is in kind rather than in cash, meaning that the land is in most cases purchased entirely from the land reform grant (or less commonly, by a combination of grant and loan). Far from being a ‘contribution’ to the farming enterprise, and thereby ensuring commitment (or ‘buy-in’), as the advocates of MLAR would suggest, ‘own contribution’ in the South African case simply qualifies the applicant to a greater or lesser degree of financial support, as estimates of
asset worth are used to ‘reward’ applicants with varying levels of grants and loans.

Early in the South African land reform programme Zimmerman identified a range of barriers created by the concept of ‘demand-led rationing’, or self-selection, that is likely to exclude poorer groups, highlighting the lack of clarity within policy on the intended beneficiaries of land reform and the likelihood that a demand-led programme would be driven largely by considerations of racial equity that assume a homogenous black population.\(^{44}\) Ongoing failure to define clearly the intended beneficiaries of land reform, the lack of a specific poverty alleviation strategy, an emphasis on economic ‘viability’ and a chronic failure to monitor the programme suggest that this exclusion of poor and marginalised groups is likely to continue.

**Farm planning**

Apart from the ways in which land is acquired, and beneficiaries selected, the South African land reform has been shaped by highly conservative farm (or project) planning. Two particularly problematic issues stand out—the general failure to subdivide large properties and the imposition of unrealistic ‘business plans’.

Subdivision of agricultural holdings was legally prohibited under apartheid (in terms of the Subdivision of Agricultural Land Act of 1970) and, although the law has now been repealed by parliament, it has been waiting over four years for the presidential signature necessary to give it effect. Before the repeal of this Act subdivision of land for land reform purposes was already exempt from its provisions, but little or no use was made of this. Indeed, subdivision of land is seen as an expensive and administratively cumbersome process by landowners and is unlikely to be undertaken by them even once all legal obstacles have been removed.\(^{45}\) The result is that land continues to come on to the market in relatively large holdings, and groups of would-be beneficiaries are obliged to pool their grants in order to acquire them. No assistance is provided to beneficiaries wishing to subdivide properties after acquisition. The failure to subdivide is arguably the single greatest contributor to the failure and general underperformance of land reform projects, as it not only foists inappropriate sizes of farms on people (and absorbs too much of their grants in the process) but also forces them to work in groups, whether they wish to do so or not.\(^{46}\)

Efforts by official agencies to preserve the structure of South African agriculture extend from a general antipathy to subdivision to the imposition of commercially oriented business plans on beneficiaries as a condition of their land reform grant. Business plans are typically drawn up by government-appointed consultants (or, less commonly, by officials of one of the provincial departments of agriculture), who often have minimal contact with the intended beneficiaries. Such plans typically provide ultra-optimistic projections for production and profit, based on textbook models drawn from the large-scale commercial farming sector, and further influenced by past use of the land in question.\(^{47}\) Production for the market is usually the
only objective, and plans typically require substantial loans from commercial sources, purchase of heavy equipment, selection of crop varieties and livestock breeds previously unknown to the members, hiring of labour (despite typically high rates of unemployment among members themselves) and sometimes the employment of a professional farm manager to run the farm on behalf of the new owners. Failure to obtain loans, as is often the case, renders the business plan unworkable, yet officials usually insist that beneficiaries comply with such plans and make this a condition for the release of discretionary grants to which beneficiaries are entitled. In cases where credit has been accessed in order to implement the business plan, there have been widespread reports of defaults on loans (but no official data), leading to some threatened repossession of properties by the banks.

A central weakness of most business plans is that they assume that the land will be operated as a single entity (ie as used by the previous owner), regardless of the size of the beneficiary group. As argued above, because of the lack of support for subdivision, beneficiaries are often obliged to purchase properties much larger than they need, and even to expand the size of groups to aggregate sufficient grants to meet the purchase price. This results in widespread problems of group dynamics as former single-owner farms are turned into agricultural collectives. Official policy documents are remarkably silent on the preferred forms of land use, and nowhere in the official discourse are the words ‘collective’ or ‘group farming’ used, yet attempts at collective farming have become a hallmark of land reform projects in South Africa. Legally virtually all land transferred under the land reform programme is owned by either a Communal Property Association or a Trust, on behalf of the named members (beneficiaries). These land-owning institutions have been widely criticised as dysfunctional—many are in practice inoperative—and for leaving the rights of members ill-defined and poorly protected.

The official emphasis on commercial ‘viability’ has increased considerably since the beginning of the land reform programme. Within months of being launched as a ‘sub-programme’ of redistribution, LRAD had virtually replaced SLAG, with the result that the ‘commercial’ logic of LRAD is now applied to all land reform applicants, regardless of their resources, abilities or stated objectives. Applications that propose small-scale (‘subsistence’) production or the break-up of existing farm units stand little chance of being approved under the current system, even though various studies suggest that such small-scale land use is the most sought-after by the rural poor and landless.

Conservative elements within the country—which appear to include most of the agricultural ‘establishment’ of landowners, agricultural economists and officials of the Departments of Agriculture and Land Affairs – are opposed to any change in agrarian structure, of which subdivision would be the most obvious sign, and make extensive use of the language of ‘viability’. This feeds directly into the arguments for ‘deracialisation’, whereby conservative and some more progressive forces agree on the need for a change in the racial profile of landownership, but reject major restructuring along class lines.
(ie from relatively few large units to many smaller units). Subdivision is advocated by the World Bank and those aligned to it, but the Bank appears to have had remarkably little influence over policy in this respect. Radical and populist elements have not called for subdivision of property or individualisation of production, suggesting that they do not see it as an issue, perhaps because of an ideological antipathy to private enterprise and sympathy for collectivist solutions, whether of the socialist or traditional African variety.

Thus a defining characteristic of South African land reform policy is that beneficiaries—no matter how poor or how numerous—are required to step into the shoes of former white owners and continue to manage farms as unitary, commercially oriented enterprises, while alternative models, based on low inputs and smaller units of production, are actively discouraged. This inappropriate model, and the tensions within beneficiary groups that emerge from it, are largely responsible for the high failure rate of land reform projects, as discussed below.

**Post-settlement support**

A lack of support services to newly resettled beneficiaries of land reform has, of late, been identified as a major weakness in South Africa’s land reform. In terms of market-led reform beneficiaries are not expected to rely exclusively on the state for post-settlement support services, but to access services from a range of public and private providers. Recent studies show that land reform beneficiaries experience numerous problems accessing services such as credit, training, extension advice, transport and ploughing services, and veterinary services, as well as input and produce markets.

Services that are available to land reform beneficiaries tend to be supplied by provincial departments of agriculture and a small number of non-governmental organisations, but the available evidence would suggest that these only reach a minority. For Jacobs the lack of post-settlement support stems from a general failure to conceptualise land reform beyond the land transfer stage, and from poor communication between the national Department of Land Affairs (responsible for land reform), the nine provincial Departments of Agriculture (responsible for state services to farmers), and local government, responsible for water, electricity and other infrastructure.

The need for additional support for land reform beneficiaries has of late been acknowledged by the Ministry of Agriculture and Land Affairs and has led to the introduction, in 2004, of a new Comprehensive Agricultural Support Programme (CASP), with a total of R750 million allocated over five years. Since 2005 a new micro-credit programme, the Micro-Agricultural Finance Schemes of South Africa (MAFISA), has also been established by the state to provide loans to small farmers, including land reform beneficiaries, but the impact of these initiatives has yet to be reported.

The well developed (private) agri-business sector that services large-scale commercial agriculture has shown no more than a token interest in extending
its operations to new farmers. The principal explanation for this, of course, is that land reform beneficiaries are, on the whole, so cash-strapped that they are not in a position to exert any effective demand for the services on offer, even if these services were geared to their specific needs.

The problems of post-settlement support have been raised by various commentators and analysts but have not been a major concern for some of the radical–populist groups, which can perhaps be seen as part of a general tendency to focus on the ‘headline’ political issue of land acquisition rather than on the more mundane technical details of agricultural production.56

**Conclusion: from market-led to people-led agrarian reform**

Market-based agrarian reform makes claims for positive impacts on equity and efficiency, but serious doubts can be raised around both dimensions on the strength of the evidence from South Africa. The land reform programme as a whole—including substantial programmes of restitution and state land disposal—has managed to transfer relatively little land, and far below official targets. Land reform transactions depart considerably from ‘normal’ market transactions, and appear to be concentrated on less sought-after land that is purchased at prices higher than it might fetch on the open market. The bureaucratic complexity of the grant-making process ensures that intended beneficiaries are not able to compete in the ‘real’ market, but rather operate in a parallel market dominated by state officials, where beneficiaries have little influence over the purchase negotiations or the price paid. Conservative farm planning models, based on questionable assumptions about ‘economic viability’ and entrenched antipathy to subdivision of land, contribute to unwieldy collectives and low productivity and effectively exclude those who require small areas of land for household food production. The envisaged private sector support for new and emerging farmers has not materialised, largely because of the low productivity and limited availability of working capital among land reform beneficiaries. This has meant continued reliance on limited state support services that are poorly co-ordinated and targeted.

There is clearly little enthusiasm within the dominant social and political forces in South Africa for a radical land reform, and MLAR has provided the ideological justification for the avoidance of more traditional state-led approaches. Populist rhetoric about the need to look ‘beyond the market’ continues to be used by politicians to placate the rural social movements, but this contrasts starkly with the repeated assurances given to large-scale commercial farmers and black business interests eying opportunities under BEE.57 On the side of landowners—many of them openly hostile to the new democratic order and the land reform process—MLAR has created opportunities to sell land that they might not otherwise be able to dispose of or at prices higher than the market might offer. It has provided cash injections with little change in power or flow of benefits in the case of share equity schemes, and allowed landowners as a whole to claim to be cooperating with the land reform process.

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Politically and ideologically, the persistence of MLAR represents a triumph for landowners and other conservative elements, including those within the ruling ANC and the state structures. The interests of landowners—including new black entrepreneurs—have been fully protected, while the possibility of a radical restructuring of South African agriculture in favour of small family farms has been kept firmly at bay. This has been further facilitated by the absence of significant mobilisation of the rural poor and landless, despite the persistence of extreme poverty, inequality and evictions from commercial farms. In so far as there has been a politics of agrarian reform within the country, it has been framed largely in terms of restorative justice, with little attention to the finer points of beneficiary targeting, farm planning or post-settlement support. Where these issues are addressed, it tends to be in ways that exclude the very poor and favour better-resourced applicants. Moreover, popular pressure has been directed almost exclusively at the new democratic government rather than towards land occupations or struggles at the farm level. This focus on the state can be seen as a result of the enormous political legitimacy enjoyed by the ANC as the party of liberation, especially among the black majority, but also because of the ‘developmental’ rhetoric employed by the state which emphasises the centrality of ‘official’ processes and actively discourages mobilisation by autonomous social forces—a rhetoric that sits uneasily with the promotion of market-based approaches across virtually all areas of the economy.

While MLAR in South Africa has undoubtedly had some success in terms of transferring land and in not antagonising landowners, the complexity of the process, its slow pace and its inability to effectively target the most needy households or the most appropriate land (especially in terms of plot sizes) makes it unlikely that it can ever be a means of large-scale redistribution or poverty alleviation. In practice, the policy of ‘willing buyer, willing seller’ as implemented in South Africa is little more than a programme of assisted purchase, masquerading as agrarian reform, under which the main beneficiaries are likely to be white landowners and a small minority of better-off black entrepreneurs.

In order to meet the multiple objectives outlined in the South African Constitution, land reform policy will require major changes in all the key areas identified here. On land acquisition, purchases on the open market—whether by individuals, groups or a pro-active state agency—should remain part of the strategy, but much more is required in order to acquire appropriate land in areas of high demand and to divide it into manageable plot sizes. This can only be achieved by a well-resourced state agency willing to use its constitutional powers of expropriation to overcome landowner resistance and to provide land for a range of users, including the very poor.

In terms of beneficiary targeting, greater clarity—and more debate—is required on who the intended beneficiaries of reform are to be, and on the strategies required to reach various categories, especially the more marginalised such as the very poor, women and farm workers. Existing procedures, based on highly bureaucratic systems of grant application, clearly discriminate against more marginal groups. Again, there is an unavoidable
duty for state agencies to work proactively with such groups and to simplify
the application process—ideally by scrapping the system of grants altogether
and focusing on direct provision of land.

In the critical area of farm planning there is a need to move away from
existing conservative models to develop solutions that meet the needs of
resource-poor farmers, whether working in groups or as individuals. This will
require challenging the overwhelming power of national and provincial
departments of agriculture and the agricultural ‘establishment’ of large
farmers and agricultural economists who remain wedded to orthodox models
of large-scale, capital-intensive farming. A clear commitment to subdivision
of large properties, and the abandonment of inappropriate notions of
economic ‘viability’, would bring multiple benefits in terms of opening up
land reform to a wider range of beneficiaries and developing land use models
more appropriate to resource-poor entrants.

Post-settlement support is clearly in need of a major overhaul, although the
problems being encountered lie not only with the quality of services on offer
but also with the inappropriate—often unworkable—farming models being
imposed by officials. MLAR has been interpreted by state agencies in South
Africa as an excuse not to provide systematic support to land reform
beneficiaries. The Department of Land Affairs, provincial departments of
agriculture, local municipalities and NGOs all have a role to play in post-
settlement support but there is a pressing need to clarify their respective
responsibilities and secure commitment by them to the land reform process.
Above all, there is a need for a lead agency—something that does not exist at
present—to contract with beneficiaries and take overall responsibility for co-
ordination of state support services.

An accelerated agrarian reform programme that redistributes substantial
areas of land and provides appropriate support services to the rural poor is
unlikely to emerge, however, without a significant shift at the political level.
Organisations representing the rural poor and landless remain weak and
marginal to the policy-making process, while rural people themselves have
not mobilised on a substantial scale to push their demands for land. In this
context MLAR has provided a politically expedient alternative to traditional
state-led agrarian reform which, if attempted, would undoubtedly set the
state on a collision course with white landowners and their neoliberal
supporters—black and white, at home and abroad. The landowner veto
provided under MLAR ensures that the pace and direction of reform will be
dictated by one of the most conservative elements in South African society
and one with a vested interest in maintaining the current—highly unequal—
structure of the agrarian economy. While a small number of new black
farmers may be co-opted into the farming establishment, the big losers will
undoubtedly be the poor and landless in need of land for survivalist
purposes. Until this class can be mobilised to challenge the interests of
established landowners and agricultural capital, and to force decisive
intervention by the state, there is unlikely to be any fundamental change in
the conditions which recreate poverty, landlessness and inequality in rural
South Africa.
Notes

I wish to thank Ben Cousins, Saturnino Borras Jr. and Cristobal Kay for their valuable comments on the draft article. Responsibility for the final product rests with the author.

7 The African National Congress (ANC) was founded in 1912. During the struggle against apartheid (1948 – 94) it contained both nationalist and socialist factions, and has a long-standing alliance with the South African Communist Party and the Congress of South African Trade Unions. The ANC was victorious in the general elections of 1994 (when it formed a multiparty Government of National Unity under the leadership of Nelson Mandela) and again in 1999 and 2004 (under the leadership of Thabo Mbeki).
10 In 1994 – 95, 81.9% of the territory (85 million hectares) was used for grazing, 10.9% (13.3 million ha) for dryland cropping and just 1.2% (1.5 million ha) for irrigated cropping. Statistics South Africa, Land Accounts—Including Land-use and Land-cover—for South Africa, 1994/1995, Pretoria: Statistics South Africa, 2004.
17 The South African currency is the Rand (R). In April 1994, R1 was equal to roughly US$0.28 (R3.58 = US$1); by April 2007 the value of the Rand stood at roughly US$0.14 (R6.97 = US$1).
19 For a variety of perspectives on share equity schemes, see K Deininger & J May, Can there be Growth with Equity?, D Mayson, Joint Ventures, Cape Town: Programme for Land and Agrarian Studies,


33 Insufficient budgets to fund approved projects have been a recurring problem since about 2003, leading to additional (post-approval) delays in transactions. R Hall & E Lahiff, Budgeting for Land Reform, Policy Brief 13, Cape Town: Programme for Land and Agrarian Studies, University of the Western Cape, 2004, p 2.
34 Aliber & Mokoena, *The Interaction Between the Land Redistribution Programme and the Land Market in South Africa*.
42 Jacobs et al, *Land Redistribution*.
45 Aliber & Mokoena, *The Interaction Between the Land Redistribution Programme and the Land Market in South Africa*.
50 Lahiff & Cousins, ‘Smallholder agriculture and land reform in South Africa’.
52 Ministry of Agriculture and Land Affairs, *Delivery of Land and Agrarian Reform*.
55 P Jacobs, *Support for Agricultural Development*, Cape Town: Programme for Land and Agrarian Studies, University of the Western Cape, 2003, p 7. See also R Hall, M Isaacs & M Saruchera, *Land and Agrarian Reform in Integrated Development Plans: Case Studies from Selected District and Local...

56 See Jacobs et al, Land Redistribution.
57 This was most evident at the National Land Summit held in July 2005 where, in front of a large audience of land reform activists and representative of landowners, the denunciation of ‘willing buyer, willing seller’ was led by the Deputy President and the Minister of Agriculture and Land Affairs. Two years later the policy remained in place.