

# **A critical appraisal of South Africa's market- based land reform policy:**

**The case of the Land Redistribution for  
Agricultural Development (LRAD)  
programme in Limpopo**

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# Acronyms

ANC	African National Congress
DLA	Department of Land Affairs (used to refer to the provincial office unless the national office or a district office is specified)
DōA	Limpopo Department of Agriculture
Gear	Growth Employment and Redistribution macroeconomic framework
LRAD	Land Redistribution for Agricultural Development programme
NDA	National Department of Agriculture
NGO	non-governmental organisation
PGC	Provincial Grant Committee
RDP	Reconstruction and Development Programme
SADT	South African Development Trust
SLAG	Settlement/Land Acquisition Grant

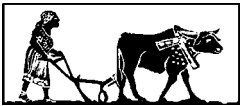


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# Chapter 1: Introduction

The land question remains one of the key challenges for post-apartheid South Africa. The history of colonisation and apartheid, and the dispossession of black people from the land that are central to this history, are well documented (Thompson 1995; Koch et al. 2001; Sparks 1991; Greenberg 2003).

In 1996 less than 1% of the population owned and controlled over 80%<sup>1</sup> of farm land.<sup>2</sup> This 1% was part of the 10.9% of the population classified as white (Stats SA 2000). Meanwhile, the 76.7% of the population that is classified as African had access to less than 15% of agricultural land, and even that access was without clear ownership or legally-recognised rights. An estimated 5.3 million black South Africans lived with almost no tenure security on commercial farms owned by white farmers (Wildschut & Hulbert 1998).

The legacy of apartheid was not just the inequality in access to resources such as land, but a faltering economy that by 1994 had been through two years of negative growth and left the majority of the population in poverty (Sparks 2003).

Policy makers pre- and post-1994 took an interest in arguments that land reform could play a significant role in boosting economic growth and alleviating poverty. World Bank and other advisors in South Africa in the early nineties argued for a far-reaching land reform programme on these grounds (Greenberg 2003).

Arguments that increased productivity and job creation could result from reducing farm sizes were supported by a number of local and international scholars (Van Zyl et al. 1996).

The need for land reforms to address the legacy of the past was clearly identified in the new South African Constitution (Act 108 of 1996, Section 25). The Reconstruction and Development Programme (RDP)

identified land reform as a key component of its programmes of 'meeting basic needs' and 'building the economy' (ANC 1994). The White Paper on South African Land Policy included in its strategic goals the promotion of economic growth and poverty reduction through land reform (DLA 1997).

Over the last decade land reform policies around the world have, with a few exceptions such as the case of Zimbabwe, revolved around variations of market-based land reform. This trend fits with broader shifts in global economic policies, following the end of the Cold War, that have seen a reduced role for the state, liberalisation of markets and privatisation of state enterprises and assets (Williams 1996; Greenberg 2003). It is within this context that the first democratically elected government in South Africa followed international trends and World Bank advice by adopting a market-based approach to land reform (Williams 1996).

A range of civil society organisations, including social movements, NGOs and trade unions, have raised strong criticisms of market-based land reforms around the world. They have argued that this model will not benefit small producers and the rural poor, but serve to tighten the control of powerful land owners and concentrate land in the hands of those with financial and political power (El-Gonemy 1999:125; Ghimire 1999:23; Greenberg 2003:22).

The South African land reform programme, developed by the African



National Congress government that won the first democratic elections in 1994, comprises three main programmes: restitution, tenure reform and redistribution. This study focuses on redistribution. Redistribution is of particular interest as it is the only programme 'specifically aimed at transforming the racial pattern of land ownership' (Jacobs et al. 2003:4).

The White Paper on South African Land Policy stipulated that land redistribution would be implemented through a 'willing buyer-willing seller' approach in terms of which land would be acquired through purchases at market rates from owners who agreed to sell. The first version of the redistribution programme, implemented from 1995, involved the Department of Land Affairs (DLA) providing a Settlement/Land Acquisition Grant (SLAG) to assist the poor with land purchases (DLA 1997). This was largely replaced in 2000 by the Land Redistribution for Agricultural Development (LRAD) programme that removed poverty as a criterion for beneficiary selection and focused more on

creating black commercial farmers. This shift was in line with changes in South African economic policy that took on a more market- and investor-friendly direction with the adoption of the Growth Employment and Redistribution (Gear) policy in 1996 (Department of Finance 1997).

Critics of the LRAD programme claim it will not meet its targets for redistribution of land, nor shift the basic structure of agriculture, it will merely change the racial composition of land owners, and will, at best, benefit only a small minority of the already privileged (Tilley 2002; NLC 2003). This is in line with international critiques of market-based land reform. Authors such as Borras (2003:389-90) and Ghimire (1999:23-4) have argued that market-based land reform models will never bring the far-reaching changes in property rights and power relations that are required, and will only benefit those already better off who are best able to access the market and the opportunities presented by such programmes. Despite

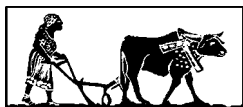


Figure 1: The homelands of South Africa before 1994



the critiques of LRAD there has been almost no documentation on the effectiveness of LRAD in achieving its objectives or its contribution to the broader objectives of land reform.

The focus of this report is market-based land reform. The topic is addressed primarily through a critical examination of the implementation of LRAD in Limpopo province. Chapter 2 discusses some of the main land reform debates and experiences in order to locate LRAD within the context of market-based land reforms internationally and in South Africa. Chapter 3 presents the methodology used for this study, while Chapter 4 provides a brief background to the study area. Chapter 5 explains the LRAD policy, the structures and procedures used for its implementation in Limpopo, and some of the achievements of the programme. Chapter 6 presents the information gathered on individual LRAD

projects, primarily information gathered directly from the beneficiaries through interviews and site visits. Finally, Chapter 7 presents an analysis of the findings, raising some concerns about the programme while also acknowledging what it has achieved.

This compilation and analysis of empirical information on the implementation and impact of LRAD is intended to contribute to ongoing debates about LRAD and the relevance of market-based land reforms in South Africa.

## Endnotes

1. Total hectares of farmland owned as commercial farming units (82 209 571ha) as a percentage of total farmland (100 665 792ha). Figures sourced from Development Bank of Southern Africa and N Vink, Chair: Department of Agricultural Economics at Stellenbosch University.
2. Calculated from population, farm unit and agricultural land figures.



# Chapter 2: International land reform debates

This chapter situates the LRAD programme, as the primary land redistribution programme in South Africa, within the debate around land reform internationally, with a focus on market-based land redistribution.

## Contemporary redistributive land reform

Arguments for land reform programmes typically revolve around issues of equity, poverty reduction, economic development and political stability (DLA 1997). Land reforms are also seen by some as important in contributing to human freedoms, civil liberties and sustainable democracies (Prosterman & Riedinger 1987:88–91; World Bank 2003:xvii, 16). Access to land remains critical for people's very survival in most developing countries where 'land is the primary means for generating a livelihood' (World Bank 2003:xix). During the 20<sup>th</sup> century many governments developed land reform policies to meet these objectives and to try and deal in a controlled way with the demands and tensions around land.

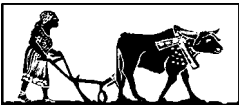
Governments in post-colonial states have found themselves under particular pressures with regard to the land reform they could implement. They have had to consolidate their newfound power, take control of land for development purposes, respond to the interests of traditional and emerging local elites, and meet the needs of the majority of the rural poor (Toulmin & Quan 2000:8, 11).

In Africa there has been a lot of continuity from colonial to post-colonial land reforms. For example the Kenyan land reforms that were started by the British rulers in the 1950s were continued with even greater vigour by the first post-independence government (Okoth-Ogendo

1993:262). The reasons for this continuity, according to Okoth-Ogendo, were the weak nature of many post-colonial states, constitutions that preserved existing institutions and laws, the extent and influence of foreign investments, and the need to earn foreign exchange (Okoth-Ogendo 1993:261–4).

Many of the reforms initiated in the colonial era focused on tenure upgrading and village re-organisation, rather than a redistribution of land (Okoth-Ogendo 1993:262–3). However in the 1960s the British also initiated a large-scale redistribution of land in Kenya out of fear that there would be a wave of land seizures. The Million Hectare Scheme involved the acquisition of 1.5 million hectares by the state from colonial landowners and the settlement of 34 000 families on this land by 1971 (Bruce 1993:42).

In many other African countries independent governments implemented their own radical and redistributive land reforms. In the 1970s the Marxist regime in Ethiopia abolished the feudal system of landholding, nationalised all land, and distributed it to those willing to work it (Okoth-Ogendo 1993:265). In Mozambique the abandonment of farms by the Portuguese at independence made the nationalisation of land relatively easy. The land was split between state farms, co-operative farms, and the distribution of land to individuals through a registered licence to land that left the state with an overriding power (Okoth-Ogendo 1993:265). Land was nationalised through



legislation in a number of other countries such as Tanzania, Guinea, Sudan, Mali, Nigeria, Burkina Faso, Zaire, Uganda, Somalia and Zambia (Bruce 1993:24).

Post-independence Zimbabwe was constrained in its redistribution of land by shortages of cash and the Lancaster House agreement that prohibited expropriation of land without paying market-value compensation (Ghimire 1999). Despite this the Zimbabwean government acquired 2.7 million hectares during the 1980s, most of which was allocated to 52 000 black families who were issued with land-use permits (Bruce 1993:28).

Radical land reforms have not been confined to Africa. All land above a set ceiling for maximum landholding was acquired through compulsory purchases by the governments of Taiwan, South Korea and Japan during the 1940s and 50s. Some compensation was paid, but at a rate well below market value. The peasant farmers were assisted with the purchase, at nominal prices, through the provision of credit (Griffin et al. 2002:303–9). In China and Vietnam landlords were overthrown after the seizure of power through revolutionary action. China and Vietnam followed similar paths of land seizure, distribution of land to poor peasants followed by collectivisation of production and, in the 1980s, a return of the land to peasant families who were found to be more productive than the collectives (Griffin et al. 2002:313).

Land reforms in the 20<sup>th</sup> century that have been successful in increasing productivity and reducing poverty<sup>1</sup> have largely involved breaking up large landholdings. Ownership of small pieces of arable land was given to tenants who already worked the land but previously had to pay rents or share their crops with a landlord. These peasant farmers, freed from the burden of the landlord, utilised the land more intensively thus increasing productivity, creating employment, and reducing poverty (Griffin et al. 2002).

Land reforms involving the transfer of land from ‘haciendas’ – large estates or

plantations – to peasants or labourers, as has been attempted in Latin America and parts of Asia and Africa, have been far less successful (World Bank 2003:143; Binswanger & Deininger 1996:75).

However, as mentioned above,

*positive impacts have been reported from countries such as Kenya and Zimbabwe in the early phases of their post-independence land reforms.* (World Bank 2003:xl).

## Agriculture, the economy and poverty reduction

One of the strongest arguments for redistributive land reform is that it can create an environment for growth in agricultural production that will in turn support broader economic growth and have a positive impact on poverty reduction. Such arguments are supported by information showing that countries with a more equitable distribution of land tend to have higher levels of economic growth, while high levels of land concentration are often associated with less efficient resource utilisation (World Bank 2003:18–20).

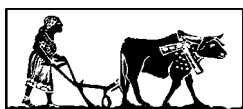
The growth in agricultural production that has been attributed to land reforms has come from the de-concentration of landholding to create or strengthen small-scale owner-operated or family farms. Prosterman and Riedinger, amongst others, have argued that there is an inverse farm size-efficiency relationship in which smaller farms, where the producer has a secure owner or owner-like relationship to the land, produce a substantially better return per hectare and on investments than any other model of agricultural production (Prosterman & Riedinger 1987:46–9). They also argue that such analysis of productivity probably hides the full extent of the advantage of the owner-operator system as it is based on only the main crops and does not take into account the variety of other crops normally grown on small owner-operated farms (Prosterman & Riedinger 1987:58–66).

Other reasons offered for the beneficial affects of redistributive land reform are the



breaking of control of labour by large landlords (Griffin et al. 2002:287), a better total factor productivity of small farmers, the labour-intensive nature of small farms (Griffin et al. 2002:286; Prosterman & Riedinger 1987; Wilson & Ramphele 1989:311), and the large contribution of agricultural growth to the non-farm rural sector (Mellor 1999:23; Van Zyl et al. 1996:5).

Studies in countries from Sierra Leone to India and Malaysia show that growth in agriculture makes a significantly larger contribution to overall economic growth than growth in other sectors such as industry (Mellor 1999:8). Growth in agriculture also has a disproportionately positive impact on poverty levels. Part of the reason for this can be found in the labour-intensive nature of agricultural production and the large proportion of people in the lower income bracket who participate in agriculture. It was found in a study of 27 low to middle-income countries that agriculture accounted for only 25% of GDP (gross domestic product), but 51% of the labour force (Mellor 1999:9). Not only is agriculture a large employer, it is a large employer of the poor. Thus a relatively small increase in growth in agriculture will have a large positive impact on employment and incomes for the poor. An assessment by Prosterman and Riedinger of poverty indicators across more than 120 countries showed that those that adopted the family-farm model of development fared consistently better than others (1987: 74–9, 100–1).



## Market-based land reform<sup>2</sup>

The primary mode of redistributive land reform over the last decade has been market-based land reform and debates have increasingly revolved around the merits and disadvantages of this approach (Borras 2003:367). The market-based approach has been particularly strongly pushed by the World Bank on the basis that this is the only form of land reform that is compatible with its economic

policies and those of the International Monetary Fund (El-Ghonemy 1999:106).

The market-based approach has been bolstered by critiques of the state-led land reform programmes of the past (Borras 2003:367). The risk of landlord resistance to the forced seizure of land is argued to be counter-productive to land reforms. Interventions such as setting maximum landholding sizes have been hard to enforce and have had negative effects such as reducing the ability to use land as collateral for loans (World Bank 2003: 124–5). Further problems have been the drop in productivity on land inappropriately divided up and, in some cases, given to beneficiaries without the potential to become effective producers. Programmes have focused on the land redistribution process without giving attention to measures such as farmer support to ensure effective production (World Bank 2003: 146). Bloated bureaucracies, needed to drive state-led land reforms, are expensive and inefficient, have little understanding of local dynamics, and often end up stifling land reform due to the development of their own interests (Borras 2003:368).

Fiscal arguments against state-led land reforms suggest that they are too expensive as the beneficiaries do not contribute and the state has to pay for the land and other support services. In addition, the bureaucracies necessary for implementation consume a substantial portion of the budget, the state has often ended up paying more than market value for land, and this approach has contributed to other distortions that have pushed up prices (Borras 2003:370; World Bank 2003:153).

In the face of these critiques, it is claimed that the market-based land reform model offers an efficient way to enhance equity in asset distribution. The key features of the 'market-led' land reform model according to Borras (2003:370–3) are: landlord co-operation in the form of voluntary land sales (encouraged by payment of full market prices); production of 'viable farm plans' before land is purchased; and programme financing through

the flexible provision of loans and grants. Essential to the market-based approach is the liberalisation of the agricultural sector to remove distortions in various land and agriculture-related markets, especially those that favour or have been captured by large farmers and elites. Pro-market economists argue that liberalisation will lead to a de-concentration of landholdings since distortions have favoured landholdings larger than the optimal size (Borras 2003:372; Binswanger & Deininger 1996:68–9; World Bank 2003: 155; Van Zyl et al. 1996; Williams 1996). Proponents of market-based land redistribution acknowledge that:

*(t)he land market cannot be expected to lead to an efficiency-enhancing redistribution of land because poor family farmers who do not have much equity cannot acquire land even if they have access to mortgage credit (Binswanger & Deininger 1996:70).*

This is because market prices are, for a range of reasons, higher than the production value of land.<sup>3</sup> Therefore, the role of the state in facilitating land purchases at market prices is to provide a grant to subsidise the buyer: ‘such a grant element is required to provide the equity that the poor do not have’ (Binswanger & Deininger 1996:71).

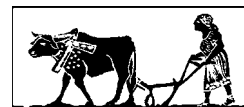
Another key element of the market-based approach is the self-selection of beneficiaries who are best equipped to make good use of the land. Strategies to facilitate this self-selection are a demand-led approach, which only responds to those who request land, and requires potential beneficiaries to work as a group. It is assumed that applicants in a group will know each other and therefore exclude those who they know are less likely to be effective members of the group (Borras 2003:371). Requiring beneficiaries to contribute is suggested to ensure only those with commitment are involved, while also encouraging a sense of project ownership (Binswanger & Deininger 1996:93).

Decentralised delivery mechanisms – preferably with some form of local government involvement – strong roles for non-government and private sector service providers, and a community-based approach are also recommendations common to the market-based approach (Bernstein 2002:447–8; Borras 2003:371). According to the World Bank (2003:156), ‘the implementation of any land reform programme should be decentralized, with potential beneficiaries and communities taking a lead’.

The provision of grants to beneficiaries to buy privatised extension and support services for farm planning and production is seen as the route to cost-effective provision of the necessary expertise. However, government support for the development of technology and extension ‘at least in the initial stage’ is not ruled out (World Bank 2003:156; Binswanger & Deininger 1996: 93). It is assumed that the private sector will become more active in providing credit if beneficiaries become outright owners of their land and once they have established themselves as successful commercial farmers (Borras 2003:372). For land to be used as collateral it is considered imperative that there be as few limitations as possible on sales and rentals of the land by the beneficiaries (Van Zyl et al. 1996:17; World Bank 2003:155).

Financing of land redistribution is to be in the form of beneficiary contributions and government grants and loans. Economists argue that the provision of grants rather than subsidies on loans and other inputs will have less of a distorting effect on the economy and be more easily managed and transparent (Borras 2003: 373). The required funding is expected to come from a combination of government contribution from the fiscus (some of this available from savings made through the reduction or elimination of existing subsidies) and from international donors and aid agencies (Van den Brink et al. 1996:449–51).

There is general agreement that there is a need to target the poor, primarily through



'targeted financial assistance to poor buyers' (Van Zyl et al. 1996:17). Other support such as training and technical assistance should also be 'explicitly targeted toward the poor' (World Bank 2003:156). Without targeting there is a risk of elites 'capturing' opportunities and resources leading to inefficiencies and reducing the positive impact on poverty alleviation.

## Critiques of market-based land reform

One of the strongest attacks on market-based approaches to land reform is the argument that it will not lead to substantial change in land distribution. Even the World Bank (2003:15–6) notes that '(a)ttempts at land reform without massive political upheaval have rarely succeeded in transferring much of a country's land'.

It is notable that none of the abovementioned land reforms that were successful in bringing a substantial de-concentration of landholding and the related benefits claimed by proponents of market-based land reform were able to achieve this through a market-based approach. The transfers were mostly based on the confiscation of land with compensation at considerably below market value. Griffin et al. (2002:321) go so far as to say that '(a) market-friendly land reform of East Asian magnitude is a non-starter'. They conclude 'a major redistributive land reform is impossible if land transfers are based on free market prices'.

Leading examples of countries that have tried the market-based approach are Brazil, Colombia, and South Africa (World Bank 2003:147–50; Borras 2003:377).<sup>4</sup> In all these cases a number of key problems have emerged. The programmes have not delivered at the scale and speed expected, they have not managed to involve the very poor, nor have they reached the most capable beneficiaries. Land purchases have not been cheaper than with state-led programmes; procedures have been complicated, slow and costly; much land acquired has been marginal; and private

sector loan financing has generally not materialised (El-Ghonemy 1999:117–9). In fact it appears that the only real success has been the welcoming of the programme by the current landowners (Borras 2003: 377–90). The anticipated decentralisation of land reform implementation has not happened systematically and, where it has occurred, it has not brought the anticipated benefits of accountability and transparency as local elites have been able to influence local institutions and reform programmes (Borras 2003:389–90).

The benefits of de-concentrating landholding are questioned by some who argue that small farmers cannot benefit from economies of scale, which even proponents of de-concentration such as Griffin et al. (2002:317–8) acknowledge may be required under some circumstances. There is no doubt that, where expensive machinery and other infrastructure investment is required and is not divisible, there are advantages to larger scale operations. Larger scale operations are also normally more able to access capital at lower costs (Van Zyl 1996:261–3). The labour-intensive nature of production on small farms is often seen as an advantage, but the downside is that small farms have lower levels of capitalisation and lower labour productivity compared to large farms (Griffin et al. 2002; Van Zyl 1996).

Central to the argument of the benefits of the family-farm model and the poverty-reducing effects of agricultural growth is an assumption that there is available under-utilised labour. This assumption is questionable given that rural people, in particular women, have a range of important tasks and obligations in the home and community. The multiple livelihood strategies adopted by the poor for survival are also leaving many in rural areas 'too busy to farm' (Bernstein 2002:454). Even where labour is under-utilised for much of the year, it may still be inadequate to meet production demands at key points such as during harvesting.

The growing scourge of HIV/Aids, especially in many parts of Africa inclu-



ding rural South Africa, raises further questions about the availability of labour. Studies are increasingly showing a negative impact on productivity in agriculture due to HIV/Aids. A study in Kenya found that the labour-intensive agricultural sector suffered most from the impact of HIV/Aids, compared to other sectors (Topouzis 2000:24). A study in Tanzania found that women spend 45% less time in agriculture if their husbands are sick (Guinness & Alban 2000:5). Agricultural outputs have dropped dramatically in Aids-affected households in Zimbabwe, with a 61% fall in maize production (Guinness & Alban 2000:8). The effects of HIV/Aids may well neutralise the prospects for growth in agriculture and wipe out the benefits, perhaps even the viability, of the small-scale owner-operated farm model.

## Land reform in South Africa

As negotiations to end apartheid proceeded in earnest in the early 1990s, those aspiring to lead the country after liberation faced a crisis of slow economic growth, high inflation, mounting government debts, growing poverty and massive inequalities in wealth (Thompson 1995: 261). In this context it would be necessary to meet the redistributive demands of those in the liberation struggle and the poor in general, while not provoking a right wing back lash, and avoiding the flight of capital and skills from the country.

The World Bank, along with allied academics, had started to engage in policy debates in South Africa from 1990, and they appear to have had a strong influence on policy development with their proposals for a market-based land reform model (Williams 1996). These proposals were well captured in the book *Agricultural land reform in South Africa* edited by academics from the University of Pretoria and the World Bank. The influence of some of these academics has continued with their involvement in the drafting of the Land Redistribution for Agricultural Development policy document released in

2001 and the Strategic Plan for South African Agriculture released in 2002.<sup>5</sup>

Other inputs to the policy discussions came from local academics and land activists through local research and community consultation processes (Williams 1996). A national research project co-ordinated by the Land and Agriculture Policy Centre (LAPC)<sup>6</sup> included community-level research and consultation and attempted to find ways of delivering land that responded to a demand for land that was informed by social needs, not just market forces (Marcus et al. 1996:1). The assumption at the time was that government was committed to a land reform that would target the 'poorest of the poor' (Marcus et al. 1996:13).

The land reform policies of South Africa's first non-racial democratic government begin with the Constitution and the Reconstruction and Development Programme. The RDP document, which became the election manifesto of the ANC in its 1994 election campaign, was drawn up by activists from the liberation movement, but clearly showed some of the influence of the World Bank and other advisors. It was also heavily influenced by the compromises that were being negotiated in order to facilitate the relatively peaceful change of regime in South Africa. Demands that had been part of the politics of liberation movements, such as the call of the 1955 Freedom Charter that the land should belong to those who work it, were not given expression in the RDP.

Section 25 of the Constitution deals with property and land rights. Existing property rights are protected under Section 25(1) while Section 25(2) allows for expropriation only in terms of a law of general application 'for a public purpose or in the public interest' with 'just and equitable' compensation (Section 25(3)).<sup>7</sup> However, Section 25(4) goes on to say 'the public interest includes the nation's commitment to land reform'. Sub-sections 25(5), (6) and (7) require the state to take legislative and other measures to ensure land reforms. Thus the Constitution, while



placing some constraints on the methods that could be used, mandates land reform, allows for expropriation, and allows compensation at less than full market value (Lahiff & Rugege 2002).

The 1997 White Paper on South African Land Policy sets out a wide range of objectives ranging from dealing with the injustices of racially-based land dispossession, to promoting economic growth and providing 'secure tenure for all' (DLA 1997:7). The White Paper also states that the vision is 'of a land policy and land reform programme that contributes to reconciliation, stability, growth and development in an equitable and sustainable way' (DLA 1997:7). The programme elaborated in the White Paper comprises redistribution, tenure reform and restitution programmes, as required by sub-sections 25(5), 25(6) and 25(7) of the Constitution respectively.

Restitution sets up a legal and administrative process, governed by the Restitution of Land Rights Act (Act 22 of 1994), to restore rights in land to people who can prove that they were dispossessed of such rights after 19 June 1913 due to racist laws or policies of former governments. The restitution process does not aim to meet any target for redistribution of land, and successful land claims can be settled with the return of land, alternative land, payment of cash or another form of compensation (DLA 1997:52–7). Land claims settled so far have not contributed significantly to unravelling apartheid spatial planning – the majority of claims have been settled through financial compensation, not the return of land (Hall 2003:26, 35).

Tenure reform has two distinct aspects to it, one dealing with improving the security of tenure for those living on other people's land, primarily farm dwellers on commercial farms, and the other aimed at providing legally secure tenure for people living on communal land, primarily in the former bantustans. A number of new laws have sought to give at least procedural rights to black farm dwellers, but have

done little to give people their own land or long-term security of tenure. The process of developing legislation to deal with tenure in communal areas dragged on for years with little progress until the Communal Land Rights Bill was gazetted in August 2002 (*Government Gazette* no. 23740) and later re-gazetted in October 2003 (*Government Gazette* no. 25562). The Bill came in for heavy criticism from land activists and academics, but nevertheless it was passed by Parliament in February. The Communal Land Rights Act (Act 11 of 2004) was signed into law by the President on 14 July 2004. It will come into effect on a date still to be decided (Claassens 2003; Cousins & Claassens 2003; Sparks 2004).

## Post-1994 redistribution

The RDP saw land reform as 'the central and driving force of a programme of rural development' and set a specific target of redistributing 30% of agricultural land within five years (ANC 1994:21–3). This target was first proposed in the 1993 World Bank document *Options for land reform and rural restructuring in South Africa* (Williams 1996:139–40). The RDP suggested a range of measures for redistributing land, including a land tax to free up land, 'substantial funding', expropriation of land, and provision of support services to ensure effective land use (ANC 1994:21). The RDP also suggested other measures that fell outside the main thrust of market-based land reform policies, but it did not map out a path for economic restructuring that would have been supportive of radical land reform. Statements in the RDP that clearly fell outside a neo-liberal economic approach, such as 'increasing the public sector in strategic areas through, for example, nationalisation', (ANC 1994:80) quickly disappeared from subsequent policies.

The White Paper on South African Land Policy sets out a clearly market-based approach to land redistribution: it is to be demand-led, with a limited role for the state:





*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. Rather it will make land acquisition grants available (DLA 1997:38).*

The White Paper suggests co-operation with the private sector and NGOs, inter-departmental co-ordination, capacity building at community level, and regular monitoring and evaluation (DLA 1997:95)

The first redistribution programme was structured around the Settlement/Land Acquisition Grant provided by the government to assist families with an income of less than R1 500<sup>8</sup> per month with land purchases. The poor were clearly the target group and poverty alleviation was a main objective. Further innovations allowed for communal or group ownership and municipal commonage under the ownership and control of local government (DLA 1997).

A review of the SLAG policy conducted by DLA from 1998 to 1999 identified a range of weaknesses in implementation and with the quality of the group projects created. A new Minister for Agriculture and Land Affairs was appointed in June 1999 and she immediately called for changes to the redistribution policies and placed a moratorium on new SLAG projects (Lahiff 2001:4). In February 2000 the Minister released a policy statement confirming weaknesses of the SLAG approach including the failure to realise land reform objectives, the reliance on market forces for redistribution failing to produce the desired results, and the SLAG grants being unsuitable for the creation of a group of black commercial farmers (DLA 2000b:2). The policy statement outlined the new approach to redistribution and was followed shortly thereafter with the release of the first draft<sup>9</sup> of the Land Redistribution for Agricultural Development programme, which was to become the primary mechanism for land redistribution. DLA immediately started dealing with redistribution in terms of LRAD, although the policy was only finalised in April 2001

and officially launched in August 2001 with the handover of title deeds at Nkomazi in Mpumalanga (DLA 2002: 55–9).

LRAD is a more explicitly market-friendly approach, closer in design to the suggestions of the World Bank (which was closely involved in its drafting) and other proponents of market-based land reforms than the SLAG programme had been (Lahiff 2001:5). This follows a broader shift in the post-liberation government's economic policies that took on a more market- and investor-friendly direction with the adoption of Gear, the Growth Employment and Redistribution macro-economic policy, in 1996.

The LRAD programme has replaced an income ceiling under SLAG with an entry floor, requiring all beneficiaries to make their own contribution to projects (see Chapter 5 for details). It also puts more emphasis on ensuring an economic benefit from land redistribution and the promotion of a black commercial farming sector (Lahiff 2001:4–5). At the same time LRAD, like SLAG, has stated objectives of improving the nutrition status and incomes of the poor and addressing the legacy of inequitable landholding in South Africa (DLA 2001).

Alongside the land reform programme there has been a dramatic liberalisation of the agricultural sector more broadly. This has been in line with market-based prescriptions of smaller state involvement, less regulation, the encouragement of 'free trade', and the removal of the 'distortions' that had been a central part of the South African agricultural economy for decades (Binswanger & Deininger 1996:92–3; Williams 1996:148; World Bank 2003: 151). During the 1980s the government provided more than R4 billion in direct financial assistance and subsidies to about 27 000 white farmers (Kirsten & Van Zyl 1996:231). Government subsidies of wheat and maize alone amounted to over R500 million in 1988. In addition to direct financial subsidisation, the government maintained a high level of tariff protection



for agriculture in South Africa. By the end of the 1990s all direct financial assistance, subsidies, and other protections had been removed, leaving the South African agricultural sector as one of the least protected in the world (Tilley 2002:4).

Critics argue that, far from creating a level playing field, the liberalisation of the agricultural sector will enhance the dominance of those already holding economic power and further alienate potential new entrants into the sector. Increasingly the producers' share of food prices, profits, and control is dropping as the large companies which control the off-farm activities have more and more power in the sector. The '(p)romotion of competition requires a restructuring of the dominant firms in the processing, wholesaling and retailing of food, tobacco and alcohol' (Williams 1996: 135). Without such restructuring there will be a renewed 'regulation', imposed by the dominant firms, which will further disadvantage small black farmers (Williams 1996:154). With no tariff protection and competition from subsidised agriculture in Europe and North America, it is hard for many large established farms with accumulated equity to survive. For new farmers with little equity it will be even more difficult to compete.

Land activists and some academics have questioned whether a market-based land reform programme, in particular the reliance on the willing-seller model, can bring about the fundamental shift in property rights required, given the history and the extreme inequality in landholding that prevails in South Africa. Some have argued for a more interventionist and robust approach from the state to ensure a fundamental transformation of landholding (NLC 2003; Lahiff 2003; Greenberg 2003). The lack of delivery was confirmed by implementation statistics which showed that less than 1% of agricultural land had been redistributed between 1994 and 2000. The government response, which has been to move away from a pro-poor focus to a more clearly commercial farmer-oriented programme in the form of LRAD,

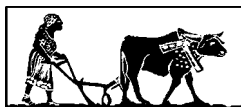
has raised new concerns. Primary amongst these is the criticism that it will only be: *those who are already in positions of power in communities who will be heard and who will have the wherewithal to exercise their rights, while those who are currently voiceless and marginalized will be shunted further to the peripheries of access and development* (Tilley 2002:41).

Other specific concerns raised about LRAD are the lack of any mechanism to ensure that women benefit, the willing-seller approach that will allow current land owners to continue dictating the availability of land, the lack of any specific role for local government, and the failure to make clear links with other legs of the land reform programme and rural development more broadly (Lahiff 2001).

Despite the sometimes heated debates on the merits of LRAD, there has been almost no empirical research to assess the actual impact of the programme. Hopefully this report will contribute to filling that gap.

## Endnotes

1. The most commonly referred-to success stories for redistributive land reform in the 20<sup>th</sup> century are Japan, Taiwan, South Korea and China (Griffin et al. 2002:302–10; Binswanger & Deininger 1996:74; Prosterman & Riedinger 1987; Wilson & Ramphel 1989:315; World Bank 2003:xxxix, 144).
2. What is referred to here as 'market-based land reform' includes what is also referred to as 'market-led agrarian reform' (Borras 2003), 'market-assisted agrarian reform' (Tilley 2002), or 'market-friendly land reform' (Bernstein 2002; Griffin et al. 2002).
3. The production value of the land is equivalent to the loan that any person using the land effectively could afford to repay from production on the land. This is sometimes referred to as the 'capitalised value of agricultural profits'. The reasons given to explain the difference between the market and the capitalised value of the land are factors such as the collateral value of land for securing access to credit, subsidies for large farmers, income tax exemptions, and the use of land for speculation (Binswanger & Deininger 1996:70).
4. The critiques by Borras and the World Bank of the South African land redistribution experience are based on the Settlement/Land Acquisition Grant



process that was replaced in 2001 by the LRAD programme.

5. The Strategic Plan for South African Agriculture was drawn up primarily by two farmers' unions, Agri-SA and the National African Farmers' Union (NAFU), in response to a request from President Thabo Mbeki. Professor Kirsten produced the drafts and the United States Agency for International Development (USAID) funded the process (NDA 2002:3).
6. LAPC was set up in 1993 to assist in policy development, on the initiative of the Land Desk within the ANC that was headed by Derek Hanekom who became the first Minister of Land Affairs in the first ANC government in 1994. The LAPC carried out a range of studies including a 1994–95 national study of demand for land that culminated in the book *Down to earth* (Marcus et al. 1996).

7. According to section 25(3) of the Constitution there are five factors to be considered when calculating compensation that is just and equitable, namely the current use of the property; the history of the acquisition and use of the property; the market value of the property; the extent of direct state investment and subsidy in the acquisition and beneficial capital improvement of the property; and the purpose of the expropriation.
8. At the time – 1996 – this was worth approximately US\$250.
9. The first draft of the policy was titled the Integrated Programme for Land Redistribution and Agricultural Development in South Africa.

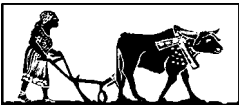


# Chapter 3: Methodology

This study is a critical examination of the implementation of LRAD in Limpopo up to 2003. The key questions addressed by the study are:

- What kinds of projects are being created by LRAD?
- Who is benefiting from LRAD?
- Is LRAD achieving its own objectives?
- To what extent is LRAD achieving what is expected of market-based land reform?
- Can LRAD and market-based approaches to land reform achieve the objectives of land reform in South Africa?

The data was gathered as a research project implemented by the Nkuzi Development Association under the management of the author.<sup>1</sup> The author was assisted in the data-gathering phase by a team of three other Nkuzi staff.<sup>2</sup> The core of the study involved the administration of questionnaires that were complemented by field notes.



The scope of the study covered all 20 LRAD projects approved by DLA in Limpopo up to the end of March 2003. Information was obtained on all of these projects, and direct interviews were carried out with beneficiaries from 14 of them. Information was also gathered from the Land Bank on the LRAD projects that it had approved in the province. However difficulties in accessing information and limited time and resources made a full investigation of the Land Bank projects impractical.

Most of the information was gathered from November 2002 to April 2003. Some follow up interviews were done with key informants later in 2003 and early in 2004 to fill information gaps or clarify areas of uncertainty that emerged during the analysis of the data.

Key informants, primarily in DLA, but also from the Limpopo Department of Agriculture (DoA), the Land Bank and the Human Sciences Research Council, were interviewed using structured interviews with open-ended questions. Additional data such as reports and lists of projects were provided by some of the key informants.

Fourteen beneficiaries were interviewed using two questionnaires, one that obtained mostly biographical information and the other which focused on agricultural production. Some points of interest that went beyond the structure of the questionnaire were explored further and noted. This information was complemented by site visits and supplementary interviews.

## Endnotes

1. Nkuzi Development Association is a non-profit organisation working on land and agrarian reform in the Limpopo and Gauteng provinces of South Africa. The author of this study was the Director of Nkuzi at the time the research was carried out.
2. Mike Nefale, Ndiaphi Kwindu and Kgalema Kalauba.

# Chapter 4: Background to Limpopo

This chapter provides basic information on Limpopo province in order to illustrate the context within which the LRAD programme is being assessed.

Limpopo is 123 600km<sup>2</sup> in size and is bordered by Zimbabwe to the north, Mozambique to the east, Botswana to the west and the South African provinces of Gauteng, Mpumalanga and North West in the south. It is the fifth largest of South Africa's nine provinces and has the fourth largest population –

approximately 5.3 million people at the time of the 2001 census. Around 2.4 million of the population are male, and 2.9 million female. More than 97% are black African, 0.2% coloured, 0.2% Indian or Asian, and 2.4% white (Stats SA 2003).

Over two thirds of the land in Limpopo, approximately 87 000km<sup>2</sup>, was allocated

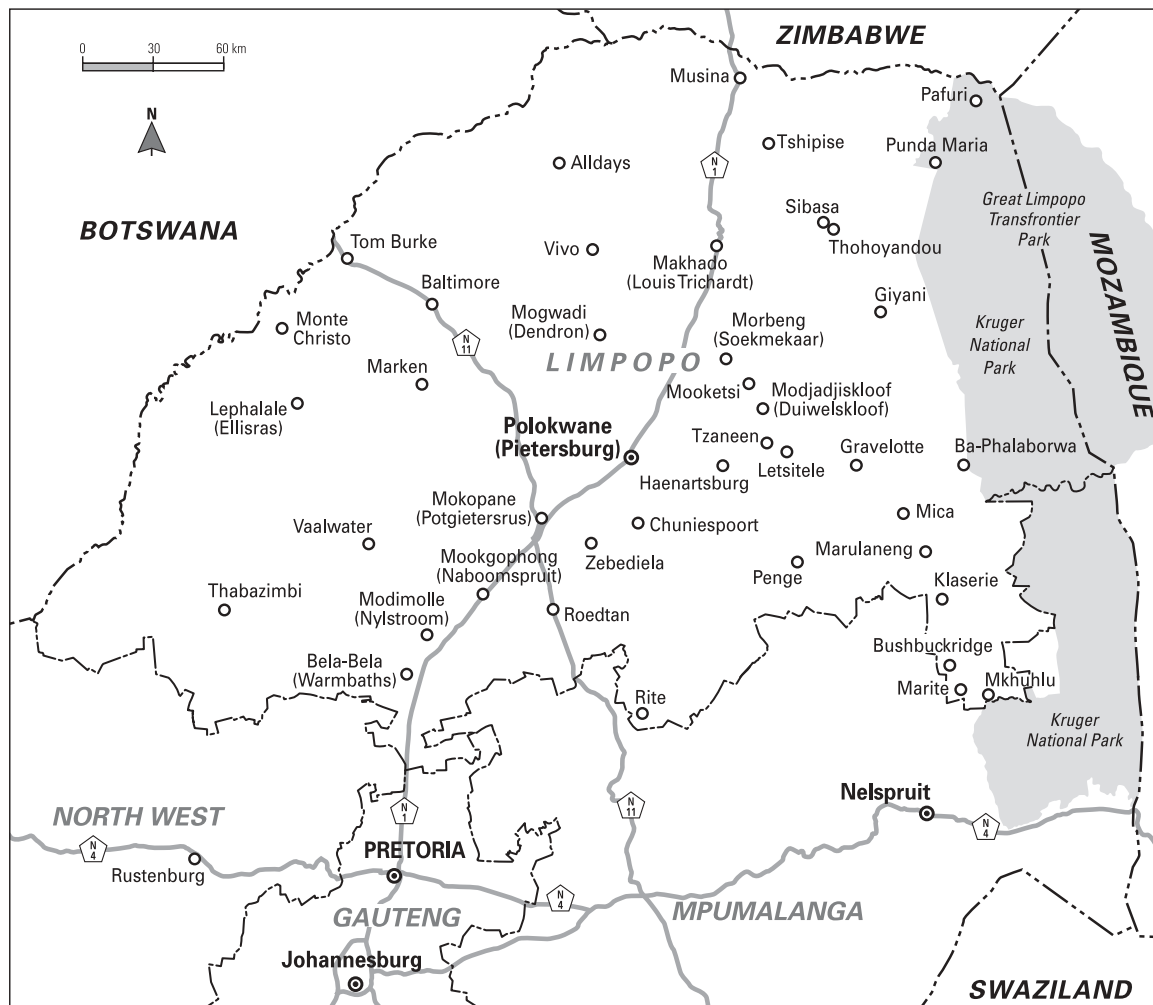


Figure 2: Map of Limpopo

for white ownership and use in the past, primarily commercial agriculture with some forestry and conservation. Farming on this land was carried out on about 7 200 commercial farming units (Stats SA 1996). Meanwhile the former homelands occupied 36 000km<sup>2</sup>, just under one third of the land area, and accommodated approximately 299 000 small farmers as well as the majority of the 5.1 million African population (see Figure 1 on page 2).

Limpopo is arguably the poorest province in South Africa and faces enormous development challenges. It is the most rural of any province in the country with approximately 89% of the population living in non-urban areas. Less than 10% of the households have piped water in their dwellings, 38% rely on public taps for their water supply and 10.5% rely on dams, rivers or springs. A total of 59.5% of households use wood for cooking and heating. Limpopo has an unemployment rate of 48.8%, according to Statistics South Africa figures, which count those actively seeking work who could not find work at the time of the survey. A closer analysis shows that only 22.7% of the population between the ages of 15 and 65 actually have work (Stats SA 2003).

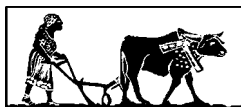
The agricultural sector is the largest employer outside the public sector employing 118 261 people. Only the Western Cape has a larger number of farm workers (Stats SA 2000). Many of these people and their families live on the farms. Others live on the farms, but no longer work there. It is common in Limpopo for families to have lived for generations on one farm. In some cases people can trace their occupation of the same land to times before the first white settlers arrived. Conditions on farms are typical of those across the country with farm residents and workers receiving extremely low wages and suffering under notoriously poor working conditions. A national study carried out for the Department of Labour (2001) found that '(c)hildren living on commercial farms are more likely to be stunted and underweight than any other children'.<sup>1</sup>

Limpopo had three 'homeland' governments during the apartheid era: Lebowa, Gazankulu and Venda. African people were forced to live in these areas on the basis of their ethnic origin. Forced removals, for the purpose of consolidating these homelands, are the basis of many restitution claims. Overcrowding in these areas resulted in soil erosion and the development of rural slums, whose residents have little opportunity to enter paid employment. This situation is compounded by the large-scale exodus of men to the industrialised centres such as Gauteng in search of work (Wilson & Ramphele 1989:42). As a result, over 55% of the province's population is female. Children and youth make up the largest proportion of the population with 52.6% of the population under the age of 20 (Stats SA 2003).

Limpopo has varied geography, rainfall and soil fertility. In the fertile areas agriculture is an important source of income. Here maize is the main crop, with fruit, vegetables, tea and cereals grown where possible. Cattle farming is practised in the western and northern parts where the rainfall is generally too low for cultivation (Kirsten 1996:306–9).

The rural communities of Limpopo are characterised by a low degree of self-organisation, with weak and limited relations between the traditional authorities and the new local government structures that were set up in 1995 and restructured in 1999. Neither the traditional structures nor the newly-established democratic local government structures have engaged actively with the land reform programme, with one or two exceptions. These structures have not been effective in providing communities with information on development programmes and reforms, with the result that communities often do not know how to access the (limited) support available from the state (Nkuzi 2001).

Land reform in Limpopo has suffered many of the same shortcomings as the rest of South Africa. It was very slow to get started and the projects that were implemented under SLAG in the period



1995–99 were often of very poor quality with questionable viability. A study of land reform in the then Northern Province at the end of 1998 identified serious problems with the nature of project identification, ineffective land acquisition, and inappropriate project planning (Lahiff 1998).<sup>2</sup>

By mid-1998, four years into the democratic dispensation, only three land redistribution projects had been implemented in the province, a number which rose to seven by the end of 1998 (Lahiff 1998). These redistribution projects were all on private land and appeared to be largely initiated by the landowners. This contributed to inappropriate project design and poor group dynamics as groups of people were put together to ‘fit’ the land rather than land being found to fit the needs of an existing group. The tailoring of groups to the land was done in order to combine the grants of R15 000 (later increased to R16 000) per family into a total grant amount sufficient for the purchase of the land. Unfortunately this process of combining grants was done with little consideration of other investments required for the farms to become productive.

The state proved to be a very poor buyer of land with the long delays and uncertainties leading current owners who had been willing to sell to withdraw from deals. Lahiff recommended that either

improvements be made to make the state a more effective agent for purchasing land on the open market, or a policy shift be undertaken away from the willing seller-willing buyer approach (Lahiff 1998). The project planning was found to be largely inappropriate, involving little consultation with beneficiaries and no consideration of the current skills and experience of beneficiaries. There was also a strong emphasis on commercial farming, regardless of the interests and abilities of the beneficiaries, and no programme for building capacity amongst beneficiaries and their structures (Lahiff 1998).

By the time the LRAD policy had been completed in 2001 there had been a considerable increase in SLAG delivery in terms of the numbers of hectares transferred and beneficiaries. At the beginning of this study early in 2003, DLA reported that 77 SLAG projects had been implemented for 6 753 households which gained access to a total land area of 45 110ha. However according to DLA officials, the organisational and production problems with the projects created remained as severe as before (interview 3).



## Endnotes

1. For more details refer to page 25 of Part 1, *Livelihoods of farm workers in South African agriculture* (Department of Labour 2001).
2. The name of the province changed in 2002.

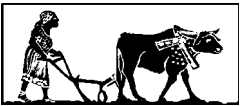
# Chapter 5: The LRAD programme

This chapter provides an overview of the LRAD policy and its implementation in Limpopo, based on official policy documents and reports and elaborated by implementation officials. It explains the aims and objectives of the programme, the services provided to beneficiaries through LRAD and the implementation structures and procedures in Limpopo. It also analyses some of the data available on progress to date, and outlines perceptions of progress and challenge held by the government officials responsible for LRAD implementation.

## Aims and objectives

According to DLA policy documents the objectives of LRAD, which are to be achieved in the 15 years from 2000, are to:

- *increase access to agricultural land by black people (Africans, Coloureds and Indians) and to contribute to the redistribution of approximately 30% of the country's commercial agricultural land (i.e. formerly 'white commercial farmland') over the duration of the programme*
- *contribute to relieving the congestion in over-crowded former homeland areas*
- *improve nutrition and incomes of the rural poor who want to farm on any scale*
- *overcome the legacy of past racial and gender discrimination in ownership of farmland*
- *facilitate structural change over the long term by assisting black people who want to establish small and medium-sized farms*
- *stimulate growth from agriculture*
- *create stronger linkages between farm and off-farm income generating activities*
- *expand opportunities for promising young people who stay*



*in rural areas*

- *empower beneficiaries to improve their economic and social well-being*
- *enable those presently accessing agricultural land in communal areas to make better productive use of their land*
- *promote environmental sustainability of land and other natural resources*

(DLA 2001:6).

Most of these objectives are vague and have no quantitative or qualitative component that could be effectively monitored. The target of redistributing 'approximately 30%' of commercial agricultural land may sound reasonably clear on first reading, but it is not explained anywhere how much of this 30% LRAD is expected to 'contribute'. In addition, exactly *which* land is not clear as the previous section of the LRAD policy document refers to 30% of 'all agricultural land' while the objectives section refers to 30% of formerly 'white commercial farmland'. There is a distinct difference between these two types of land. This lack of clarity on the targeted amount of land combined with the long list of various types of objectives does not help give a clear focus and purpose to the programme. The nature of the objectives also makes it



difficult to hold government accountable for delivery.

The uncertainty about the target for land redistribution is shared by Limpopo implementation officials. The provincial DLA officials we interviewed believed the target for LRAD is to redistribute 30% of land in 15 years to 'black, Indian and coloured' citizens who are at least 18 years of age. However they were not clear about whether the 30% refers to all land, or only agricultural land (interviews 1, 2 and 3). The provincial DoA official interviewed noted that LRAD is not the only land reform programme; implying that 30% is a target for all forms of land reform, including restitution (interview 4). DLA staff have not done any calculation to establish what the 30% target would mean in terms of hectares of land to be delivered in Limpopo, or any estimate of how much land they would need to deliver every year to reach the target, or what any of this would cost.

According to the LRAD policy document (DLA 2001:10) the programme is intended to assist people to acquire or lease land for agricultural purposes ranging 'from subsistence to medium-scale commercial' operations. However the officials we interviewed felt that land acquired through LRAD is not for subsistence, it is strictly for commercial agricultural purposes.

LRAD beneficiaries must be adults who were previously disadvantaged in terms of race and who want to use the land for agricultural production regardless of whether they are rich or poor, although civil servants are excluded. The LRAD policy document also gives particular attention to addressing gender imbalances in access to land. In this area LRAD sets a very clear target: 'not less than one third of the transferred land resources must accrue to women' (DLA 2001:7). The officials interviewed also emphasised that the policy requires the targeting of women and youth (DLA 2001:6-7).

LRAD, as the primary means of redistributing land, is also expected to

contribute to the overall objectives contained in the White Paper:

*to address the injustices of apartheid; to foster national reconciliation and stability; to underpin economic growth; and to improve household welfare and alleviate poverty (DLA 1997:v).*

When assessing the LRAD programme, its contribution to the achievement of these broader objectives should also be considered.

## LRAD services and support

The primary mechanism of LRAD is grants to beneficiaries. The size of a grant depends on the applicant's own contribution, skills and management ability, although in practice there is no systematic assessment of management ability (DLA 2001:7; NDA 2001:5). To receive a R20 000 grant a person must contribute R5 000. The more a potential beneficiary can contribute, the larger the grant he or she qualifies for, up to a maximum of R100 000, for which an own contribution of R400 000 would have been made (DLA 2001:8-9). The own contribution may be in the form of the beneficiary's own labour up to a maximum value of R5 000. Contributions may also be made in the form of cash, assets or loans. All of these may be combined to make up the full value of the contribution (DLA 2001; NDA 2001). Those applying as a group have to register a legal entity to own the land and may combine their grants in order to muster sufficient finance for the purchase of the targeted land (NDA 2001:3). DLA also assists beneficiaries to access loans from the state-owned Land Bank in order to make up any shortfall for land purchase.

The LRAD policy makes provision for beneficiaries to 'graduate from smaller to larger farms' through receiving further grants, as long as the total amount of grants received by one person never exceeds the R100 000 maximum. This facility is intended to enable farmers, who initially do not have the skills and



experience for larger projects, to expand their operations once they have established themselves (DLA 2001:10; NDA 2001:6). This opportunity for 'graduation' has not yet been implemented in any case in Limpopo.

LRAD grant money is never given to the beneficiary, it is paid directly to the seller of the land or other assets being purchased. While there should be consultation with the beneficiary, the final decision on the release of the grant money and the payment is made by DLA.

Land targeted for redistribution through LRAD is to be purchased from willing sellers. Officials from the various departments of agriculture and DLA 'as well as potentially officials from other government departments' are expected to play a facilitative role in making applicants aware of land that is available on the market (DLA 2001:7). DLA organises the valuation of the land and normally pays the seller a market-related price as determined by a valuer.

A 'planning grant' is available in addition to the main LRAD grant to pay for 'design agents' to work on the project design, business plans and proposals. The planning grant is also used to pay for services such as land valuations and land sub-division. The planning grant should not exceed 15% of the projected total capital costs of the project (DLA 2001:10).

The DLA team working on LRAD implementation in Limpopo in the first quarter of 2003 comprised approximately 23 staff: 18–19 planners, plus deputy directors, and the Director. The provincial DoA claims it can draw on almost all its staff to assist with LRAD, including crop scientists, horticulturalists, animal scientists, and people with expertise in business planning (interview 4).

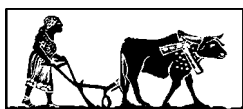
According to officials, additional support offered by DLA in Limpopo includes the drafting of business plans, arranging training, making contributions towards the cost of training, assistance in marketing of produce, and arranging other support from the DoA (interviews 1, 2 and 3). The relevant provincial DoA is expected

to provide training, agricultural support services and technical opinions on the proposed farm plans (DLA 2001). The DoA provides assistance with business planning, development and aftercare support, implementation, and provisions of technical assistance. It emerged from the beneficiary interviews, and this was confirmed by some of the officials, that most LRAD projects are not yet receiving support and the DLA 'is still arranging to service them' (interview 1).

## LRAD structures and procedures

The national departments of Agriculture and Land Affairs are responsible for overall design and monitoring of LRAD implementation. The national DLA budgets for the provision of LRAD grants, while the provincial DoA is expected to budget for the post-settlement support work. The DLA Provincial Director is the responsible accounting officer for purposes of authorising the release of grants, but he or she is expected to work with the Provincial Grant Committee (PGC) that must first approve all projects (DLA 2001). The PGC is made up of officials from the departments of Agriculture, Land Affairs, Public Works, and Local Government and Housing (interview 1).<sup>1</sup> The PGC in Limpopo is chaired by the Director for Farmer Settlement in the provincial DoA (interview 32).

DLA allocated an amount of LRAD money to the Land Bank for it to implement LRAD projects nationally. In the projects it implemented, the bank arranged the loan component, the LRAD grant, and the appointment of design agents or other required service providers. The Land Bank substantially overspent its LRAD budget so from the end of the 2002–03 financial year, DLA withdrew this mandate (interview 34). However there is still a role for the Land Bank as it provides loans for beneficiaries of DLA-implemented LRAD projects and can assist its clients to make applications for LRAD grants through the normal procedures.



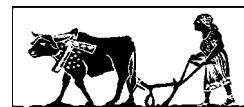
According to the policy (DLA 2001; NDA 2001) the process of accessing LRAD grants starts with beneficiaries who may apply as individuals or as a group. Beneficiaries are expected to decide on the size of grant they would like, identify land, develop a business plan, show proof of their own investment in the project, and submit all of this to the PGC. A project also has to have the endorsement of the local DoA office regarding the feasibility of the plan and a confirmation from a professional valuer that the land price is reasonable. The beneficiaries may choose to ask a design agent to assist them in any of the tasks or they may prepare the proposal themselves. On seeing that an applicant needs assistance, DLA may also appoint design agents and valuers to assist, and such costs may be paid from the planning grant. Once approved, DLA appoints a conveyancer, organises any subdivision of land that may be required, and releases the money. The relevant DoA should then appoint a 'mentor/extension officer' to provide support and organise training for the project (NDA 2001:4).

According to the officials we interviewed, projects are allocated to a specific district project officer who refers the application to the PGC when it is ready. Applicants are assisted to check that the application forms are complete. If applicants have not identified a particular farm for the project, they are assisted to do so. DLA checks with the Regional Land Claims Commission (RLCC) to ensure the targeted land is not subject to a land claim. Applicants are interviewed to make sure they know what they are embarking on and to inform them about how LRAD and the application process works. Project officers continue interacting with applicants until they have all the information needed to process the application.

When reviewing a project application the PGC may approve the application, reject the application, or return it to the applicant for further information (DLA 2001:11). Some potential reasons that officials gave for rejecting applications

were that the land is not suitable or of sufficient size for the intended use, the land is overpriced, or the applicant has already received other land-related grants (interviews 1, 2 and 3). Alternatives for those whose applications have been rejected include applying for access to municipal commonage or the lease of a government farm. At the time of writing, no municipal commonage projects had been implemented in Limpopo (interviews 1 and 3). Another approach is for the DLA project officer to adjust the proposal to try and make the project more viable. One option is to arrange a Land Bank loan to ensure sufficient investment for the project to succeed. However there was concern that this could lead to the Land Bank repossessing land if beneficiaries failed to repay their loans (interview 2).

While there is a clear target for the extent to which women should access land, there is little indication in the policy documents as to the measures that should be used to ensure this takes place. The policy document, apart from recommending the encouragement of women-only projects, simply highlights basic principles such as pointing out that 'women can apply for grants to acquire land individually' and officials 'must ensure that women are able to participate on an equal footing with men' in the implementation of LRAD (DLA 2001:6–7). According to the officials we interviewed, women who do participate are treated the same as men and become landowners in their own names, as opposed to the situation in communal areas and in some of the earlier SLAG projects where land is often registered in the name of a male household head. It was acknowledged that the DoA does not have any specific programme to involve women (interview 4). DLA officials try to promote women's participation through specifically encouraging them to apply, explaining that women are meant to benefit from the programme, and dividing men from women in meetings to give women an opportunity to talk without men being present (interviews 1, 2 and 3).



## Achievements of LRAD

From LRAD's inception in 2000 until the end of December 2002, 504 projects had been implemented, redistributing 267 680ha of land. Of this total, 415 were implemented by DLA, involving the redistribution of 208 564ha of land (Jacobs et al. 2003). By March 2003 the Limpopo PGC had approved a total of 49 LRAD projects affecting 22 291.81ha of land for 326 beneficiaries. Of these 20 were implemented by DLA and the remainder by the Land Bank. The 20 DLA-implemented projects involved the transfer of 14 147ha to 251 people. The total grant money approved for these 20 projects was R5 977 307.

Of the 20 DLA projects 18 are for individual beneficiaries and two are group projects, one with 203 and the other with 30 beneficiaries. Of the 18 individual beneficiaries only one was a woman. The average grant amount received by men was just over 25% higher than that received by women and the average loan amount received by men was more than 12 times higher than that received by women. Overall women will access only 17.9% of the land, just over half the targeted one-third (33.3%). Only 11 of the individual beneficiaries received loans. These 11 beneficiaries also had higher amounts of their own assets invested in the projects than any of the others. The loans referred to were obtained from the Land Bank. DLA has no information available on any loans that beneficiaries may have obtained from private sector sources.

According to figures provided by DLA, the individual beneficiaries invested assets of their own ranging in value from

R20 000 to R821 236, with an average asset value of R173 158 per person. The own contribution from the group projects was only in the form of labour and was valued at the amount of R5 000 per person (Makhamedzha 2002). There is no specific information available on the income of the beneficiaries nor does DLA appear to have any mechanism in place to gather such information, but the assets put into the projects by the 18 individual beneficiaries indicate that they are fairly wealthy.

Only eight of the 251 beneficiaries are youths (under 35 years old) and they all belong to one of the group projects. The fact that almost all the women belong to groups indicates the important role that group projects will play in benefiting marginalised sectors of the society.

The average figures calculated from this information give a misleading impression of the projects (Table 1). When looking more closely at the figures one sees that there are really two distinctly different types of projects being implemented, one for relatively wealthy individuals, and the other for poorer groups (Table 2).

While the vast majority of the beneficiaries (92.8%) are part of groups, the bulk of the land acquired (86.4%) has gone to only 18 individuals. Averaging the figures as is done in Table 1 above creates a picture of a well-balanced programme, with roughly half of all beneficiaries being women, and beneficiaries acquiring 50 to 60 hectares of land each. The reality, as revealed in Table 2, is of a two-tier programme where the group beneficiaries get around 8ha of land each, while a small



**Table 1: Summary of LRAD projects implemented in Limpopo**

	Number of beneficiaries	Hectares	Average hectares per person	Grants (R)	Average grant per person (R)	Land Bank loans (R)	Average loan per person (R)
Total	251	14 147	56.4	5 977 307	23 814	4 623 251	18 419
Men	127	11 617	91.4	3 417 307	26 908	4 268 251	33 608
Women	124	2 530	20.4	2 560 000	20 645	355 000	2 863

Source: DLA Provincial Office (Makhamedzha 2002).

	Number of beneficiaries	Hectares	Average hectares per person	Grants (R)	Average grant per person (R)	Average of own assets put in per person (R)	Average loan per person (R)
Total individual	18	12 226	679.22	1 317 307	73 184	163 538	256 847
Total group	233	1 921	8.24	4 660 000	20 000	0	0
Individual men	17	10 598	623.41	1 217 307	71 606	169 040	252 250
Men in group	110	1 019	9.26	2 200 000	20 000	0	0
Individual women	1	1 628	1 628.00	100 000	100 000	70 000	335 000
Women in group	123	902	7.33	2 460 000	20 000	0	0

Source: Makhamedzha 2002.

number of individuals are assisted to acquire portions of land averaging close to 700ha per person. The smallest portion obtained by one of the individual beneficiaries was 159ha and the largest 1 710ha. Thus even the smallest portion obtained by an individual is almost 20 times the size of the average obtained by the group members. It is quite clear that one reason for this dramatic difference is the sizeable assets of the individual beneficiaries that enable them to access larger LRAD grants, combined with their ability to access loan finance.

Analysing the total projects costs and the hectares of land obtained makes it clear

that the individual beneficiaries are getting far more land for their money (see Table 3) than the beneficiaries in the group projects. Not only did the small group of individual beneficiaries start with access to considerable assets and finance, but the LRAD programme gave them grants that were on average nearly four times as large as those received by poorer group members. Individual beneficiaries are further favoured over beneficiaries in groups through being assisted to acquire more than four times as much land per rand of project costs.

There is no information available on the land cost in the largest group project as the land was donated (see information on the



	Total hectares	Total own contribution* plus grant	Average per hectare project cost
Total	14 147	14 834 244	1 048.58
Individuals	12 226	9 009 244	736.89
Groups	1 921	5 825 000	3 032.27

\* Own contribution includes cash, loan component, assets in the project and labour (normally calculated at R5 000 per person to enable people without other assets to access the minimum grant).

Source: Makhamedzha 2002.

Vaalkop project in Chapter 6). Land prices for the rest of the projects reveal that in the other group project, Mankweng Integrated (see Chapter 6), the land price was R11 666 per hectare while the individual beneficiaries got their land at an average price of just R269 per hectare. Differences in land prices could be explained by objective factors such as the difference in land quality and assets on the land, but administrative practices also appear to have been a factor.

Making direct contact with the beneficiaries quickly revealed at least part of the reason for some of the differences in land prices noted above. Seventeen of the 18 individual projects approved are on two blocks of state owned land, at Steilloop, where there are five beneficiaries, and at Manamead, where there are 12. It emerged that in both of these areas the beneficiaries had already been leasing the land in question before the initiation of the LRAD project. The state land they were on was priced at production value rather than at market value, yielding substantially lower prices per hectare than could have been obtained for land on the open market. The private land to be acquired for the Mankweng Integrated group project was



valued at market rates. DLA information on projects approved identifies four categories of planning grant expenses: business planning, valuation, legal entity, and other (Table 4). The largest amount of planning grant money reported as spent is allocated to 'other', giving little idea what it was actually used for (Makhamedzha 2002). According to one DLA official, the planning grant money listed under 'other' may be a provision and not money actually spent, as he did not know what it had been spent on (interview 33). The Agricultural Research Council (ARC) carried out the business planning for most of the projects free of charge; other planning required was done by DLA officials, so there was little expenditure on business plans. The Land Bank was paid to do the land valuations on all the state land.

In addition to the DLA projects, 29 projects implemented by the Land Bank in Limpopo involved the transfer of 8 144.81 hectares to 125 beneficiaries (Table 5).

A comparison with DLA-implemented LRAD projects shows that the DLA reached twice as many beneficiaries with less than two thirds of the grant money. Not surprisingly the loan component of the DLA-implemented projects is far smaller

**Table 4: Expenditure of planning grants on LRAD projects (R)**

Business plans	Valuations	Legal entity	Other	Total
28 000	62 323	16 850	448 759	555 932

Source: Makhamedzha 2002.

**Table 5: Land Bank-implemented LRAD projects**

	Number of beneficiaries	Hectares	Average hectares per person	Grants (R)	Average grant per person (R)	Loans (R)	Average loan per person (R)
Total	125	8 144.81	65.16	9 225 264	73 802	27 455 807	219 646
Men	92	6 960.92	75.66	6 373 293	69 275	16 581 692	180 236
Women	33	1 183.89	35.88	2 851 971	86 423	10 874 115	329 519
DLA-implemented LRAD projects (for comparison)							
Total	251	14 147	56.4	5 977 307	23 814	4 623 251	18 419

Source: Land Bank, Polokwane Branch (Land Bank 2003).

than that of the Land Bank-implemented projects with the average beneficiary of Land Bank projects acquiring almost 12 times the amount of debt. While spending more money, the Land Bank has assisted with the acquisition of a far smaller amount of land than the DLA. This is undoubtedly due to the type of projects supported and the payment of market value for land acquired by the Land Bank compared to the low cost of the state land that DLA acquired for some beneficiaries at less than market rates.

It is interesting to note that in 8 out of 14 projects involving women the women have the same surname as another male project member, indicating that they may be applying as part of a family (Land Bank 2003). While women end up with a far lower average amount of hectares than men, they get a higher average loan and grant amount. This is due to the concentration of women in a few high cost, low hectare, projects; primarily one R24.2 million project discussed below. In total women obtained only 14.5% of the total land transferred. This is less than half the 33.3% promised in the LRAD policy document.

The Development Focus poultry project alone used R20 million of loans (almost 75% of all the loans issued by the Land Bank), and R4.2 million of LRAD grant money. It has 42 beneficiaries (18 women and 24 men) who each received a loan of over R470 000, on top of the maximum grant of R100 000, to purchase less than 15 hectares of land per person (Land Bank 2003). The project involved the purchase of a chicken farm that had been known as Mike's Chickens, about 20km north west of Polokwane (interview 34). The details have been provided here because the scale

of the project has given it a large influence over the total and average figures for the Land Bank implementation of LRAD in Limpopo.

The Land Bank spent considerably more than the DLA on planning grants, especially for business planning. It spent nothing on land valuations and little on 'other'. It should be noted that considerably more than half of all the planning grant money (R650 000) spent by the Land Bank went on the Development Focus project (Land Bank 2003). At the same time a number of projects had no planning grant money spent on them at all.

The nature of the planning grant expenditure raises questions about how and when the Land Bank decided to spend planning grant money. Land Bank officials explained that some applicants came with business plans already prepared so there was no need to spend money on further planning. Even if people were assisted in drawing up the business plans the Land Bank felt they could not pay retrospectively for a service provider who was not appointed by the bank. If people have no business plan the Land Bank goes through a tender process to identify and contract a service provider who it will pay (interview 34).



## State land

According to the Chairperson of the PGC, a decision was taken by DLA and DoA to dispose of state land through the LRAD process. Current lessees would be given the first option to purchase, at the productive rather than market value of the land, provided they qualified to be LRAD beneficiaries (interview 32). There was no advertising of the opportunity to acquire the state land. The DoA identified the land

**Table 6: Expenditure of planning grants on Land Bank-organised LRAD projects**

Business plans	Valuations	Legal entity	Other	Total
931 883	0	29 405	101 414	1 062 702

Source: Land Bank 2003.

that was not under land claim, and the current lessees were approached to establish if they qualified for LRAD grants and wanted to participate in the programme. In all cases they qualified and became LRAD beneficiaries for the purpose of purchasing the land they were leasing (interview 32).

The state land acquired by LRAD beneficiaries in this manner is all adjacent to former homeland areas. It was bought by the apartheid regime and held by the South African Development Trust (SADT) for incorporation into those homelands. The process of transferring the land into the homelands was not done; instead it was leased to farmers. The White Paper identifies former SADT land as available for redistribution and requires it, along with other public land, to be used to support 'government's macro economic, human development and redistribution goals'. It also calls for the establishment of 'acceptable mechanisms for public consultation on the use of state and public land' (DLA 1997:83-4). The LRAD policy envisages that the programme could be used for the disposal of agricultural state land. It also calls for a public announcement of intent to sell the state land and suggests a three-month notice period to give an opportunity for beneficiaries to organise themselves to make bids for the land (DLA 2001:12; NDA 2001:9).

The LRAD policy requires proposals to include the 'value of the land relative to market prices' and makes no mention of a different approach for the valuation of state land (DLA 2001:11). However the decision taken for the LRAD programme in Limpopo to value the state land at production values is in line with the DLA *Handbook on property valuation*. The handbook states that the general policy is 'to estimate fair market value', but goes on to say that where state land is to be disposed of for redistribution projects 'the preferred valuation approach is to estimate the productive value of the property' (DLA 2000:2, 19).



## Implementers' perceptions

All the officials interviewed believed that the implementation of LRAD was going slowly in Limpopo, although one felt that it was better than a number of other provinces (interview 1). The main reasons suggested for the slow pace of delivery are the high prices being demanded by landowners, the slow process of buying land by the government with all the information and stages of approval that are required, and the amount of land under restitution claims.

There were differing opinions on the extent of involvement of women in projects, and officials did not seem to have access to, or were not aware of, any figures showing how many women were involved and how much land they had obtained. Where women are involved in decision making, officials remain concerned that they often remain passive and 'rubber stamp' decisions. One reason given for a lack of women's involvement was that 'women want land close to where they live' (interview 4). Given the lack of access to transport for most rural women and judging by the long distances that many beneficiaries have to travel to the land acquired, this could be a significant factor which is not considered in LRAD project design (see Chapter 7). It was commonly agreed that further efforts need to be made to ensure that women get actively involved and benefit from the redistribution programme.

Estimates for the time taken to process applications from the initial application to project approval ranged from 2-6 months (interview 1) and a minimum of six months (interview 2). Factors identified as causing delays were: delays in getting valuation reports; farmers refusing to sell or delaying the sales; the general delays from government due to its protocols and procedures (it was noted that the DLA is revising the project cycle to try and shorten it); and problems in the committees dealing with project approvals, because they were initially not sure how to handle applications.



The officials interviewed largely felt that it was too early to say whether the projects are sustainable or not, although they believe they could be, as long as the beneficiaries are dedicated. Some difficulties that they identify as negatively affecting sustainability are: conflicts within group projects; an over-dependency on DLA; some beneficiaries knowing nothing about farming; and others not being committed to farming.

DLA had no information on the productivity on the farms or of the improvement in the lives of the beneficiaries. The officials interviewed seemed to believe that the LRAD projects had improved people's lives, but did not have a sense of the extent of this improvement or any data to support their view. The main reason cited for a lack of information was the newness of the projects.

The officials interviewed identified a number of key challenges for LRAD implementation, ranging from the size of the grant and attitudes of beneficiaries to natural disasters such as droughts (see Box 1). They are responding to these challenges through providing training and technical assistance, encouraging beneficiaries to move from subsistence to

commercial farming, and trying to access support from municipalities when there are natural disasters. According to a respondent, the Minister for Agriculture and Land Affairs is speaking to farmers' unions in order to encourage them to release land for the LRAD programme (interview 3). Officials would also like to see more subdivision of land, but say there are policies blocking this.

Government officials also had a number of recommendations for policy changes that they believe would improve the programme. They would like to see LRAD used in communal areas where people already have access to land, but do not have the resources to fully utilise the land. This is possible, according to the LRAD policy document (DLA 2001:10), but has not happened yet in Limpopo. Another suggestion made was to ensure that more of the beneficiaries are people with agricultural and management skills, including civil servants, so that they can share their skills. It was also suggested that the grant should be increased to keep pace with increasing land prices and to allow people to purchase larger farms in order to have a better chance of making a reasonable income. In particular the minimum grant of



### Box 1: Challenges for LRAD

Officials interviewed identified the following challenges for LRAD:

1. The grant is not enough, given the price of land and the plans of the beneficiaries.
2. Land owners are not willing to sell, or are demanding exorbitant prices.
3. Most white farmers do not respect the government and do not support LRAD.
4. Municipalities are not involved in assisting with projects.
5. People do not know which department does what. Despite close relations between DLA and DoA, there is sometimes confusion, mostly arising from the high staff turnover.
6. Beneficiaries lack skills.
7. Natural disasters such as the drought are affecting the projects.
8. People are not willing to move to where the commercial farms are.
9. People who are involved in subsistence agriculture are not ready to be involved in commercial ventures and are not willing to take advice.

R20 000 was felt to be too small, but it was not clear if officials felt the maximum grant size should also be increased. Targeting the poor was identified as important as they are struggling to access the programme and have no other access to capital (interview 4). More training and practical experience is required for the beneficiaries and DLA should employ

more agricultural specialists as much of the work is agriculture-related.

## Endnotes

1. The composition of the PGC is: DLA – Director and two Deputy Directors; Department of Public Works – Director; Department of Agriculture – Director, Deputy Director and a Secretary; Department of Local Government – Director.



# Chapter 6: LRAD projects in Limpopo

This chapter presents more detailed information on the LRAD projects implemented by DLA in Limpopo. This information was largely obtained from interviews with the beneficiaries themselves and from site visits. Information provided by DLA and other respondents with knowledge of the projects was also utilised.

The chapter first presents brief descriptions of the different projects and then analyses the information gathered thematically, covering project design and land acquisition; the beneficiaries; production, employment and sustainability; markets; post-transfer support; and challenges, hopes and recommendations of the LRAD beneficiaries.

Projects implemented by the Land Bank are not covered here, as assessing the DLA projects was felt to be more important, especially as the Land Bank mandate for LRAD implementation was withdrawn in March 2003. In addition, limited time and other resources were available for this study, and it proved difficult to get access to project information and contacts for the Land Bank projects.

## Manamead projects

There are 12 LRAD projects at Manamead, each with an individual beneficiary. These projects are described together in this study as they were all implemented as part of the same process on one large farm.

The Manamead farm is situated in the Vhembe district, approximately 90km north east of Polokwane. It is extensively used for livestock and, in some places, dryland cropping. The grazing is sweet veld and shrubs and is of good quality, provided there is reasonable rainfall (interview 4).

The Manamead farm was a state-owned cattle farm acquired by the government in

the mid-1980s for incorporation into the former homeland of Venda. The farm was run as a cattle farm by the Venda government and then by the Agriven parastatal (interview 5). The current farmers remember it as being a very productive cattle farm until the early 1990s when it was more or less abandoned (Wegerif 2003). In 1994, just before the end of apartheid and the dissolution of the homeland governments, the Venda Land Board, established by the Venda administration, allocated portions of the farm to individuals on a lease basis (interviews 4 and 5). After the first democratic elections in 1994, Manamead was managed by the provincial DoA in terms of a power of attorney granted by the Minister for Agriculture and Land Affairs. No change was made to the lease arrangements with the farmers (Wegerif 2003).

The same leaseholders who were allocated the land in 1994 became the LRAD beneficiaries in 2002. A number of the respondents, when asked how they got involved in the project and acquired the land, referred to the procedure in 1994, as this was when they were first allocated the land. In 1994 notices were placed in the Venda DoA offices announcing the intention to lease the land, and others heard through word of mouth. All of the successful applicants were prominent business people or civil servants. It appears that they all knew each other or at least knew the Chairperson of the Land



Board (Nefale 2003a). The Chairperson of the Board was also allocated a piece of land – the second largest piece – and is now also one of the LRAD beneficiaries. While all respondents claimed to have held and used the land on a lease basis, it emerged that they did not actually pay any rent during the nine years that they had occupied the farms (interview 5).

The beneficiaries did not take any initiative to apply for the LRAD grant; a number of officials, including the Provincial Director for Land Affairs and senior officials from DoA came to explain the LRAD programme to them on 21 January 2001 (Wegerif 2003). The DoA and DLA had decided that they would dispose of the farms as part of the programme of state land disposal and LRAD (interview 3). For a period after this there were regular monthly meetings at the farm where the officials from DLA came to brief the farmers on the progress of the grant application and to collect any outstanding information and forms. Thus the beneficiaries found applying for LRAD rather

easy and reported that it did not tax their time or resources (Kalauba 2003). The only problem consistently raised by the beneficiaries was the slow pace of the process. The initial meeting was in January 2001, DLA documents confirm that the projects were approved on 7 December 2001, but beneficiaries were only advised in March 2002. At the time of the interviews in April 2003 the beneficiaries had still not received the title deeds (Wegerif 2003).

The farmers each have their own piece of land on the farm, the same portions originally allocated to them in 1994, and make their own decisions about what to do on that land. However they operated as a group in the process of accessing the LRAD grants and co-operated in a number of other activities such as pumping water from a common borehole (Wegerif 2003).

The landholdings acquired range in size from 159–461ha. The beneficiaries received grants of R33 000–R100 000 to buy the land. In addition to the grants, six of the 12 farmers received loans from the



**Table 7: The projects at Manamead**

Beneficiary	Hectares	Grant* (R)	Loan (R)	Own contribution** (R)	Number of cattle#
Mafadza	461	76 951	29 604	166 700	56
Ramuthaga	185	38 000	0	20 000	
Tlou	328	38 000	21 874	821 235	55
Tshikororo	375	78 090	31 497	173 350	
Phume	256	52 000	0	60 000	
Phadziri	235	48 000	0	50 000	
Nyambeni	231	48 000	0	50 000	
Netshilema	373	100 000	8 000	495 500	116 <sup>1</sup>
Netshifhefhe	231	48 000	0	50 000	80 <sup>2</sup>
Nengovhela	451	84 392	9 854	242 600	96
Mudunungu	159	33 000	0	20 000	41
Mudau	264	72 874	1 444	167 300	64

\* Information from DLA, but not confirmed by the beneficiaries since they did not have the information.

\*\* Information from DLA, all contributions in the form of assets.

# Limited to the numbers of cattle of interviewed beneficiaries.

Land Bank, organised for them by DLA, ranging from R1 444–R31 497 (Makha-ramedzha 2002). The land was valued by the Land Bank at production value and acquired for the beneficiaries at an average price of R223.71 per hectare. It appears that the grant and loan amounts were calculated to just cover the cost of the land, since there was no finance available for any other purpose.

Of the seven respondents from Manamead who were interviewed, six were business people, with shops, butcheries, cafes or taxi operations, and one was a civil servant in the Department of Health. All of them live and have their other businesses quite far from the Manamead farms. For example a number of them live around Thohoyandou and Sibasa, over 100km away, and some stay in villages that are even further. A few live nearer in Makhado (about 45km) and Madombidzha (about 50km). None of them are full-time farmers, most of them coming to the farm only about once a week.

There is no indication of any change in production resulting from the initiation of the LRAD project and the farms continue with the same basic operations that have been going on since 1994–95 when the beneficiaries were granted access to the land under lease arrangements. All the farms are used almost exclusively for beef cattle farming. There has also been no change in employment with all the

respondents employing only one or two workers. All the workers are men and are employed as labourers and to keep watch over the farms and the cattle.

## Steilloop projects

There are five LRAD projects on the Steilloop farms, each with an individual beneficiary. The projects were implemented as part of the same process by DLA and will be dealt with together in this section. The Steilloop farms are situated in the Waterberg District about 120km west of Polokwane. It is an arid area mostly used for cattle and, more recently, game farming (Kwinda 2003; Nefale 2003b).

The Steilloop farms were state farms, like Manamead, bought by the South African Development Trust for incorporation into a homeland, in this case Lebowa. The farms were never handed over to Lebowa and, since their purchase, have been leased out to different farmers (Nefale 2003b).

All of the five LRAD beneficiaries in the project started leasing the farms around 1997 (interview 15) as part of a farmer settlement programme of the DoA. The farms available for lease were advertised and a screening process undertaken, with priority being given to those living near to the farms (interview 32). The respondents say they heard about the leasing of the farms and applied individually to the DoA. They were interviewed by DoA officials



**Table 8: The projects at Steilloop**

Beneficiary	Hectares	Grant (R)	Loan (R)	Own contribution (R)	Number of cattle	Other production
Sikanka	1 710	100 000	219 000	185 000	130	
Kgatla	1 580	100 000	299 582	102 000	197	50 goats, 30 sheep
Morapedi	1 628	100 000	335 000	70 000	130	
Lehong	1 470	100 000	233 396	170 000	125	
Not known*	1 674	100 000	333 400	100 000		

\* DLA supplied information only on the farm name. This beneficiary was the only one at Steilloop not interviewed.

Source: Beneficiaries and DLA.

and later told they were successful and could lease the farms.

The LRAD programme was initiated in 2001 by the DoA, which sent officials to explain the LRAD programme to the farmers who were leasing the land. The beneficiaries were told that the government wanted to get rid of all the farms they owned and were therefore offering them for sale to the leaseholders (interview 14). They were encouraged to apply for LRAD grants and assisted with filling in the required forms. It was explained that the grant would reduce the amount of money they would need to borrow to buy the land, and that they would receive the land at less than the market price.

While the beneficiary perceptions of the process are positive, there is some confusion about the time frames for project application and approval. DLA lists all the projects on the Steilloop farms as having been approved on 12 November 2001, except that of Mr Lehong on Vergenoeg that was approved on 2 August 2002. However the beneficiaries report having been formally told of the approval only in September 2002 according to Mr Kgatla (interview 15) and even January 2003 according to Mrs Morapedi (interview 17). At the time of the interviews in March 2003 they were still waiting for the title deeds, a factor hampering their ability to obtain further loans. Some are not even sure of the exact size of the land they now own (interviews 13 and 14). Despite these uncertainties, they noted that from the time of filling in the forms they were given strong assurances by the officials that their applications would be accepted. According to DLA the problems of establishing the correct land size stem from the use of old data that turned out to be inaccurate. They have since appointed surveyors to clarify the exact boundaries and farm sizes, and will update this information on their records of approved projects (interview 33).

The farms acquired range in size from 1 470ha–1 710ha and all are being used for cattle farming. All beneficiaries got the maximum R100 000 grant and also

received substantial loans in the range R219 000–R333 400 from the Land Bank. The loans were organised by DLA as part of the LRAD process, and the full loan and grant amounts were used for the purchase of the land. As in Manamead a production valuation rather than market valuation was done by the Land Bank and all the farms were obtained at a very reasonable price (an average of R232.94 per hectare). As one of the beneficiaries said, 'I can say it was for free, because it was not very expensive' (interview 17).

There are five beneficiaries, four men and one woman, four of whom were interviewed for this study. All of the beneficiaries are full-time farmers although Mrs Morapedi is also a part time councillor in the local municipality and has a sewing business as well (interview 17). They live in villages about 40km away, although two of them are now living on the farms at least some of the time.

The production on the farms is primarily beef cattle, with Mr Kgatla also keeping some goats and sheep. Three of the respondents employ two people each, and one employs three people. Three respondents also mentioned having family members who assist. All of those employed by the beneficiaries are men employed as labourers.

## Mankweng Integrated development project

This is one of the two group projects that have been approved. It involves 30 beneficiaries, of whom 29 are women. All the women are from Mankweng and are members of the ANC Women's League. The man was working and living on the identified farm for the previous owner and has knowledge of the farm and farming in general (interview 36). Mankweng is a township about 35km to the east of Polokwane. The farm that the group is being assisted to purchase is located on the Polokwane-Dendron road (on the other side of Polokwane from Mankweng) and is about 60km from where most of the beneficiaries live (Kalauba 2003).



The group first heard about the LRAD programme at a local meeting organised by the Polokwane Municipality at which the DLA Provincial Director spoke about LRAD. They also heard about it on the radio. The Provincial Director is from the area and helped by advising them 'as a local woman' (interview 36). The group applied some time in early 2002 and was told the project was approved around July of the same year, although according to DLA records it was approved on 2 August 2002. However, at the time of the interview in March 2003, the project participants had not yet received the transfer of the land or started production.

Members of the group travelled at their own initiative and cost to the DLA office in Polokwane to make and follow up on the applications. The project members incurred a lot of transport costs travelling to the DLA office and felt that the process was slow and inefficient with 'a lot of hassles' (interview 19). This contributed to a number of group members dropping out when they saw no progress in the project. The LRAD application itself went reasonably smoothly; problems seem to have arisen with registering a trust and the transfer of title on the property.

The members of the group rejected the agents appointed by DLA to register the trust and this caused some tensions between the group and the DLA Project Officer whom the Chairperson of the group referred to as 'unco-operative and rude' (interview 19). The Chairperson complained that she was instructed by the Project Officer to sign blank forms that she was told were for the change of ownership, but at the time of the interview the group had still not been able to take occupation of the farm. She was also asked to sign a form to confirm receipt of the grant money, but refused to sign, as the group had received no money.

The group members are unemployed although they have an existing project on some land close to Mankweng and have managed to sell some produce to a local school. They have no experience of

commercial farming, but have been doing subsistence farming.

The 'own contribution' of the beneficiaries to the project was in the form of labour and calculated at R5 000 per person, making a total of R150 000. They did not get any loan or make any contribution of assets. Each beneficiary was allocated the minimum grant of R20 000 and these grants were combined to give the group access to R600 000. The project is to acquire a 24ha farm from a white land owner for the asking price of R280 000, an amount that had been confirmed by a valuer as a fair market price. The balance of the grant is to be used for the purchase of a vehicle and other equipment needed for the project.

Production has not started as the land transfer has not gone through, but it is the intention of the project to grow mealies and other vegetables for their own use and to sell locally.

## Vaalkop

Vaalkop is a 1 897ha piece of land that was part of a mission station owned by the Catholic Church. It is located about 30km south west of Polokwane in the former homeland of Lebowa. There has been a community living on the land for generations. They are descendents of the early converts who came to stay close to the church. No interview was conducted with the beneficiaries, but information was obtained from the DoA and DLA (interviews 32 and 33).

The LRAD project was initiated by the church that approached DLA for assistance when it wished to dispose of the land to the community living there. The land was donated by the church and all those already living on it are listed by DLA as the LRAD beneficiaries. This project has by far the largest number of beneficiaries of DLA-implemented LRAD projects in Limpopo, accounting for 203 out of a total of 251 (that is, over 80%) (Makharamedzha 2002).

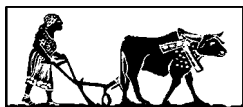
The own contribution by the beneficiaries was in the form of their labour and



calculated by DLA at the amount of R5 000 per person. There was no loan component or assets included as contribution to the project. The grant money they are entitled to, R4 060 000 in total, is to be used for development on the land (interview 32; Makhamedzha 2003). No implementation had taken place at the time this research was conducted and there were no plans for any change to the land-use. Given the number of people already living on the land, the project is largely providing residential land, although there should be some opportunity for small-scale agricultural projects.

## Vele Farm

The Vele farm project involved an individual beneficiary, Mr Tshivase, purchasing a private farm that is registered as portion 13 of Spitskop. The 614.9ha farm is about 42km west of Makhado, where Mr Tshivase lives. The land in the area is fertile and used for livestock, dryland agriculture and cash crops under irrigation (Vele Farm Project 2002).



No interview was conducted with the beneficiary, but information was obtained from the DLA Project Officer, a researcher from the Human Sciences Research Council who had interviewed the beneficiary, the Deeds Office, and the Registrar of Companies. This project turned out to be the only one implemented by DLA up to the end of March 2003 that involved the redistribution of land that had been white-owned, and the only transfer that had taken place to a person who was not already occupying and using the land.

Mr Tshivase initiated the project himself as he wanted a farm. He approached an estate agent to assist in identifying a suitable farm and went to the regional office of the DoA to get assistance with a business plan. He had read about LRAD, and the DoA officials gave him contact information for DLA so that he could apply (interview 36).

The intended farm use, according to the business plan, is livestock and cash crops. The farm had previously been used for

grazing and also has 6ha of mango orchards and 1ha of cultivated land. (Vele Farm Project 2002). The farm was purchased for R560 000 with R460 000 paid cash by Mr Tshivase and DLA contributing the maximum LRAD grant of R100 000 (Makhamedzha 2002). Mr Tshivase raised the cash component through an overdraft with a private bank (interview 36).

The farm is registered in the name of Nzwalo Investments CC, although the business plan approved by DLA names Mr Tshivase as the sole beneficiary. However Nzwalo Investments is a close corporation that was set up in 1998 with two directors, one being Mr Tshivase, who has a 40% stake in the company, and the other being a Mr Themeli who has a 60% stake in the company (Registrar of Companies 2004). Another anomaly is that DLA has recorded it as approved in June 2002 and land transfer as taking place in August 2002 (Makhamedzha 2002). However, the records in the Deeds Office show the purchase date to be 1 March 2002, three months before the LRAD grant was approved (Deeds Office 2004). It was beyond the scope of this study to investigate these matters further.

When the Human Sciences Research Council interviewed Mr Tshivase in June 2003, it was found that he had started operations on the Vele farm with 30 pigs and 100 indigenous chickens and, by the time of the interview, had 66 cattle and 100 pigs. Three labourers were employed on the farm, all of whom brought useful experience as they had all worked on farms for years. Mr Tshivase claimed that he was still subsidising the farm from his other business interests, but according to his plans he would start making a profit after two years (interview 36).

## Bellevue

Bellevue is a farm in the Roedtan area about 120km south of Polokwane. The Roedtan area is very flat with a mixture of agricultural activities including crops such as maize, vegetables with irrigation, and



cattle farming. Bellevue was a state farm, like the Steilloop and Manamead farms, and Mr Kutumela has been leasing it for about six years after it was made available by the DoA.

Mr Kutumela applied for the LRAD grant in 2002 after hearing about it at the Zebediela Farmers' Union meeting. He did not remember how long the application process took, but it was not long, 'just a few months' (interview 16). Strangely DLA does not have the project listed as approved, so the project is not included in the statistics given for approved projects in Chapter 5 above. The researchers were referred to Mr Kutumela by the DLA Project Officer responsible for that district. Mr Kutumela believed his project had been approved during 2002.

The farm is approximately 1 450ha of land paid for by an LRAD grant and Mr Kutumela's own cash contribution that came from his pension payout when he retired as a policeman. He now works full-time on the farm. He employs seven workers, three women and four men, and his son is also assisting him with the farming. The main activity on the farm is cattle farming and there are currently 120 cattle. There are also some sheep and goats. The relatively large number of employees are required to assist in clearing the land of dense thorny bush that negatively affects the grazing capacity.

## Project design and land acquisition

Contrary to the LRAD policy that envisages a 'demand directed' process (DLA 2001:6) most of the projects in this study were initiated by DLA and DoA because they are on what was state land and the decision had been taken to dispose of that land through LRAD. This approach raises another question about the extent to which such land transfers are addressing the racial inequality in land access in South Africa. LRAD sets as a primary objective the redistribution to 'black people' of 30% of 'white commercial farmland' (DLA 2001:6) yet only the land acquired for the

Vele and Mankweng Integrated projects fits that description.

Despite not significantly contributing to land redistribution, the LRAD projects implemented in Limpopo may have value as tenure upgrading projects. The beneficiaries have certainly benefited in terms of being assisted to purchase land at very preferential rates. For example Mr Netshilema (interview 6) at Manamead had to pay just R8 000 for his 373ha farm. His existing assets were considered to be his contribution to the project and calculated to be of sufficient value for him to get the maximum grant of R100 000. Calculated at a production value of R231 per hectare, the total land price was R108 000. The R8 000 was paid with a Land Bank loan organised by DLA. Six of the beneficiaries at Manamead are becoming owners of farms ranging from 139–256ha without having to borrow or contribute any money themselves. The beneficiaries interviewed also appreciated that they were able to acquire land without being required to have their own finance or collateral.

Worryingly, a number of the respondents at Manamead did not know the value of the land they had received, the size of the grants they are purported to have received, or the amount of their own contribution to the projects. This is probably due to the way the projects were initiated and administered entirely by DLA and further illustrates a lack of 'ownership' of the process by the beneficiaries. Beneficiaries of the Mankweng Integrated project made 'own contributions' in the form of labour, valued at R5 000 per person, and the entire land cost was covered by the grant. In the Vaalkop project the land was donated and the beneficiaries were allocated grants of R20 000 each based on their own contribution of R5 000 each in the form of labour. At Steilloop the beneficiaries acquired much larger farms and had to borrow substantial amounts of money, from R219 000–R335 000, to cover the cost of the land purchased. A number of the respondents complained about the difficulty of paying off these loans.



However there is no doubt that the combination of the grant, the low (that is, production value) valuation of the land, and the DLA-organised loans from the Land Bank, has still given them a significant benefit.

In all the individual projects on state land, the amount of the grant and the loan provided for the projects was calculated to just cover the land price, leaving no additional finance for any improvements in infrastructure or production. This despite many of the respondents saying that their reason for agreeing to take up the LRAD opportunity was in order to make investments in improvements such as boreholes or improving the grazing. Not surprisingly, access to finance was identified by beneficiaries as the major constraint preventing further improvements.

The Manamead and Mankweng Integrated projects show through very different examples that the use of beneficiaries' 'own contribution' is not achieving the intended outcome of ensuring commitment to the project. LRAD reduces the assessment of beneficiary commitment to purely financial terms and, in practice, this has often become a book entry not necessarily reflecting any actual input to the project. At Manamead the beneficiaries did not bring any assets to the projects. The assets they were already using were valued and put down as their own contribution. The relatively small place the farms have in the business operations and lives of many of the Manamead beneficiaries raises questions about their level of commitment. In the Mankweng Integrated project the labour contribution has simply been calculated at the maximum amount of R5 000 per person. This has done nothing to confirm or build commitment, as evidenced by members dropping out of the project before it started production despite their supposed R5 000 investment.

The speed of processing of LRAD applications seems to have been improving over the years with the Manamead projects that started in 2001 taking more than a year from initiation to approval, while projects like Mankweng Integrated and

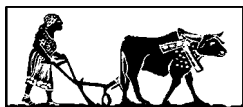
Vele that were initiated in 2002 took less than six months. A year after project approval, however, land titles had still not been transferred to some beneficiaries. Communication, while very good on some projects in initial phases, has been erratic when it comes to informing beneficiaries about project approval and the dates of land transfer. For example, there are gaps of months between decisions being taken by the PGC and communication of these decisions to beneficiaries.

Business planning was done by the Agricultural Research Council for the projects at Manamead and Steilloop and by DoA and DLA officials for the others. Vaalkop was the only DLA-implemented project where the planning grant was actually spent. The business plans may have served an administrative purpose for the DLA, but there was no sign that the plans were having any effect on the nature of the production on the farms. Most of the beneficiaries who are expected to implement the plans knew nothing about them. Of the 14 beneficiaries interviewed, only three had seen the business plans for their projects, although even they did not have copies of them. These three indicated that they were quite happy with the business planning process. Seven respondents said they knew nothing about any business plans, while the remaining four had heard about business planning, but knew little about what was in the plans.

None of the projects involved any de-concentration of landholding, a central factor in the success of international land reforms that have brought increased productivity and contributed to economic growth and poverty reduction. All the projects acquired and continued to use land in the same 'economic units' as before and continued with the same land use and modes of production that had existed before the land transfer.

## The beneficiaries

The individual projects involve beneficiaries who are either business people or civil servants (current or retired). Many benefited because they had the where-



withal, information and contacts to obtain state land on a lease basis some years ago. Due to holding the leases, they then became the lucky beneficiaries of a government decision to dispose of that land through LRAD. Mr Tshivase, who acquired a white-owned farm, had access to significant credit and an ability to seek out the professional assistance he needed, for example approaching the estate agent and finalising a deal with the landowner. Mr Kutumela had a civil servant's retirement package to enable him to make the investment required.

The group beneficiaries appear to be largely poor rural dwellers. However, they were not without some useful connections. The Vaalkop project was an initiative of the church that owned the land. The initiation of the Mankweng Integrated project was assisted by the beneficiaries being both ANC Women's League members who attend municipal meetings, and the fact that they came from the same community as the Provincial Director of Land Affairs (interview 19).

Some of the respondents have experience of farming, mostly gained from their parents on communal land. For example Mr Ramuthaga (interview 5) said he started gaining farming knowledge from his father at the age of 12. He then bought some of his own cattle in 1992 and kept them on communal land. Others have been farming as far back as 1970 and have farmed in a number of different communal areas (interview 6). Only one farm worker has become a beneficiary and that was in the Mankweng Integrated project, where the project incorporated an existing worker on the land (interview 19). Other farm workers who are involved remain as workers with no increased stake in the farms.

## Production, employment and sustainability

As there has been no change in the production on any of the farms due to LRAD, with the possible exception of the Vele project, one cannot claim any positive

production impact nor any increase in employment. The farming operations on the state land that makes up most of the land transferred were run by the same farmers before the LRAD initiative. The Vaalkop project has not involved any change in living or production patterns as yet, and would appear to be more orientated to housing, given the number of people involved who all live on the land. The Mankweng Integrated project has not yet started production, but the fact that it is providing less than one hectare per beneficiary indicates that the project will struggle to create a livelihood for those involved.

The individually-owned farms employ from 1–7 people per farm, with most of them employing only one or two people. These employees are all labourers and from discussions with the farmers it emerged that they are paid around R300 per month. The workers also receive benefits such as accommodation and sometimes maize meal and access to fresh milk from the cows. There does not seem to be any intention to comply with the legal minimum wage for agricultural workers.<sup>3</sup>

This study did not include any detailed economic or livelihood analysis of the projects, which would be a useful topic for further research. However, some of the information provided by beneficiaries gives an indication of the benefit of the land to them. The farmers at Steilloop, and Mr Kutumela, all rely primarily on farming for their livelihoods and some of them report making a reasonable income. Mr Kgatla sold 65 cattle in 2002 and said he made around R165 000 (interview 15). Mr Lehong was also confident that he is making a reasonable profit and claimed that he now has two cars and is able to send his children to school and college (interview 13).

The farmers at Manamead, and Mr Tshivase of the Vele Project, all rely on other sources of livelihood and some of them reported that they are currently subsidising the farms with their own



money from other sources (interviews 3 and 36). A number of the farmers with land at Manamead have access to other land in communal areas and run businesses such as butcheries. They clearly use the Manamead land as part of larger farming and businesses operations (Nefale 2003a; Kalauba 2003; Wegerif 2003).

According to the respondents, the Manamead farms have a carrying capacity<sup>4</sup> of around 5–5.5ha per large stock unit and the Steilloop farms have a carrying capacity of 11–14ha per large stock unit. Information on carrying capacity was not available for the other projects. Some of the beneficiaries had been informed of these figures by the DoA, but others were not aware of the carrying capacity of their land. All of the farmers interviewed, except two,<sup>5</sup> have herds that exceed the carrying capacity of their farms. These herds exceed the carrying capacity by an average of 44%, raising a concern about the long-term sustainability of the farms.

## Markets



The main product of all the farms acquired through LRAD and currently in use is cattle. The marketing and sale of cattle is primarily done through the Vleissentraal<sup>6</sup> auctions at the nearest auction point from the farms. For the Manamead farmers this is only about 20km away, at Bandelierkop. The Steilloop farmers go to Baltimore, which is about 30km away, and sometimes travel further to auctions in Ellisrus and Potgietersrus, both about 100km away. The farmers are able to sell all the cattle that they take to these auctions, but not all were satisfied with the prices and treatment they receive. The majority of respondents had no problem with the auctions and some said they were happy to be able to compete and sometimes do better in terms of quality of cattle and price received than the white farmers (interviews 12 and 17; Kalauba 2003). However four respondents reported experiencing racism. There were reports of auctioneers using certain comments to indicate when cattle came from black owners and that these cattle then

received lower bids (interview 11). One of the respondents believes there is nepotism and noted that all the salespeople he has seen are white, except one who used to be there to sell livestock from state farms (interview 10).

Most respondents said they get no assistance with the marketing aside from Vleissentraal supplying the calendars of auction days and, in some cases, phoning to tell them about prevailing prices. Ms Morapedi, a farmer at Steilloop, used to get the auction dates from Vleissentraal, but has not received dates for the last year and now obtains the information from neighbouring farmers. Two respondents said the auction dates were provided to them by the DoA (interviews 12 and 13).

Some of the farmers at Manamead slaughter their cows to sell the meat through their own butcheries. Mr Nenghohela, who has a farm at Manamead, exchanges heifers for fully-grown cows from people in neighbouring villages. He then slaughters the cows and sells the meat in his butchery.

## Post-transfer support

The only form of post-transfer support being received by the beneficiaries is agricultural extension services. There were mixed views on the availability and quality of these services. Of the 12 respondents who are engaged in production, nine said they had access to extension services, while three said they did not. Where the extension services are available, the visits of extension officers are largely on request, or to attend meetings. There are few regular visits and little time is spent on the farms providing practical advice or assistance. All four of the Steilloop farmers interviewed said extension services were available; the availability and quality of services at Manamead seemed more doubtful; and Mr Kutumela said he had no support. Two of the Steilloop farmers were very positive about a particular extension officer, Mr Ngobeni, indicating the importance of the individual on the perception of the quality of services being offered.

The beneficiaries interviewed identified a range of other support services they felt would assist them to succeed as farmers. The majority of respondents identified the lack of access to finance for improvements on the farms and expansion of production as the most significant factor limiting them in achieving their goals. The next most commonly identified needs related to the provision of water and improvement of roads. Other requirements mentioned by more than one respondent were: assistance with marketing; provision of fodder during drought periods; agricultural extension services; and the handover of the title deeds for the land.

All the farmers feel they could benefit from training in a range of activities related to the farm operations. They specifically mentioned training in the following areas: financial management, marketing, artificial insemination, veld management, identifying symptoms of different illnesses, application of vaccines, financial management, record keeping, and business skills. The only training that has been organised for the beneficiaries so far was a workshop on finance and budgeting that the Steilloop farmers attended.

## Challenges, hopes and recommendations

The beneficiaries have experienced a range of challenges as they have tried to farm. These have included veld fires, shortages of water, drought, poor or no roads, damaged fences, theft of livestock and poor disease control. In one case a respondent believed that it was a neighbouring white farmer who had burnt his veld (interview 15). Another concern is not being able to get further loan financing from the Land Bank, apparently due to limits set by the Bank (interview 16). Mr Kutumela had particular problems, the main one being lekkerbreek (a poisonous plant) that killed about 30 of his cattle in 1998–99. His farm is also covered in thorn trees that are reducing its potential for grazing, but Mr Kutumela has been told that he cannot cut them down due to conservation laws.

Most respondents expressed an interest in expanding their production through gaining more land or improving the carrying capacity of the land and the quality of the livestock. For example Mr Ramuthaga (interview 5) hopes to improve the carrying capacity on his farm through de-bushing, planting other grass varieties and, if he had the money, feedlots. Other plans that respondents have for improving stock quality are to bring in better bulls, improve access to water, and deal with sicknesses. Some beneficiaries shared their hopes for building abattoirs or expanding into dairy farming, poultry production or crop production.

The most common recommendation that beneficiaries made for improving the LRAD programme was to increase the grant size. This was also motivated by some as a way to reduce their debt and the risk that they may not be able to repay the loans. The Mankweng Integrated group also wanted grant money to come straight into the group's own account, with DLA monitoring the expenditure, rather than the current system where DLA holds the money and manages the expenditure. While calling for more access to finance, some beneficiaries suggested that the Land Bank should not repossess the farms if the owners default on debt payments. One respondent emphasised that the Bank should write off any debts if losses were suffered due to natural disasters. Another suggested that more should be done to ensure that the beneficiaries have the knowledge, skills and commitment to use the land productively.



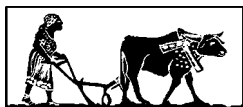
## Endnotes

1. He moved cattle from Nwanedi farms, in former Venda because the drought was bad there. His intention was to move some of the cattle to Malumulele, in the former Gazankulu, where he has access to communal grazing that he believed would be better (Wegerif 2003).
2. He usually kept about 80 cattle at the farm, but due to drought he had just moved cattle 'home' to a communal area in former Venda, and was left with 30 at Manamead at the time of the interview.
3. Minimum wages for the agricultural sector came into

force in April 2003, just a few weeks before the interviews were conducted. The minimum wages were set at R800 per month in certain magisterial districts ('Area A') and R650 per month in magisterial districts with lower per capita income levels ('Area B').

4. The amount of land needed per large stock unit (approximately equivalent to one cow) for sustainable production.

5. One of the two who are not overgrazing is building up the herd, while the other had been forced to sell some cattle in order to make the loan payments to the Land Bank.
6. Vleissentraal is a private company that sets up and manages cattle auctions.



# Chapter 7: Conclusions

This study set out to critically examine the implementation of LRAD in Limpopo as an example of a market-based land redistribution programme. The major finding that emerges from the study is that LRAD, as it has been implemented in Limpopo, is neither a redistribution programme nor is it market-based.

Of all the land acquired in terms of approved LRAD projects handled by DLA in the province, 95.5% was already occupied and used by the intended beneficiaries and 82% was state land bought by the apartheid regime for incorporation into former homelands as part of the scheme of grand apartheid. The implementation of these LRAD projects on state land has merely completed a project initiated by the apartheid regime some 20 years ago. The transfer of these farms in ownership to those who were already leasing them has done nothing to change the racial inequalities or structure of the agricultural sector in the country.

Out of the 20 projects approved, only two actually involve the redistribution of 'white commercial farmland' as envisaged by the LRAD programme (DLA 2001). These two are the Mankweng Integrated project and the Vele Farm project. As Mankweng Integrated had not yet been implemented at the time of the research (April 2003), this meant only one beneficiary out of 251 had actually acquired ownership of land in a previously 'white' area.

One of the key targets for LRAD is to contribute to the redistribution of 30% of agricultural land over a period of 15 years. The LRAD programme in Limpopo in its first years of implementation up to March 2003 had approved the acquisition of 22 292ha of land, counting both the DLA and Land Bank projects. This is equivalent to just 0.9% of the agricultural land in the

formerly white areas of the province. This is being generous to the programme, however, as many of the projects had not reached the point of land transfer and, as noted above, almost all the land to be acquired through LRAD was not actually in white ownership but had already been allocated for black use by the apartheid government and was already being used by black farmers. Clearly the programme is falling dramatically short of its own targets and making a negligible impact on the unequal and highly concentrated patterns of land ownership.

It is important to consider whether LRAD represents any improvement over the SLAG programme it replaced. While the procedures for the approval of LRAD projects have been streamlined to some extent, the programme continues to rely on the willingness of sellers and a narrow 'demand-led' approach. There is no increase in the amount of land provided through LRAD (22 292ha in three years) over that redistributed through the SLAG approach (45 110ha in six years). The SLAG projects, despite all their drawbacks, did acquire land in formerly white areas. SLAG also involved far more beneficiaries: 6 753 households against the 376 individual beneficiaries of DLA and Land Bank LRAD projects combined.

Surprisingly, while LRAD sets new targets for the amount of land to be redistributed, the budget allocations for its implementation have been reduced and are a fraction of what is needed to meet the stated targets (Tilley 2002).



This study found that there had not been an open process for the selection of beneficiaries, aside from the Vele project, as only those who already had access to the land were offered the opportunity and took it. When they first gained access to the land, on a lease basis, it was also not through an open process or involving any market forces. In the case of Vaalkop, the beneficiaries were a community which had been on the land for generations due to their affiliation with a particular church. At Manamead, businessmen and civil servants with good political connections gained access to the land free of charge through the old Venda Land Board. On the Steil-loop farms, the beneficiaries applied to lease the land and went through a selection process that may have been fair, but was not linked to market forces. Although not yet implemented, it is interesting to note that even the Mankweng Integrated project seems to have benefited from political connections. The beneficiaries are all members of the ANC Women's League, live in the same area as the Director of the DLA Provincial Office, and received her advice and assistance. All of these projects show in different ways how political, community or religious contacts have given certain people access to information and/or influence that has played a key role in their access to the land and ultimately the LRAD grant. There is no sign of a systematic programme from which landless people without substantial resources, a particular power base, or good contacts could be expected to benefit.

The price of 95% of the land approved for acquisition was not determined by the market. The state land was valued by the Land Bank at production values that were well below the market value and, in the case of Vaalkop, the land was donated by the church. This is not necessarily a problem, but it renders redundant the motivation for the state to give grants in the first place, which is to assist those without access to equity to acquire land through the market at prices above the capitalised value of potential production

profits (Van Zyl 1996; World Bank 2003). The valuing of state land at production value is positive in that it gives the beneficiaries access to more land than might be acquired through the market at a given grant level, and could be seen as an appropriate use of state resources.

However, it represents a substantial benefit and creates an inequality between beneficiaries who acquire private land and those who acquire state land. These factors make transparency and fairness essential in the beneficiary selection process. It is questionable, especially in the case of Manamead, whether the state farms targeted for LRAD projects should have been given to the people already occupying them. There was no transparent process and no opportunity for other people who may well have had greater interest, potential or need to benefit.

The Vele project is an interesting exception in that it appears to have been a case of an individual with resources and initiative going out to find land on the market and obtaining financial assistance from the DLA for the purchase of the farm. An estate agent performed the role one would expect, a willing seller was found, the beneficiary raised his own resources and applied for the grant, and the deal went through. This looks like the kind of project that one would expect to find being implemented under LRAD. As this was the only project of its kind that DLA implemented, it is not possible to generalise too much from the experience of Vele.

However it is very clear that the person involved had access to substantial financial resources from existing business operations that favourably positioned him to access a bank overdraft of almost R500 000 and to subsidise his farming operations during its initial years. It would also appear that he intended going ahead with a land purchase of this nature whether he obtained the LRAD grant or not – he certainly had access to sufficient capital. The LRAD grant did no more than put an extra R100 000 in the pocket of someone who already had substantial resources. The





Vele project does not represent a route to land ownership that a person with more modest resources could take.

All the young people and almost all the women beneficiaries are members of group projects, whereas the individual beneficiaries are almost exclusively older men. This indicates the difficulty women and youth will have in benefiting individually and the important role that group projects can play in benefiting the marginalised. All the beneficiaries interviewed, with the exception of the women from Mankweng Integrated project, were reasonably well-off and could certainly not be described as poor.

Despite not fitting the descriptions of how market-based programmes are meant to work, experience in Limpopo has confirmed the concerns of critics that it is the richer and more powerful who will benefit the most from LRAD. This has happened not so much because of their wealth, but because of their access to information and political influence. Far from endeavouring to bring poorer people into the programme, DLA and the DoA have gone out of their way to benefit those already better off and already benefiting from state land, while making access to the programme expensive (in time and transport) for poorer people, and almost totally inaccessible for the very poor.

A number of the larger farms at Steilloop and the one at Roedtan are already generating a reasonable income for the beneficiaries, and it would appear that this could be improved substantially with further investment, training and support. The Manamead farms may not be viable as stand-alone enterprises, but they could be more productive with increased investment and improved commitment to the project from the beneficiaries. The land at Manamead also appears to be adding value for some farmers as part of a broader and more complex set of farming and business activities.

The difficulty of obtaining access to finance was a complaint from almost every beneficiary, and was seen as a major

constraint to their operations. In a bizarre twist, even the quite wealthy beneficiaries are still struggling to get finance to improve their operations and unlock the potential of the land. It is unfortunate that the opportunities provided by LRAD to inject additional capital, over and above the purchase of land, were not taken.

What has been hidden by the LRAD statistics, especially when averages are calculated, is that this is actually a two-tier programme. There are group projects accessing very small portions of land (averaging 8.24ha per beneficiary, see Table 2) and individuals obtaining large tracts of land (averaging 679ha each). Most of the larger individual farmers have already accessed the maximum or close to the maximum grant, while the members of group projects all received the minimum grant. Despite the concept of ‘graduation’ (NDA 2001:6) there is no reasonable opportunity for beneficiaries to move from lower to higher-level operations – the gap is just too great. In practice, beneficiaries are not aware of the possibility of ‘graduating’ to better things, nor is anything being done to structure projects that could enable this step up.

The projects approved have some merit as tenure upgrades in the context of past insecure tenure rights. Especially in the case of Steilloop, a number of the farmers are reasonably successful and they are the type of emerging black middle class farmers that many in South Africa believe should receive support. It is hard to envisage a situation in South Africa today where black farmers who have been leasing state land for years could be moved in order to make way for others. Providing them with formal ownership of the land makes a lot of sense and perhaps in the future will encourage greater investment in the land. The Vaalkop project also has logic as a tenure upgrading project for the families living on the land – the land and the grants they would potentially have access to could be used for development projects. However it seems that these kinds



of projects should be handled under a different programme.

It is clear from South African and international experience that land redistribution, if not part of a broader development programme accompanied by appropriate production, marketing and other support, will not bring improvements in productivity or other potential development benefits. There is no evidence that the LRAD projects are part of any wider rural development strategy, and local government, despite its development co-ordination mandate, is not involved in these cases at all. There have been no measures to restructure and improve access to markets or to make inputs more accessible and affordable. Some of the farmers benefit from agricultural extension services, but clearly these could be improved. Existing production has continued in cases where beneficiaries were already established on the land, but there has been no noticeable improvement in productivity. The fate of any new farmer getting access to land will be far more precarious.



The LRAD programme in Limpopo reflects some of the characteristics that are often associated with land reforms that are not market-based, such as people accessing land 'by virtue of political power and official status, as well as granting of public land under concessional arrangements' (El-Ghonemy 1999:108). So far, LRAD has done nothing to stimulate land markets, and has not encouraged any new investments. LRAD has not brought about any change in existing farming operations and has created no new jobs. It has produced no new, smaller-scale or more efficient farming units, and has consequently yielded none of the benefits ascribed to the market-based model. The poorer beneficiaries, some of whom may be, or aspire to be, peasant farmers, have not received sufficient land to be viable commercial enterprises and the beneficiaries who have obtained substantial land are business people or current and retired civil servants. As a market-based land redistribution pro-

gramme, one would have to say that LRAD in Limpopo is a failure.

LRAD is financed with public funds approved by Parliament for land redistribution. The manner in which these funds have been used in Limpopo has denied much-needed resources to projects that could truly address the needs of landless people and the stark racial inequality in access to land. Perhaps politicians are happy to report on the land bought as if it were redistributed, creating a false impression of transformation in land access. Maybe officials have been excessively influenced by local elites or just taken an easier route to meeting implementation targets. Whether LRAD implementation in Limpopo has gone the route it has by accident or design, it cannot be seen as an acceptable use of public resources.

Perhaps even more unfortunate than the inappropriate use of resources allocated for redistribution is the waste of an opportunity for land redistribution to become an engine for economic growth in impoverished rural areas. Empirical evidence from around the world has shown that effective land redistribution can create growth in agricultural production that can, in turn, make a substantial contribution to broader economic growth and poverty reduction. The manner of LRAD implementation in Limpopo realises none of these benefits.

The findings of this study show that implementation and achievements have fallen far short of the objectives of the LRAD programme and market-based land reform. This leaves the question as to whether this is an experience peculiar to Limpopo or a fair reflection of national and international experience. Studies by Borras (2003) and other critics of market-based approaches indicate that this experience may be a common one. If this is so, it is time for the promoters of LRAD and market-based land reforms to accept the need for a substantial change of approach.

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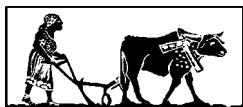
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