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Land Reform and Rural Production in South Africa

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This chapter offers a pragmatic approach to land reform in South Africa that prioritises production, rural livelihoods and partnerships, together with gradual redistribution of land. My vantage point is not that of an agricultural economist or practitioner but a historian who has been studying agrarian change and rural society in the country for nearly fifty years. The chapter attempts to understand and interpret evidence about recent changes in agricultural production and offer ideas about their implications for land reform.

Land reform remains important to address past injustice. Black people were legally prevented from owning or purchasing land in much of the country under apartheid. But in a context of economic stasis and persistent poverty, income is central for rural households, as is economic growth for the country – especially after the COVID-19 pandemic. The report of the Presidential Advisory Panel on Land Reform and Agriculture (PAPLRA), perhaps the most significant recent policy overview, argued that 'the success of land reform must be linked to South Africa's productive and sustainable use of land, and the vibrancy and competitiveness of the economy, open to all to participate and benefit at all levels' (PAPLRA, 2019: 6). A Treasury document of the same year reinforced the point that 'land reform must be oriented around growing the agricultural sector to foster economic development, and not purely be an endeavour to transfer land' (National Treasury, 2019: 39). My aim is to explore a few developments that are aligned with this approach, which may facilitate production. While cautious about increasing the pace of land reform, I suggest an increase in state expenditure from which beneficiaries can generate income, and improved support for partnerships between the state and private sector.

In the space available, this chapter has a limited focus. I do not discuss historical injustice, the meaning of land, or land tenure, water and environmental issues. Expropriation without compensation is analysed in other chapters. Urban and peri-urban issues, which should be considered in the same frame of discussion as agricultural land reform, will also not be addressed here, except to say that given the continuing movement from rural areas to cities and towns, provision of secure rights to land and housing in urban and peri-urban areas is a priority. Land reform should follow the people.

Context: Economic Stasis and the Current Scale of Land Reform

The context of land reform has changed after a decade (roughly 2012–2021) in which economic growth has stalled, corruption has become endemic, divisions have immobilised the African National Congress (ANC) and inequality seems to have become intractable. The country experienced something close to economic stasis during the five years from 2015 to 2019, with growth averaging less than 1 per cent a year (Macrotrends, n.d., citing World Bank data).[1] Recent socio-economic travails have been framed by COVID-19, with a nearly 7 per cent gross domestic product (GDP) contraction in 2020 – perhaps recouped by the first quarter of 2022 (Macrotrends, n.d.). The civil disorder in KwaZulu-Natal (KZN) and parts of Gauteng in July 2021 directly reflected both political tensions in the ANC and the inequalities exacerbated by COVID-19.

Figures differ but it may be fair to say that GDP per capita peaked briefly at \$7,500–\$8,000 in 2010–2011, after a period of rapid economic growth during Thabo Mbeki's second term as president, and then declined to about \$5,500–\$6,000 in 2020–2021 – the same level as 2004 (World Bank, n.d.). Most South Africans, including the poorest, experienced significant growth in their standard of living during the first decade of the twenty-first century. However, this has since been reversed, and it is likely that the poorest, and women especially, bear the brunt. Perhaps two-thirds of jobs lost were lost by women in the early phases of the pandemic (Spaull et al., 2020). Unemployment increased to about 34 per cent in 2020 – and considerably higher according to the expanded measure and for younger people. In early 2022 it remained at this level. South Africa fell in global GDP rankings from about twentieth in 1960 to twenty-sixth in 1994; some tables now place it around thirty-sixth (Wikipedia, 2023). In this context, income generation for poor rural people in South Africa is a priority.

[1] Figures used in this chapter are indicative, providing rough quantities and trends rather than precise calculations.

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Figures on the area of land transferred from white owners to black occupiers since 1994 are difficult to find and interpret, especially in light of the range of agricultural potential in different areas. The PAPLRA (2019: 12) recorded that by March 2018, 9–10 per cent of agricultural land had been transferred through state schemes of redistribution (around 6 per cent) and restitution (around 4 per cent). This amounted to 8.4 million hectares or 350,000 hectares per year. In addition to further transfers during 2018–2019, the Department of Agriculture, Land Reform and Rural Development (DALRRD) accelerated the distribution of state land, aiming at 700,000 hectares in 2020–2021. Some of this, however, was probably occupied already. In a recent calculation, Sihlobo and Kirsten (2021a), two of the best-informed commentators, reckon that 17 per cent of agricultural land, or 14.5–15 million hectares, were transferred, including by private purchase, by 2021. Government figures are not released for the extent of land transferred through the market.

The issue of ownership further complicates the picture. Initially, beneficiaries acquired land ownership through the restitution and redistribution programmes. With regard to rural land, this has usually been collective title through trusts and, after 1996, Communal Property Associations (CPAs). But following the Proactive Land Acquisition Scheme (PLAS), introduced in 2006, and especially since 2011, the state has given leases for most redistribution land, with an option to purchase at a later stage.

It is thus very difficult to arrive at a clear estimate of the total extent of black land holding in South Africa because the forms are so diverse. If the roughly 14 per cent area of the former bantustans is added, then it would amount to well over 30 per cent of agricultural land, but this is by no means all 'owned' in private tenure. A majority is in the wetter, eastern half of the country. While whites probably still own over 65 per cent of agricultural land, a substantial area has been transferred – a significant achievement by the state and unusual on a global scale. Zimbabwe's ambitious and relatively successful land reform programme in the twenty years before the 'fast-track' (1980–2000) resulted in the transfer of less than half this amount of land.

Agricultural Production over the Last Decade

Establishing large white-owned farms was a central and violent project of the settler colonial and apartheid states as well as white ruling groups. The question is: Would a rapid unravelling of the relatively large

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commercial farms now be economically destructive? I will look at evidence about production on commercial farms and smallholdings to suggest that it would. My initial motivation for engaging directly in this debate was, in part, the result of calls for more radical action in South Africa, which did not seem to take sufficient account of the difficulties faced by smallholders (De la Hey & Beinart, 2017; Beinart & Delius, 2018). Different, sometimes linked, prescriptions were offered: a fast-track land reform, emulating Zimbabwe after 2000; nationalisation of land; and an end to the 'willing seller, willing buyer' policy through expropriation without compensation (see Introduction to this volume). A related concern has been the future of land tenure in the communal areas, especially in light of the ANC's increasingly sympathetic approach to chieftaincy (Beinart et al., 2017; Buthelezi et al., 2019).

Commercial Agriculture

Despite the uncertainties resulting from land reform policy and public debates about expropriation, large-scale commercial agricultural production has increased significantly in value and volume, especially over the last five or six years (DALRRD, 2021). Maize remains the most important crop in the Southern African region as a whole, still central to consumption for poorer people. The last six years (2016–2021) have seen four of the six largest maize harvests on record in South Africa, and the downturn in 2017–2018, largely because of drought, was less severe than in earlier years (Figure 8.1). Gross value reached R40 billion in 2020 (DALRRD, 2021) and has probably increased because of a sharp rise in international prices. Commercial farmers have widely adopted genetically modified seed, and an increasing percentage of maize is irrigated – marked by large circular fields. This expansion has been reflected in unusually high demand for new agricultural machinery over the last two years.

Maize was outstripped by poultry in 2020, with a gross value of over R60 billion, including eggs and smallholder production (DALRRD, 2021). This represented nearly 20 per cent of the value of agricultural production as a whole, supporting domestic consumption of by far the most popular meat. Livestock and animal products have grown rapidly in value, but so too has a wide range of crops: soya, grapes, deciduous fruit, citrus, avocados, macadamias, vegetables and berries. Sugar and wheat have contracted, but even the latter, which fell after subsidies were removed in the 1990s, has picked up over the last couple of years. Larger-scale commercial agriculture is increasingly diverse.

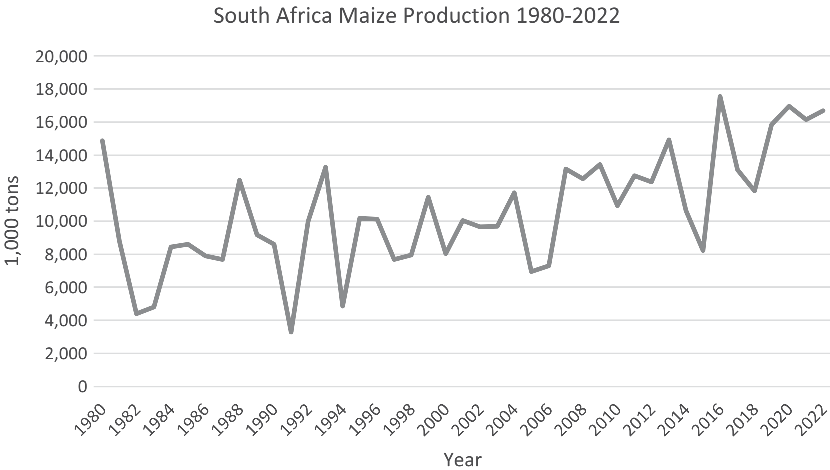

Figure 8.1. South Africa maize production, 1980–2022
Source: Indexmundi (n.d. a)[2]

Citrus is an important indicator of investment and diversification. Tree crops that require high start-up costs and long-term commitment may seem counterintuitive ventures for landowners because of uncertainties in climate and policy. Nevertheless, the area planted expanded by about 9 per cent in 2020 and 5 per cent in 2021, with similar predictions for 2022. Exports, juice processing and domestic consumption are all increasing. Well-capitalised and innovative farmers are alert to new cultivars that extend the season and meet shifting global market demands. Although around 65–70 per cent of the crop is exported, which is most profitable for growers, expansion also provides cheaper fruit for juice and local consumption. Citrus provides over 120,000 jobs (though many are seasonal), and is the single biggest agricultural export commodity, at about R25 billion for 2021 (Citrus Growers Association, 2022).

The gross value of agriculture, growing at over 2 per cent per annum in recent years, increased 10 per cent to R308 billion in 2020 (DALRRD, 2021) – more rapidly than the economy as a whole so that, unusually, agriculture's contribution to GDP may be climbing. Generally, it is given as around 2.6 per cent of GDP, but this figure is narrowly defined to

[2] For consistency I have taken these numbers, as well as those for Malawi and Zimbabwe, from this source on the web; generated by the US Department of Agriculture, they are very similar to the DALRRD figures in the 2021 Abstract of Agricultural Statistics.

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include only the value of farm products or 'primary agriculture'. Some estimates that extend the figure to agricultural inputs, downstream products, processing and transport go up to 9.3 per cent for 'Agricultural Food Systems' (Meyer, 2021) and higher for all 'secondary agriculture' (PAPLRA, 2019: 84). This is similar to the contribution of the mining industry.

Land prices have generally increased over ten years. Agricultural employment has declined since 1994, when it was over a million, but remained stable since 2015, when the measurement was altered, at around 800,000, and increased in 2021 (Sihlobo, 2022). The number of farm dwellers, however, declined as landowners attempted to evict tenants and families (PAPLRA, 2019: 49). Most large farms in South Africa are white-owned, but an increasing number are corporate or black-owned. Commercial agriculture is still vulnerable to many uncertainties relating to rising input costs, markets, environmental issues and climate; certainty in respect of policy would be valuable. Skills and capital are being kept on the land, and they can provide the spine for new initiatives.

Smallholder Agriculture

It is more difficult to analyse smallholder agriculture, either in the former homelands or on recently transferred land, because the government does not provide adequate figures – a major omission, given the importance of land reform and post-transfer support. Government figures published on the web for 'non-commercial' maize production show a declining area of cultivation, from an average of 380,000 hectares in 2013–2017 to 332,000 hectares in 2018–2022, but an increasing yield per hectare (Figures 8.2 and 8.3). According to these estimates, production of 'non-commercial' maize nevertheless declined a little, from about 635,000 tons (average for 2013–2017) to 600,000 tons (2018–2022) – although the last two years show promising growth. According to these government graphs, smallholders contribute less than 5 per cent of national maize production with yields of about 1.8 tons per hectare, compared with 6 tons per hectare on commercial farms.

These figures combine local surveys to record output and digital maps that allow an estimate of area cultivated. In one respect, they appear reasonably convincing. Village-based surveys, particularly in the Eastern Cape, indicate that cultivation of arable fields in the former homelands has diminished sharply in the last two decades (Manona, 2005; Hebinck & Lent, 2007; Brooks, 2017; Blair et al.,

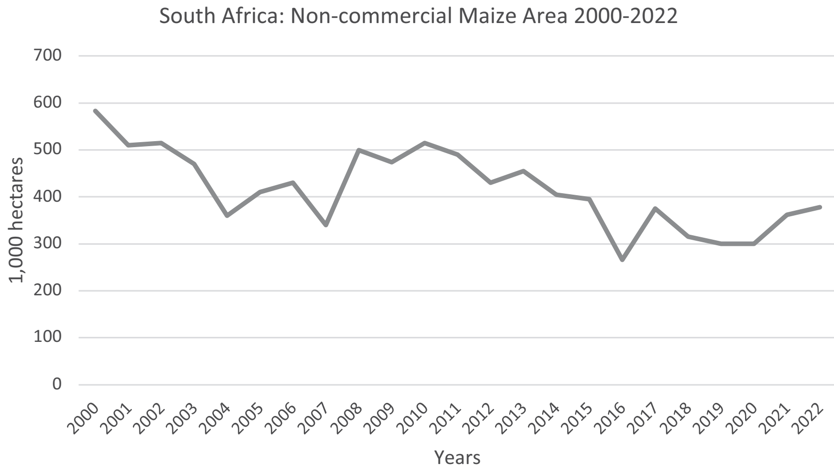

Figure 8.2. 'Non-commercial' maize: area planted, South Africa, 2000–2022
Source: DALRRD, Crop Estimates Committee (2022).

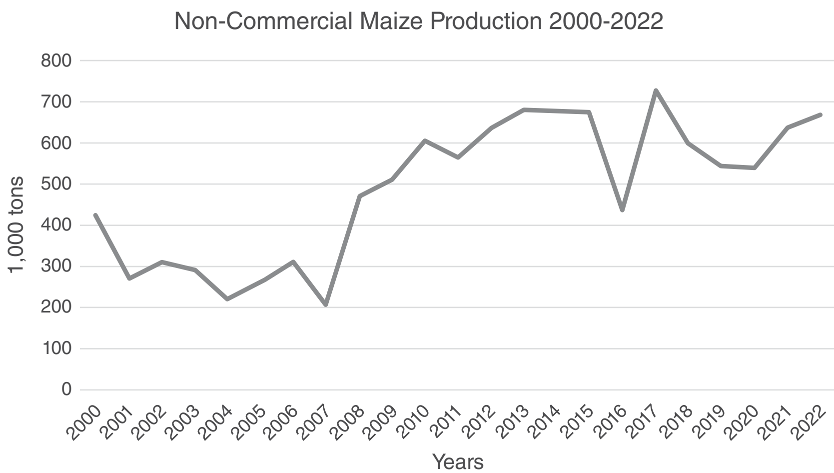

Figure 8.3. 'Non-commercial' maize: production, South Africa, 2000–2022
Source: DALRRD, Crop Estimates Committee (2022).

2018). In Mbotyi, a high rainfall area on the coast of former Transkei, villagers largely ceased to use their fields in a fertile alluvial plain (Beinart & Brown, 2013; De la Hey & Beinart, 2017); this finding was confirmed in the nearby village of Cutwini (Hajdu et al., 2020).

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Recent fieldwork in KwaZulu-Natal suggests a similar process even in communal areas with rainfall of 1,000 mm. Land reform farms in the same area around Weenen, they note, 'are now large-scale, extensive cattle and goat farms, with very few, if any, cultivating crops. They are rapidly undergoing bush encroachment related to climate change' (Alcock et al., 2020: 1).

Many reasons are recorded in these surveys. Smallholders see the costs and risks of dryland farming on 1–2 hectares, without irrigation, as high relative to the benefits when staples such as maize, ready for cooking, can be purchased. There are bottlenecks for ploughing – few households have sufficient cattle to use ox-drawn ploughs, and they are dependent on the small minority with tractors. Families are smaller, and it is difficult to find sufficient labour; both women, who used to do most of the cultivation, and the youth are reluctant to prioritise such work. Access to child labour has diminished, particularly for herding, and as a result, some livestock are left to themselves for periods during the day. As one informant noted: '[T]he major problem that is affecting the people when they are growing mealies is the cattle. The cattle are just walking about everywhere . . . There is no control . . . You will be planting for the cattle' (De la Hey & Beinart, 2017: 762). The layout of most betterment villages, where homesteads are separated from the fields, diminishes control and creates opportunities for theft.[3]

Government figures likely reflect this process on the arable fields. However, they may underestimate the extent of cultivation in smaller gardens adjacent to residential homesteads, recorded in studies mentioned above, of both maize and vegetable production. In the Eastern Cape, Mtero (2014) found the proportion of village households with gardens to vary from 25 to 75 per cent, even in neighbouring villages. Brooks (2017) found that about 50 per cent of 120 households cultivated an average area of about 400 m^2. This is substantial for vegetables and green maize, yielding perhaps 20 per cent of household maize and more of vegetables. The significance of gardens, difficult to record, suggests that government figures for smallholder production may be underestimated. Vegetables have increased in importance, although markets may have been temporarily restricted by COVID-19 (Wegerif, 2022). But even if 2 million households planted this much in gardens, which is unlikely as

[3] Betterment was a government policy introduced in the 1940s and gradually implemented through the apartheid years, that pushed African rural settlements into villages, where houses had restricted garden plots, and separated the arable fields from the settlements.

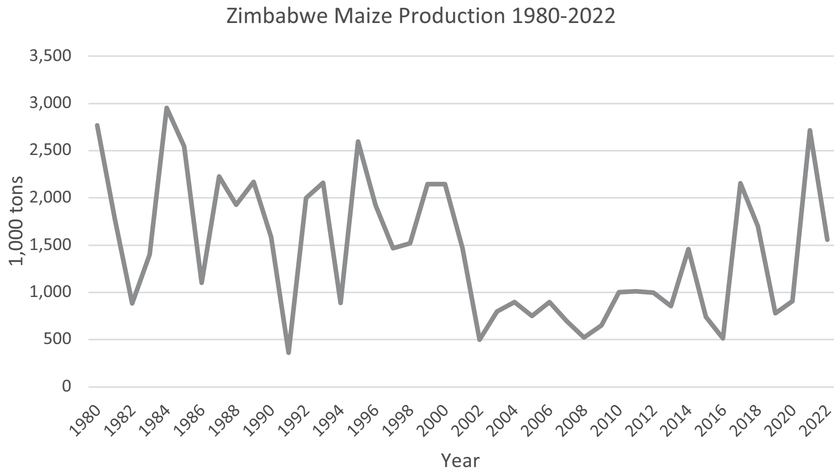

Figure 8.4. Zimbabwe maize production, 1980–2022
Source: Indexmundi (n.d. b).

many live in dense settlements, it would amount to only 80,000 additional hectares, or another 20 per cent in smallholder maize output.

Resilience is also evident in the smallholder livestock economy. Sihlobo and Kirsten (2021b) estimate that while black farmers contribute 4.7 per cent of the value of maize, they account for 34 per cent of the value of beef. Livestock is the major enterprise on transferred land, and it may be that black people now own over 40 per cent of cattle, a figure last recorded in the 1930s. Some of these are slaughtered and consumed in villages or sold in informal markets for customary ceremonies. Poultry, pigs and goats are also widespread in villages, while the gathering of wild plants and fruits, including exotics such as prickly pear as well as plant medicines, make some contribution to rural livelihoods (Mugido & Shackleton, 2019; Leaver & Cherry, 2020; Beinart & Wotshela, 2021).

It is difficult to calculate the value generated by smallholders through informal markets and local consumption overall, but the evidence is that a rapid transfer of land from large-scale farms will likely result in a substantial loss of agricultural production. The key issue for smaller-scale grain and horticulture in customary areas and on transferred land is not primarily a lack of land but a lack of capital, investment, support and access to adequate water.

Zimbabwe provides some evidence of the possible consequences of fast-track land reform on overall output (Figure 8.4).

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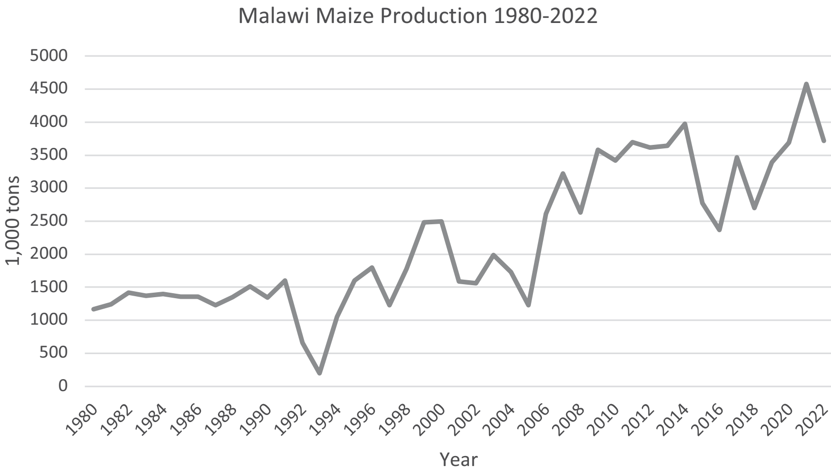

Figure 8.5. Malawi maize production, 1980–2022
Source: Indexmundi (n.d. c).

It is clear that fast-track land reform from 2000 had a major impact on maize production and food security for over fifteen years. The average for 1991–2000, around 1.7 million tons, was similar to that for the previous decade and included an exceptionally poor drought year in 1991. Production was maintained over a period of twenty years in which about 30 per cent of the large farms were transferred to smallholders in schemes that were generally well-supported. This was a relatively successful gradual land reform and could have been sustained. The average for 2001–2010, during the fast-track expropriation of most remaining large farms, was probably less than half at around 0.7 million tons annually.

Production of maize in Zimbabwe is now largely in the hands of smallholders, with some recovery in output. This did not, however, reach pre-2000 levels in the subsequent decade (2011–2020) or even in the five years from 2017 to 2021, which included a big harvest in 2021 (average of 1.6 million tons). By contrast, total South African production increased from an average of 8.5 (1991–2000) to 15 million tons (2017–2021). Malawian maize, largely grown by smallholders, provides another valuable comparison and has more than doubled since the 1990s (Figure 8.5). A major reason was the introduction of input subsidies in 2006, which enabled the country to recover from near-famine conditions in the early years of the twenty-first century and achieve relative food security (Chirwa & Dorward, 2013).

It is worth noting that Malawi is about the same size and has roughly the same population as the former South African bantustans but is producing six times more maize than these areas and double the quantity of maize produced in Zimbabwe, which is far larger. If South African smallholders residing in the former homelands and on transferred land produced the same amount of maize (or alternative crops) as Malawi in 2021, the value generated, at international prices, could have been in the region of R12 billion, equivalent to half a million pensions. Clearly this, together with the associated economic activities, would make a significant difference in South Africa's rural areas. There are important environmental and social differences between South Africa, Zimbabwe and Malawi that help to explain such figures, but input subsidies and effective extension are part of the picture.

The same point may be drawn from the resurgence of tobacco in Zimbabwe (Mazwi et al., 2020). Before 2000, tobacco was largely grown on commercial farms, and production dropped from an average of 220 million kilos in 1996–2000 to lows of 60 million kilos after fast-track land reform. In 2006, a Chinese company established an input, extension and purchasing scheme for smallholders; British companies also invested. Connectedness to capital, inputs and markets made the difference, and by 2019, about 160,000 growers rivalled the output of the best earlier years. The value of Zimbabwe tobacco rose to about R10 billion and accumulation from this source led to investment elsewhere in the rural economy, including food crops. Zimbabwean smallholder tobacco exports were nearly half those of South African citrus in 2019, bringing perhaps an average of R50,000 to producers. This is an important base for rural recovery in Zimbabwe – again, it could have been achieved without fast-track land reform because tobacco does not take a great deal of land. Malawian tobacco fetched R7.5 billion in 2019.

Facilitating Smallholder Production: Partnerships and Joint Ventures

Input subsidy strategies have also been developed in South Africa, and I will focus on these as one potential route to facilitating connectivity and agricultural output. Since Thoko Didiza first took over as Minister of Land Affairs in the Mbeki presidency of 1999, the government departments dealing with land reform have increasingly recognised the problems of production on transferred land. Their strategy, though not unidimensional, has been to shift away from transferring land to multiple beneficiaries and towards assisting a more restricted number of 'emerging farmers' who may be able to succeed as commercial producers. The original formula for assisting redistribution, through the Settlement/Land Acquisition Grant (SLAG, 1994–2000), favoured communities that could pool their grants to purchase land through trusts and CPAs. This was largely replaced by the Land Redistribution for Agricultural Development (LRAD) from 2000 to 2006 and then increasingly by the PLAS, which tended to award bigger farms to those with business plans in the hope that they would establish successful agricultural enterprises.

In all of these schemes, as well as in restitution awards, inadequate post-transfer finance and support have been a problem. PLAS has been criticised for favouring relatively few beneficiaries with land and recapitalisation funds and abandoning the redistributive aims of the early land reform projects (Hall & Kepe, 2017). Gugile Nkwinti, then Minister, reckoned in 2010 that production had declined on 90 per cent of transferred farms, which was one reason for the departmental focus on PLAS. But outcomes on PLAS farms have been uneven, as have government attempts to facilitate production on highly capitalised restitution land (see below).

Large-scale commercial agriculture, dominated by white farmers, was initially defensive and attempted to keep land reform at bay. But some of the key commodity organisations, such as the South African Sugar Association (SASA) and National Woolgrowers Association (NWGA), have worked with smallholders since the 1990s, and an increasing range of non-state agencies have engaged with the issues. The resulting outgrower and partnership schemes are highly diverse in their form, involving existing and new individual smallholders and new collective owners in CPAs. They have drawn on farmers, private companies, commodity organisations, agricultural consultants and NGOs, as well as government departments. Most have been organised around specific commodities such as sugar, wool, forestry, dairy, beef, maize and fruit. I estimate that over 80,000 smallholders have participated overall, perhaps more than 100,000, but not all have been active at the same time.

Sugar

The sugar scheme launched by SASA and milling companies in KwaZulu-Natal in the 1970s was perhaps the first, and for many years the most ambitious, outgrower scheme, providing credit, inputs, extension and marketing (Dubb, 2016, 2020). They had multiple motivations: to keep marginal mills going; to maintain or expand production on land

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being bought for homeland consolidation; and to develop political links with the KZN government, which facilitated the project through its development agency. Small-scale growers were also supported at the Nkomazi irrigation scheme in Mpumalanga. Around 50,000 growers were registered by the end of the twentieth century.

Large-scale South African sugar producers relied on protection in the domestic and regional markets because they found it difficult to compete internationally, and they came under pressure after the political transition. Complex new marketing arrangements in the early twenty-first century dampened sugar production as a whole, which fell 20 per cent from an average of 21.5 million tons in 2001–2005 (with a peak of 24 million tons in 2001–2002) to 17.1 million tons in 2015–2019. Some major companies, in part, moved their operations northwards to countries where costs are lower. Smallholders, particularly in Zululand, bore the brunt of the decline, from about 4 million to about 1.8 million tons; registered small-scale producers have declined to about 18,000, with 12,000 actively producing (https://sasa.org.za/facts-and-figures/; Dubb, 2020).

However, production as a whole has stabilised at 19 million tons over the three years since 2019, with a value of R11 billion in 2021. SASA reports that 24 per cent of cane is now delivered by black producers (Department of Trade, Industry and Competition, 2020: 4), a higher percentage than for any other major agricultural commodity except perhaps for beef (which includes non-marketed consumption). They are, however, differentiated by the size of the undertaking. Milling companies that used to be major growers have transferred land to medium- and large-scale African owners; some have benefited from the PLAS scheme that capitalises new producers. African contractors, who have been important in facilitating smallholder schemes, assisting in inputs and planting, also produce sugar themselves. Those with irrigated plots, largely men, achieve better returns and profits. A survey of 127 growers at Nkomazi found that they averaged 201 tons on 6 hectares – to a value of perhaps R80,000–100,000 per annum (Metiso & Tsvakirai, 2019).

Small-scale growers were recorded as delivering a substantial amount, 11 per cent of cane in 2021, worth about R1 billion. They also get support – for example, from Tongaat-Hulett, in association with the KZN government, in a scheme of over 2,000 members supported by extension officers. But Dubb (2020) suggests that those at the lower levels can barely break even and depend on subsidies. Over 60 per cent of

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growers with non-irrigated plots on customary land are women with little education. Typically, a grower on 2 hectares might manage 30 tons, which would fetch R15,000 before costs. Nevertheless, a significant number of smallholders find it worthwhile to remain engaged with sugar, and an additional R225 million subsidy was being distributed to black growers in 2022 (SA Canegrowers, 2022).

Wool

A similar scheme was started in 1997 by the National Wool Growers Association for sheep owners in communal areas in the Eastern Cape. It was funded by the Wool Trust (which inherited the assets of the old Wool Board), by the provincial government and with occasional donor money (Kenyon, 2020; De Beer, 2019; Mbatsha, 2019). The central aim was to improve the quality of wool produced by smallholders based in the former Bantustans and to provide access to formal markets. The NWGA decided on a strategy of releasing stud rams, purchased from white farmers, on a mass scale – reaching 3,000 a year and perhaps 50,000 in all. In a context where it is difficult to control breeding because grazing lands are largely communal and rams cannot be segregated, this seemed the most effective route for reaching the widest number of small-scale owners. The NWGA also provided an extension service, training, wool sheds in villages and channels for marketing. Wool is very largely exported, about 70 per cent to China.

By 2018, income through this scheme had increased to R383 million, about 8 per cent of the value of the national wool clip. With 25,000 participants, this amounted to an average of R15,000 per owner. Prices peaked in 2018 and then gradually fell so that overall income declined to below R300 million over the next two years. Stock theft has also reduced income, and the number of stud rams released has declined because the Eastern Cape Department of Agriculture curtailed its subsidy for ram purchase (De Beer, email 16 February 2022). This is a small investment for the state, contributing to demonstrably high returns for rural communities, but the government is concerned about long-term subsidies. A levy of 4 per cent on wool sales from participants would fund the purchase of rams.

The scheme is open to all sheep owners; income is highly variable, depending on wool clips by individuals, with some earning more than R50,000 a year, well over the average. Proceeds as a whole come initially to those living in rural villages and are widely distributed. A detailed survey in 2020 showed that in addition to the average income of R15,000 for wool, participants made a similar amount from other agricultural sources, particularly meat (NWGA, 2020). On average, about 50 per cent of household income came from agriculture, considerably higher than in other recent rural surveys (Hajdu et al., 2020).

With sugar peaking at 50,000 participants and wool at 25,000, participant numbers have been high. Forestry and citrus organisations and companies run similar programmes. They are, in some respects, more like outgrower schemes than partnerships; the commodity organisation or company involved has the major responsibility for making the rules and for providing input subsidies, extension services and marketing routes. The benefits have been highly variable, but that is also because they have encouraged relatively wide participation. Both sugar and wool, it should be emphasised, have at various stages drawn on state funding, and most of the extension officers in the NWGA scheme moved from government employment (De Beer, 2019; Mbatsha, 2019). The Zimbabwean smallholder tobacco initiatives provide a linked example, reaching an even wider range of participants and focusing on inputs, training, connectivity and marketing.

Perhaps there could be lessons for South Africa if, as now seems government policy, *dagga* (cannabis) cultivation is to be made legal. Thoko Didiza (Minister again) announced a Cannabis Master Plan in 2021, and President Ramaphosa thought this sufficiently important to mention in his 2022 State of the Nation speech (SAnews, 2021). But the shape of the scheme seems to make it difficult for the many existing smallholder growers to participate. Growers will have to be registered and regulated, apparently with a particular focus on medicinal supplies. If this is to benefit smallholders, then the state should work with the private sector to set up input supply lines and marketing routes.

Dairy and Fruit

There are many smaller-scale projects that more closely resemble partnerships. The Grasslands Development Trust, near Jeffreys Bay, was generated by an experienced, successful dairy company with twelve farms (Elliot, 2019). They extended their production model to an additional 485-hectare farm, purchased under the LRAD formula, with the state subsidising 35 per cent of the original transfer to forty-nine black dairy workers. The latter are 100 per cent owners through a trust, and therefore in a position to sell. Farmworkers retained their jobs, and the trust also received a 60 per cent share of profits; the company, as share-milker, gets the rest but supplies cows, certain inputs, skills and labour, as well as access to the market. Each trust member gained a share of profits, in addition to wages from farm employment. Beneficiaries of the trust are restricted to retired or present employees of the company, Grasslands Agriculture. In recent years, the members, now reduced to thirty-five, have received around R150,000 a year, with variations. This kind of partnership clearly requires a large-scale enterprise to provide capital, expertise and a secure marketing route. Grasslands wanted to expand the relationship with another group of workers but could not secure government assistance for the land purchase.

A different form of joint venture was developed at Ravele in the Levubu valley, Limpopo (Manenzhe, 2015; Nematswerani, 2020). This was rooted in the restitution in 2005 of a number of intensively developed sub-tropical fruit and macadamia nut plantations. Ownership of the farms passed to seven CPAs or Trusts, and the state attempted to set up partnerships with private sector farming companies to maintain production. The first arrangements were poorly conceived and failed, leaving the department to bail out the communities that found themselves in debt. But the government decided to recapitalise the farms because it was committed to the success of this flagship restitution programme. Ravele CPA, in particular, secured a workable new arrangement with an experienced white manager, who also ran his own farm growing similar tree crops. In 2012, Mauluma Farming, the operating company, was awarded a prize for its macadamia nuts. They were able to expand turnover and secured a series of profitable years, reaching R9,700,000 in 2016.

CPA members, numbering about 300, decided not to move back onto the farm so that it could be focused on agriculture. The great majority had re-established themselves in surrounding settlements. They derived their main benefit from employment at Ravele, making up 70 per cent of the 193 full-time employees (Manenzhe, 2015). Nevertheless, they have faced major decisions about reinvesting or redistributing profits. All CPAs involved in production face similar dilemmas in that members hope that restitution will bring them some income. In this case, redistribution of profits could have resulted in a payment of around R30,000 to members in 2016, but they decided to reinvest (Nematswerani, 2020: 35). The Ratombo CPA, which – after similar financial travails – found a stable management and mentoring arrangement in 2015, also resisted payouts (Kirk-Cohen, 2020).

A linked tension at Ravele resulted from the role of the local chieftaincy, which lodged the initial land claim on behalf of the community.

At first the chief's family dominated the CPA committee, and in 2012 a group accused them of receiving unfair benefits and favouring their relatives for employment (Manenzhe, 2015). These tensions were partly resolved in 2015, but recent reports suggest that they still simmer (Nematswerani, 2020). They have been partially contained by separating the farming enterprise into a different company and by the relationship of trust that has developed between the community and the farm manager, ensuring that the bulk of revenues are reinvested.

A further example of joint ventures originated in the deciduous fruit farming areas of the Western Cape. A land transfer in 2006 by a local farmer to farmworkers, subsidised by the Department's LRAD formula, established a partnership. The farmer provided infrastructure, mentorship and marketing routes, while the farmworkers, with shared ownership, provided the work and operational farming inputs. This was followed by a more ambitious project at Donkerbos Estates in 2012, a large mixed farm with 200 hectares of irrigated land shared between a company and a worker trust (Staal, 2019).

In 2014–2015, the Witzenberg Partnership in Agri Land Solutions (PALS) was formalised to expand such private sector land transfers with the backing of major fruit farmers in the area, administered in part by a local legal firm (Van Vuuren & Van Staden, 2022). The model has developed in different forms and shares, generally around the provision of land to a small group of farmworkers with a maximum of ten beneficiaries. Financing has largely been from the private sector, relying on donations and loans to buy land and establish crops, with profits used to pay off the interest. The partnerships involve close mentorship by established fruit farmers, who remain as part owners. PALS believes enterprises are more likely to succeed if the farmers retain 'skin in the game' (Van Vuuren & Van Staden, 2022). Government funding has been drawn on for some projects, such as R40 million from the Jobs Fund to develop 100 hectares of new citrus orchards.

The majority of the around thirty projects by 2021 involved new plantings of fruit rather than a share in existing orchards. As irrigation is essential, this also involves negotiation with the state for water rights and sometimes construction of farm dams; applications are more likely to be successful if they involve black partners. Access to water is an underlying theme in a range of joint ventures. The key element in the PALS approach is to build successful agricultural enterprises that can achieve export and 'Woolworths' (high-end supermarket) quality in such fruits as nectarines and apples that flourish in the area. They see themselves as operating on 'business principles, solid legal structures, mentorship, and training' (Van Vuuren & Van Staden, 2022). In addition to a share in the profits for the black partners, the PALS project promises wider employment and, for those who do not become co-owners, employee share schemes. PALS has wider ambitions in leading private sector land reform, with projects in other provinces (Van Vuuren & Van Staden, 2022).

Elsewhere, many other developments have been launched, some on customary land, some on restitution land, some on land subsidised by LRAD and PLAS redistribution grants, and some – as in the case of PALS – focusing on privately funded transfers. It is difficult to get a national overview, but other organisations include Amadlelo in dairy; Wiphold in maize and vegetables; Sernick in beef; Old Mutual Masisizane Fund in crops; ZZ2 in tomatoes and other vegetables; Westfalia in avocados; Vumelana in providing funding and inputs; and Casidra in project management in the Western Cape.

The variety and scale of these developments have not, to my knowledge, been adequately recorded and analysed (see Mabaya et al., 2011; Okunlola et al., 2016). There are many unfavourable outcomes, including some of the Trusts and CPAs involved in the Limpopo restitution transfers of fruit farms (Kirk-Cohen, 2020; Newatswerani, 2020). Solms-Delta, a wine estate in the Western Cape that planned to devolve land and production to an additional farm run by workers, is often cited as a failure. Here a great deal of capital was invested in social welfare and educational projects that could not be sustained by the income from wine (Spaull et al., 2020; Payi, 2021).

The state has limited funding and capacity for mentorship and knowledge transfers. Outgrower schemes and partnerships offer the opportunity to leverage private sector funding, knowledge and skills. From the vantage point of commercial farmers and commodity organisations, they have an interest in maintaining production, winning support for private land ownership and private enterprise, as well as including former farmworkers in a thickening web of relations around shared enterprises and income generation. Belatedly, they are attempting to open up ownership across boundaries of race and class.

Some Concluding Points

The overview and examples presented illustrate diverse processes and new networks that are developing in the agricultural sector. The gains that can be made to rural livelihoods in outgrower and partnership schemes may seem quite limited when compared to incomes generated from wages in other sectors. The agricultural minimum wage was increased to about R45,000 per annum in 2022, but mineworkers get at least four times that amount (SA Facts, n.d.). Nevertheless, amounts that accrue through some of the schemes discussed, ranging from about R15,000 to R50,000 a year (and probably more in some dairy and fruit projects), are significant for people living in impoverished areas of the country with limited employment opportunities. Many rural families are partly dependent on grants, sporadic remittances and informal sector engagements. The state pension, a significant contribution to the income of households in the former bantustans, is a little under R24,000 a year (August 2022). In this context, amounts from agricultural intensification are valuable.

I have focused on relatively successful projects, mostly led by commodity organisations and the private sector. The evidence is that non-state agents are taking an increasing variety of initiatives in land reform and smallholder agriculture. I have not seen an overarching attempt to quantify such developments, but it is possible that these now engage more people than state-led projects. This is not an argument against the state, not least because the state is still a major instrument of finance and land transfer; many partnerships involve both public and private funding. Nor is it an argument against other routes of facilitating production. Rather, my emphasis is on how best to generate investment in agriculture and rural livelihoods. The examples presented above suggest some promise in diverse partnerships between state agencies, private sector interests and rural communities. These potentially take the pressure off state finances for all the costs of land reform and address some of the weakest elements of state-led land reform – implementation and agricultural skills.

Partnerships are not without tensions. White farmers, commodity organisations and associated agencies sometimes frame their engagements within a critique of the failure of the state. They also perceive economic and political gains, including a conviction that an intensive, technologically innovative, commercial agricultural economy is in the national interest; they hope that such strategies will win more general support nationally among black as well as white, and desire to defuse local tensions in their districts. In some cases, partnerships can contribute to meeting government policy. The NWGA scheme initially grew out of a requirement that the financial resources inherited from the Wool Board in part be committed to redistribution; elsewhere, a sector code called AgriBEE has been developed for black economic empowerment (BEE) in agriculture. Some projects can involve (a relatively small) self-imposed tax, which has socio-economic purposes as well as a political rationale.

The evidence suggests a relatively buoyant commercial agrarian economy in South Africa, increasingly diverse and innovative, with relatively high levels of investment in both domestic food production and export commodities. The data on existing smallholders is inadequate, but despite limited arable agriculture in the former bantustans and on transferred land, there may be small increases in maize yields in communal areas, as well as expanding horticulture and some successful partnerships across a wide range of commodities. A priority for land reform should be more intensive development of existing African land holdings, including on transferred land. There is certainly scope to increase state financial support for non-governmental agencies of the kind discussed. New patterns of production and co-ownership may facilitate such developments – landowners increasingly draw on experts and consultants for a range of services and inputs.

With regard to expropriation without compensation, analysed in other chapters, my key question is whether it will act as a disincentive to investment. Commercial agriculture would greatly benefit from certainty. My focus is on promising non-governmental and private sector initiatives that include input subsidies, access to markets, as well as connectivity and knowledge transfers between established farmers, smallholders and new participants in commercial agricultural production. It would take little extra government expenditure to enhance current programmes, working with the private sector, and maintain gradual land transfer. As noted, roughly 350,000 hectares a year has been transferred in state schemes; the scale of privately funded purchases and transfers is uncertain. At present the state cannot adequately provide post-transfer support for those moving onto the amount of land it has transferred. This should be a key area of land reform.

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