

EVALUATION OF THE RECAPITALISATION AND DEVELOPMENT PROGRAMME

Literature Review on Land Reform Programmes

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1. INTRODUCTION

The terms of reference for the evaluation of the Recapitalisation and Development Programme (RADP) include a review of literature on land reform programmes similar to the RADP in other countries. Our review of the literature on the land reform programmes in other countries did not reveal any programmes similar to the RADP. However, there are many cases where the situation of land reform beneficiaries and the outcomes of land reform programmes in other countries correspond to those of many land reform projects in South Africa. Therefore, the literature review focuses on establishing the nature of and lessons from land reform programmes in other countries that display characteristics similar to those of South Africa's land reform programme and, particularly, the RADP. As the RADP deals largely with struggling land reform projects, it was deemed appropriate to consider the trends and outcomes of land reform efforts in a few countries and to establish whether problems similar to those the RADP is attempting to address were prevalent. While it is evident from the literature review that many beneficiaries in the countries included in the review faced hardship and were unable to repay loans advanced to them as part of the land reform programmes, there is paucity of information on whether and how the respective governments implemented programmes to deal with the hardship, unproductive farms and abandoned land.

We, therefore, specifically focussed our literature review on land reform programmes on evaluation studies as well as on the socio-economic circumstances of land reform beneficiaries. This, in essence, illustrated the similarity with the circumstances of South African land reform beneficiaries and lessons drawn from this should help South Africa to obtain better results from implementing the land reform programme, specifically, the RADP.

Subsequent sections of this review are organised as follows:

Section two presents an overview of the land reform programme in South Africa. This is followed by a discussion of the RADP, which includes the rationale for the launch of the programme. The fourth section is a review of literature on land reform programmes implemented in other countries. Lessons for the RADP and the land reform programme in South Africa from the land reform experiences of other countries are presented in the fifth section. The final section presents a summary of the literature review.

2. OVERVIEW OF SOUTH AFRICA'S LAND REFORM PROGRAMME

2.1 Introduction

Land reform is a critical priority for the South African government and constitutes a critical component of the Comprehensive Rural Development Programme (CRDP). The land reform programme should contribute to the CRDP's main objective of deracialising the rural economy, ensuring democratic, equitable land allocation and sustainable production discipline for food security. This section presents an overview of the land reform

programme in South Africa, highlighting some of the implementation challenges experienced.

2.2 How was land reform implemented?

South Africa has implemented its land reform programme since 1995 when the Land Redistribution Programme was introduced to enable individuals and groups to obtain a Settlement Land Acquisition Grant (SLAG). The grant was for the purchase of land from a willing seller and could be used for both residential and agricultural production purposes. Six years later, the Land Redistribution for Agricultural Development (LRAD) grant was introduced to establish and promote emerging farmers. However, the slow pace of land reform, as highlighted at the 2005 Land Summit, led to the introduction of the Proactive Land Acquisition Strategy (PLAS), meant to accelerate the pace of land reform.

The use of grants for land acquisition was discontinued after consultations with land reform beneficiaries in 2009. Consequently, the focus shifted to the acquisition of strategically located land through PLAS. Such land was leased. The 1997 White Paper on Land Policy sets out the government's land reform programme based on three components, namely restitution of land rights to the victims of forced removals, redistribution of land to the disadvantaged and tenure reform aimed at promoting security of tenure for all.

Land Redistribution was implemented in terms of the Provision of Land and Assistance Act (Act 126 of 1993), to provide for the acquisition and development of land for settlement and production purposes. It was stipulated in the Department of Land Affairs' (DLA's) *White Paper on South African Land Policy* that the approach to the implementation of the policy would not be rights-based, but that it would be based on the principle of a 'willing buyer-willing seller', whereby land would be acquired through purchases at market rates from owners who agreed to sell (DLA, 1997). Under the programme, the government provides a number of grants and services. To varying degrees and in different ways, the grants and services are applicable to the three components of the land reform programme: Restitution, Redistribution and Tenure Reform.

A number of redistributive mechanisms have been used, which include Settlement/Land Acquisition Grant; farm equity schemes; municipal commonage grants, the Land Redistribution for Agricultural Development programme and Proactive Land Acquisition Strategy.

2.2.1 Settlement and Land Acquisition Grant

The SLAG was designed to be flexible, allowing for different types of projects, such as group settlement, group and individual production, on-farm and off-farm settlement and farm worker equity schemes (DLA, 1997). The main objective of SLAG was to alleviate poverty. The targeted poor and landless black South Africans were expected to form groups to apply for a SLAG cash grant, which was R16 000 per beneficiary household, to buy and develop farm land.

The criticism by land activists was that SLAG propagated overcrowding witnessed during apartheid by 'dumping' large groups of poor people on commercial farms previously white-owned without necessary skills and resources to enable them to utilise the land productively. One argument was that the grant was not sufficient for an emerging entrepreneur who wanted to engage in commercial farming. Other arguments were that the system was not easy to administer and that it was not in line with the grant provided by the Department of Housing. The Settlement/Land Acquisition Grants were too small to start up income-generating agricultural projects or to make the necessary capital inputs required for agricultural development, and they also lacked a settlement support package (Jacobs, 2003).

2.2.2 Land Redistribution for Agricultural Development

DLA conducted a review of SLAG in 1998 after which a task team was formed to review the land redistribution programme. Several weaknesses within the implementation process as well as regarding the quality of the group projects SLAG had (Wegerif, 2004). According to former Minister Didiza (2000), SLAG did not make a significant contribution to the development of semi-commercial and commercial black farmers. After the review, the programme was revamped and a new sub-programme, Land Redistribution for Agricultural Development (LRAD) was formed in 2001. SLAG was replaced by the LRAD, which provided money to black farmers, determined by the size of the farmer's deposit. LRAD was designed to assist historically disadvantaged South Africans to access land specifically for agricultural purposes, to become progressive farmers and to improve nutrition and the incomes of the rural poor (MALA, 2001). LRAD was also expected to play a key part in the establishment of a black commercial farming class (Bradstock, 2005). The strategic objectives of the sub-programme include contributing to the redistribution of 30% of the country's agricultural land by 2015, improving the nutrition and incomes of the rural poor who want to farm on any scale, de-congesting over-crowded former homeland areas, and expanding opportunities for women and young people who stay in rural areas (NDA, 2001).

2.2.3 Proactive Land Acquisition Strategy

As a result of the slow pace of the land reform policy under SLAG and LRAD, government implemented (Proactive Land Acquisition Strategy) PLAS in 2006. PLAS is a pro-poor approach used by the Department of Rural Development and Land Reform to speed up land redistribution. Under PLAS the state becomes the 'willing buyer' of land for redistribution by actively using market opportunities where they arise (Lahiff, 2008) and then this state-owned land can then be distributed to beneficiaries on a leasehold basis for three to five years with an option to purchase the land (Lahiff, 2008).

The strategy seeks to

- Ensure maximum productive use of land acquired;
- Improve the identification and selection of beneficiaries and the planning of which people would be settled;

- Increase economic growth and development of rural towns; and
- Ensure that the department can get land in places with high agricultural potential, in order to meet the objectives of the Accelerated and Shared Initiative of South Africa (ASGISA).

Although the strategy is pro-poor, it makes room for the engagement of emergent and commercial farmers. PLAS is also aligned to the Department of Housing's various programmes linked to the fast tracking of housing delivery (DLA, 2006). The PLAS deals with two possible approaches: a needs-based approach and a supply-led approach but essentially focusing on the state as the lead driver in land redistribution rather than the current beneficiary-driven redistribution.

2.2.4 Land and Agrarian Reform Project (LARP)

The five objectives of LARP are to (1) redistribute five million hectares of white-owned agricultural farmland to 10 000 farm dwellers and new agricultural producers; (2) increase the number of black entrepreneurs in the agribusiness industry by ten percent; (3) provide universal access to support services to the targeted groups; (4) increase agricultural productivity; and (5) increase agricultural trade by 10-15% for the target groups. According to Lahiff (2008), LARP appears to deviate from existing programmes regarding targeted beneficiaries and outcome, particularly with regard to the much greater size of landholdings envisaged (500 ha per beneficiary on average), compared to past performance.

2.2.5 Commonage

The national government provides funds to municipalities to purchase land to be used by poor communities living in or around rural towns for grazing or as small garden areas to supplement their incomes and improve food security. According to Rugege (2004), the use of commonage for redistributive purposes is being de-emphasized on the basis that it has not been very effective in improving the lives of the poor.

2.3 Implementation challenges

Table 1 indicates the amount of land transferred nationally under the different approaches of land redistribution between 2007 and 2010. Most land was transferred under PLAS. According to DPME (2012), a total of about 823 300 hectares were transferred to 20 290 beneficiaries between 2009 and 2011.

The first term of the democratic government has been characterized by slow delivery of land reform (Hall, 2004). Among the challenges are the following: the slow pace of land delivery, failing to meet the expectations; market based land reform operating on the willing seller willing buyer approach; and failure to realise development benefits from land reform emanating from post settlement support. According to Lahiff (2001), there is no

consistent co-ordination of government support to new land owners and, therefore, provision of such post-restoration support by the government remains a critical question in South Africa's land reform.

Table 1. Progress made on national land redistribution in South Africa

Programme	2007/8	2008/9	2009/10
	Hectares	Hectares	Hectares
LRAD, SPLAG, Commonage and tenure projects	174452	216614	140557
PLAS	171559	226986	99433
Total	346011	443600	239990

Source: Greenberg (2010)

Among other issues raised by academics and landless people is the challenge of post-settlement in South African land reform. The purpose of post-settlement support is to enhance the provision of support services to promote and facilitate agricultural development, targeting beneficiaries of land reform programmes (Deininger, 2003). The systematic failure of post-settlement support in South African land reform was identified by Williams and van Zyl (2008) as a major contributing variable to the estimated 50 percent failure rate of new land reform projects.

Land reform beneficiaries experience a number of problems regarding access to complementary services, such as infrastructure support, farm credit, agricultural inputs, training, extension advice and access to markets for farm outputs and ploughing services and also assistance with productive and sustainable land use (Hall, 2004; HSRC, 2003; Wegerif, 2004). The National Department of Agriculture (NDA) outlined the type of post-transfer support in its strategic plan but there was no funding for them (Jacobs, 2003). The strategic plan also emphasized the importance of post-transfer support to land reform beneficiaries for improving their livelihoods.

2.4 Additional initiatives to provide post-settlement support

Various initiatives have been undertaken by the government to address the challenge of post-settlement support. These include the introduction of the Comprehensive Agricultural Support Programme (CASP), the provision of micro-credit under the Micro-Agricultural Finance Initiative of South Africa (MAFISA) programme and the creation of post-settlement support units within the Commission on Restitution of Land Rights (CRLR) (Lahiff, 2008). Sustainable Development Consortium, on behalf of the CRLR, developed the Settlement and Implementation Support (SIS) strategy. The strategy proposes "a joint programme of government, spearheaded by the Ministries of Agriculture and Land Affairs in partnership with organised land reform beneficiaries, private sector role-players

and NGOs, to provide comprehensive support services to ensure sustainable land reform projects and the fulfilment of broader constitutional obligations” (SDC, 2007).

The government introduced the CASP framework to complement LRAD. The CASP was launched in 2004 as a response to limited agricultural support and aftercare, designed to provide post-settlement support to the targeted beneficiaries of land reform and to other producers who have acquired land through private means and are engaged in value-adding enterprises domestically or are involved in export (DoA, 2005). The CASP received funding for agricultural support to land reform beneficiaries for the development and rehabilitation of dipping infrastructure in communal grazing areas, the improvement of animal health and an increase in the productivity of livestock farming and to step up capacity building and technical advisory programmes to enable land reform beneficiaries to use their land effectively and efficiently (MALA, 2006).

Amongst challenges that faced CASP, were aligning budgets and systems between the DLA, NDA and the Provincial Departments of Agriculture, implementing priorities with regard to infrastructure in the communal areas, stepping up capacity building and technical advisory to land reform beneficiaries, and integrating the Agriculture Starter Pack (ASP) into the Household Food Production Programme (HHFP) (MALA, 2006).

Despite the various initiatives to support beneficiaries of land reform, land reform projects remain without the support they need to use their land productively because the challenge for land reform in South Africa is the absence of clear and coherent strategy on post-transfer support (Hall, 2003; Jacobs, 2003; Wegerif, 2004). The absence of a post-settlement strategy has resulted in the government getting private companies to assist communities to manage their farms in the name of strategic partners. The strategic partnership arrangement is seen as privatisation of post-settlement support (Derman et al., 2006).

3. THE RECAPITALISATION AND DEVELOPMENT PROGRAMME

Although South Africa’s land reform programme has achieved some progress in terms of improving access to land and contributing to improved livelihood for beneficiaries, its sustainability has been questioned, both within and outside government circles. In particular, some of the transferred farms have not reached the desired levels of productivity while others are not operational at all (Kirsten et al., 2005; Anseeuw and Mathebula, 2008). It was partially as a result of the above that the RADP was introduced in 2010.

3.1 Objectives and focus of the RADP

The objectives of the RADP are as follows (Department of Rural Development and Land Reform, 2012b):

a) To increase production;

- b) To guarantee food security;
- c) To graduate small farmers into commercial farmers;
- d) To create employment opportunities within the agricultural sector; and
- e) To establish rural development monitors.

The above objectives are meant to contribute to the achievement of Outcome 7: Vibrant, equitable and sustainable rural communities and food security for all. The RADP also contributes to the achievement of Outcomes 4 and 10: Creation of decent employment opportunities through economic growth and ensuring sustainable natural resource management, respectively (Department of Rural Development and Land Reform, 2012a).

The RADP focuses on land reform farms acquired since 1994 that have received little or no support but have a potential to be sustainable. These farms, considered to be in distress, are offered technical and financial support. Thus far, 1807 distressed farms have been targeted for recapitalisation and development (Department of Rural Development and Land Reform, 2012a).

Two strategic interventions have been adopted under the RADP to ensure the sustainability of land reform projects. These interventions are strategic partnership and mentorship. Unlike in the past, land reform beneficiaries play a key role in the selection of a strategic partner/mentor. Furthermore, the strategic partner is required to contribute his/her own resources and to assist farmers with access to markets, production, capacity building, business plan, etc.

3.2 Operation of the RADP

Under the RADP, projects are funded 100% based on a five-year funding model and no submission is approved without a comprehensive business plan (Department of Rural Development and Land Reform, 2012a). The funding model stipulates as follows:

- a) Phase 1: 100% funding for infrastructure and operational costs;
- b) Phase 2: 80% funding for development needs;
- c) Phase 3: 60% funding for development needs;
- d) Phase 4: 40% funding for development needs; and
- e) Phase 5: 20% funding for development needs.

The funding shortfall from Phase 2 onward is to be derived from proceeds of the relevant preceding phase.

By 2012, a total of 640 farms (530 934 ha) had been placed under the RADP: 264 attached to strategic partners

and 117 to mentors. Most of the remaining 259 farms are being considered for direct sourcing as there are no interested strategic partners. About 38 strategic partners and 50 mentors have been appointed thus far (Department of Rural Development and Land Reform, 2012a).

4. LAND REFORM PROGRAMMES IN OTHER COUNTRIES

This part of the document reviews literature on land reform programmes in other countries. The purpose is to understand the nature of these programmes, identify any similarities/differences to South Africa's land reform programme (in particular, the RADP) and draw lessons for the RADP with regards to its design and implementation. Four countries were selected for the review, namely, Brazil, Colombia, Mexico and Philippines. Apart from the fact these are some of the countries whose land reform programmes have been widely examined in the literature, we believe that their experiences are relevant for South Africa's land reform and the RADP, in particular.

Brazil

Various models of land reform were implemented in Latin American countries, including Brazil. These models varied from the market-based approach, where landless farmworkers and *minifundistas* farmers had access to a credit line to buy land, to state expropriation at market-based rates and also land invasions. The land reform process in Brazil consisted of an expropriation programme and a market-assisted programme. Expropriation was done in conjunction with the Landless Movement and focused on underused land. In principle, the market assisted programme can acquire both used and underused land, and it works primarily in tandem with the National Confederation of Agricultural Workers (CONTAG).

The Brazilian experience with negotiated agrarian reform (market assisted land reform) is the most comprehensive, long-standing, and diverse programme of any kind in the world. The market assisted land reform programme has gone through four phases since its inception. The programme was introduced as a pilot project in 1997. The pilot project was followed by a roll-out phase (Cédula da Terra) before going through two national consolidation phases.

Cédula da Terra introduced an amount of credit consisting of two parts. Part 1 consisted of a loan for the land purchase, and part 2 was a grant component for improving physical and social infrastructure. The innovation was that a credit limit applied to the sum of parts 1 and 2.

A brief review of the literature presents some contrasting evidence about the level of success of land reform programmes in Latin America - particularly Brazil and Colombia. Some studies (e.g. Sauer, 2006) document several cases of increased hardship of beneficiaries and abandoned land while studies reported in Binswanger et al. (2009) and others reported more successful cases and improved income levels.

The study by Sérgio Sauer (2006) use the data from a 2002 survey of beneficiary families to report on living and socio-economic status of the households benefiting from the Cédula da Terra programme in Brazil. Overall, the beneficiaries generally gave a positive evaluation of their living conditions as a result of using the Cédula, with most people reporting that the most significant change was that they were now “owners” of land. They also stated that now they had a place to live, although they were aware that they had to pay for it and that they could be expelled if they did not repay the loan they had acquired (Sauer, 2006).

The results from Sauer’s study present a picture similar to that of South Africa’s land reform programme. Despite the positive views reported above, many families in Brazil were experiencing greater hardships than previously. This was mostly as a result of promises by state officials not being kept. This largely had to do with the timely release of funds for production or for infrastructure. This trend has also been reported with the CASP funds in South Africa.

Brazil provided extensive subsidies on working capital (about 70%), but that level of subsidisation prevented government funds to be stretched to all beneficiaries. The success of the land reform programme and the longer term economic viability of land reform beneficiaries in Brazil were also dependent on their ability to gain access to alternative sources of working capital and marketing channels and the degree to which beneficiaries actually expected to repay their loans, including loans for working capital (Deininger 1999). Later on, it became evident that beneficiaries could not get access to alternative sources of working capital or the subsidised programme.

The shortage of funds, along with the lack of technical assistance, created many problems that have resulted in precarious living conditions for land reform beneficiaries and their families. All sixteen projects included in the study by Sauer (2006) reported problems regarding access to water (lack of water, no water pipes, and—above all—delays in funding for irrigation projects), as well as difficulties with transportation, schools, basic sanitation, and health. Sauer (2006) established that the hardships and precarious living conditions of families have clearly been reflected by the many families who have abandoned the land. ‘Dropout’ rates were high - with up to 60 percent of the families having given up their land. Reasons for this were directly related to the difficulty of surviving on the land due to lack of production, income, and other related factors. As a result, some families also found it hard to keep up with loan repayments.

In all the projects included in the Sauer study, most people reported difficulties in farming, due to lack of technical assistance and funds for investment. There were, however, serious problems related to the quality of the land purchases, such as soil fertility, the depth of the soil, its rockiness or unsuitability for many crops. As a result, farm production on the projects surveyed was basically for subsistence. In most cases, the production on individual lots did not generate enough income even for survival, much less for capitalization or new investments in production (Sauer, 2006). The low productivity of the farms, together with late release of funds, all contributed to the hardship of the Cédula families and their inability to repay their loans.

In contrast to the findings in Sauer's study, Binswanger et al. (2009) reported positive results of independent research to evaluate at least two periods of negotiated reform (Cédula da Terra and CF-CPR). The study implicitly supported the view that the programme was feasible and that the repayment capacity of its beneficiaries was good. This was because 85 percent of the Cédula da Terra associations were up-to-date with their debt repayments in 2004 and several were negotiating credit contract changes. This positive view is contrasted by the fact that only in a few cases was the monetary income sufficient to ensure loan repayment. This was partly due to climatic conditions (semi-arid climate) and the low technological level adopted for agricultural production.

Borass (2003) also indicates that the limited loan repayment was also caused by the marginal character of the purchased lands, their distance from local markets, and the general absence of road access, electrical and irrigation facilities, making the task of farm production quite difficult, if not impossible. As a consequence, diversified commercial farming has not emerged and, instead, subsistence crop production has dominated the actual farm projects.

The limited success of these land reform programmes – partly due to poor implementation and poor coordination – contributed to the persistent disagreements between practitioners and advocates on how to redistribute land and, specifically, on the mechanisms for land acquisition (such as confiscation, expropriation, negotiation, or market purchase). These disagreements also persist due to the fact that there is little rigorous evaluation of the impact of land reform in general, and of alternative ways of implementing it in particular.

Colombia

In Colombia, it was also evident (see Deininger, 1999) that beneficiaries, given their limited endowments, experience and potential, were generally unable to go through the steps required in a "negotiated" type of land reform without assistance. In fact, while most of the beneficiaries pre-selected in the pilot had some kind of agricultural experience, almost a quarter of them were illiterate and 70% had five years or less of formal education. Many of the beneficiaries, therefore, had limited ability to negotiate or manage resources and make key entrepreneurial decisions. As a consequence, farm operation gradually deteriorated, leading to unproductive land use and, in some cases, abandonment of the land. To remedy this problem, and thus increase the scope for land reform to lead to productivity-enhancing outcomes, an in-depth training programme for pre-selected beneficiaries was developed.

In addition, the sequence of 'farm plans before land purchase' appears not to have operated properly in the Colombian programme. The package of support services is incorporated within the general government

agricultural programmes, while extension services remain largely controlled by national state agencies. A few years after the start of the programme, many redistributed farms were already considered a 'failure'.

Mexico

Mexico has implemented a land reform that has distributed more than 100 million hectares of land or 50% of arable land from large farms to rural households, mainly organised in *ejidos*. These are organisations which display characteristics of both soviet-style collectives and indigenous social structures (Deininger et al., 2001). They are also referred to as land reform communities (Gledhill, 1997). About 54% of Mexico's land area is in the hands of *ejidos* (Dell, 2011). Mexico's land reform programme is considered to have been successful in terms of the physical distribution of land, but the production model adopted has not yielded the expected benefits (Tellez, 1994; de Janvry et al., 1998, according to Deininger et al., 2001). The redistributive land reform in Mexico, like in other Latin American countries (e.g. Bolivia and Chile), focused on transformation of haciendas (semi-feudal estates) into capitalist estates (DFID, 2004).

The land reform programme in Mexico is described as having "created inefficient communal property rights, subject to a wide range of restrictions, including the prohibition of using land as collateral, renting, and selling" (Magaloni et al., 2008:2). Also, the land reform programme was designed in such a way that marginally productive land was made available to land reform beneficiaries, ensuring that beneficiaries remained dependent on the state, instead of becoming a major contributor to long-term economic development (Magaloni et al., 2008:2). The land reform programme resulted in little positive effect on economic growth, particularly where land reform was vigorously pursued (Magaloni et al., 2008). Land reform in Mexico also did not result in greater income equality (Campos and Velez, according to Magaloni et al., 2008). This is in contrast to what happened in countries such as Taiwan, Korea and Japan. The inefficiency of the land reform programme made peasants fail to be self-sufficient and required subsidies to survive (Magaloni et al., 2008).

In 1992, legislative reforms were implemented focused on eliminating restrictions on *ejido* land use, particularly the sale and rental of land, and on the implementation of a programme of land regularisation (PROCEDE). Thus, the changes were aimed at improving the functioning of the land market. This empowered communities to choose the property rights regime most suitable to their needs. That is, they could choose from communal, individual and mixed systems of property rights (Deininger et al., 2001). Furthermore, *ejidos* could obtain individual title to their land, making it possible for land to be used as collateral for bank loans (Johnson, 1998). This is said to have increased access to credit, considered to be one of the major constraints among farmers and a prerequisite for *ejidos* to continue producing.

The Philippines

Agrarian relations in the Philippines share common characteristics with both Latin American and other Asian countries. There are hacienda-type plantations and small subsistence-oriented peasant tenancies, with a variety of land tenure arrangements in between. Putzel (1992) estimated that 72 percent of rural families were landless in the late 1980s. Relative to other countries in Asia, agricultural sector growth in the Philippines has been poor. Rice yields in 1991 were less than half those obtained in South Korea, Japan and China.

The main arguments for the reform of plantations were the highly seasonal employment they offered and the limits imposed on local food production by over-specialisation (e.g. sugar, bananas, pineapples, etc.), creating severe hardship when world prices fell and labour was laid off. Plantations were increasingly difficult to justify in the face of mounting land scarcity and rural unemployment. The most important category for reform is the landlord estate, from which tenants could often be evicted at will. The reform of tenancy transferred income to the tenant and created incentives for investment. Land reform was high on the agenda of armed groups, adding urgency to the successful completion of land reform.

Prior to Marcos's 'Operation Land Transfer' in 1972 and the Comprehensive Agrarian Reform Law (Republic Act 6657 of 1988) under Aquino, reforms were restricted to the upgrading or conversion of sharecropping to leasehold tenancies. The Comprehensive Agrarian Reform Law, also known as RA6657, was enacted in 1988, with its implementing programme, the Comprehensive Agrarian Reform Program (CARP). While not providing for the complete land reform that many had advocated, RA6657 extended coverage to all agricultural lands, provided for participation of farmers and NGOs in policy formulation and implementation, and allocated funds for support services. RA6657 sets an individual ownership limit of five hectares for agricultural land. The overall retention limit for a family can be 14 hectares. The Constitution requires that landowners receive just compensation. The valuation of land under RA6657 is based on a formula containing three criteria of varying importance: productive value; the market value as declared in tax returns; and the value as indicated by comparable sales in the locality.

Up to April 1994, 1.5 million hectares of land had been distributed, which represented 39% of the total ten-year target of 3.8 million hectares. Well under half of the land distributed was private, demonstrating the resistance to the more controversial part of the programme. However, this component has recently risen to represent half of that distributed annually.

The CARP consisted of three main components (Elvinia, 2008):

- Land tenure improvement, dealing with the acquisition of land;

- Support services, which entail provision of extension services, credit and infrastructure, etc. to beneficiaries; and
- Delivery of agrarian justice to address settlement of cases relating to landlord-tenant relationship and matters related to land valuation and disputes.

In summary, CARP can be described as follows:

- Introduced in June 1988 during the Aquino presidency.
- Allocated P50 billion initial budget as agrarian reform fund (ARF).
- Covered all public and private agricultural lands (regardless of crops planted).
- Included public domain lands suitable for agriculture.
- Sought to redistribute land not only to farmers and farmworkers but also to other landless poor.
- Recognized landowners' right to just compensation and provided for a retention limit of five hectares.
- Recognized the rights of indigenous cultural communities.

A strategy of Agrarian Reform Communities (ARCs) was introduced in 1993 to optimize the use of limited financial and material resources. ARCs are a cluster of rural communities wherein support services are channeled to beneficiaries. This is an innovative approach in the implementation of land reform, which focuses on provision of support services to raise household incomes of at least 70% of the beneficiaries to be above the poverty level. This approach fits the framework of foreign donors to support specific geographic areas or sectors rather than the CARP. By December 2002, P40.4 billion had been mobilized from foreign sources for 39 projects.

The overall assessment of CARP is positive and it benefited a significant portion of the rural population. The CARP can be an effective programme to alleviate poverty, ensure food security and for the overall development of the country.

5. LESSONS FROM LAND REFORM EFFORTS OF OTHER COUNTRIES

5.1 Successful land reform requires proper and well-coordinated post-settlement support

Binswanger et al. (2009) confirm that current practices and past history are full of examples where post-settlement support has been woefully inadequate (e.g. Brazil, Colombia, South Africa and Zimbabwe). Providing proper support is often made difficult by the separation of agriculture and land reform into different ministries or directorates and by the lack of incentives for those institutions to provide support jointly.

5.2 Land reform programmes need to be properly funded to include non-land costs and to create certainty about availability of funds

To achieve redistribution targets, expenditures sometimes concentrate on land transfer-related costs, leaving inadequate budgets for non-land costs. International experience reported by Binswanger et al. (2009) shows that, in a typical market-based land reform project, the land costs are only part (30–40 percent) of the total costs of land reform. The other costs, which are essential for the success of new farms, include housing, resettlement, start-up grants, inputs, tools, equipment, farm development, and training and advisory services. Also to be factored into the cost structure, is the overhead cost of managing the land reform programme; or, for going specialized concerns, all of their non-land capital plus the new owners' housing improvements and training and advisory services.

Some countries have found it prudent to set aside a specific amount of money to finance land reform programmes over a determined period (e.g. five-year period) rather than depend on an annual budget. This approach removes uncertainty about the availability of funding for land reform from year to year which often arises when the amount of funding is determined annually.

5.3 Financial assistance provided to land reform beneficiaries by the public sector is often insufficient and, therefore, measures need to be put in place to enable beneficiaries to access additional funds from private sources

The literature review has shown that, unless land reform beneficiaries gain access to credit from the private sector, financial assistance provided by government will be insufficient for their needs. The problem of insufficient funding was exacerbated in some countries by restrictions on the use of land as collateral for bank loans. Therefore, it is important for government support go beyond the provision of direct financial assistance to land reform beneficiaries to include assisting them to access additional funds by way of loans from financial institutions.

5.4 Restrictions on land use, particularly the sale and rental of land, tend to limit the success of land reform programmes

Land reform programmes have not been particularly successful in countries that have limited the functioning of markets to enable farmers to sell or rent their land. This suggests that governments should not only look at making land accessible but also create an environment in which land markets function properly and that land reform beneficiaries have the flexibility to sell or rent their farms.

5.5 Many countries that have implemented land reform programmes often succeed in redistributing land but the production model adopted often fails to generate benefits for land reform beneficiaries

Unless land reform beneficiaries are able to generate profit from their farming operations, production is unlikely to continue. This often results in the collapse of land reform programmes as has been observed in some land reform projects in South Africa. Therefore, it is essential for the success of land reform programmes to ensure that the production model is designed so as to generate benefits for land reform beneficiaries.

5.6 A wrong choice of farms may lead to land reform beneficiaries failing to meet their financial obligations

Land reform beneficiaries have often found it difficult to farm profitably because farms they were allocated are characterised by low quality soils, located too far from markets and have poor infrastructure. This seriously limits their ability to repay loans. Therefore, care should be taken when selecting farms for redistribution to ensure that the farms are not marginally productive.

5.7 Prompt release of funds to land reform beneficiaries is crucial to the success of land reform programmes

Delays in releasing funds for land reform beneficiaries has been identified as one of the main reasons for the collapse of land reform projects. Cases of funds arriving long after they were needed for important farming activities have been reported in many countries. Delays in releasing funding can be disastrous for land reform beneficiaries, sometimes leading to permanent closure of their farms.

5.7 Access to land must translate into tangible benefits within a short period of time

Land reform programmes are often implemented to help the poor in many countries. Poor people cannot afford to spend long periods working their land without benefits. Therefore, land reform programmes aimed at poverty alleviation need to incorporate farming enterprises that can generate immediate benefits for farmers.

5.8 Access to land opens growth opportunities for farmer-beneficiaries, if it is accompanied by appropriate post-settlement support

The importance of access to post-settlement support has been highlighted in all the countries whose land reform experiences have been reviewed in this document. Where such access has been adequate and proper, land reform beneficiaries have managed to expand their farming operations.

6. SUMMARY

The initial purpose of this literature review was to examine the experiences of other countries in the implementation of programmes similar to the RADP. A comprehensive review of available literature on land reform in various countries revealed that there are no programmes that may be described as being similar to the RADP. However, there are components of land reform programmes that focus on post-settlement support for land reform beneficiaries from which lessons can be drawn for the RADP and for the land reform programme in South Africa in general. A review of such programmes brought interesting insights into the success and failures of land redistribution programmes. The review emphasises the main reasons for project failures and the poor socio-economic circumstances of some land reform beneficiaries. It is clear from the review that provision of proper post-settlement support for land reform beneficiaries is an essential ingredient for success with land reform. In all the countries whose land reform programmes were examined in this review, the role of the state in the provision of post-settlement support was key. However, the extent to which the state funded post-settlement support for land reform beneficiaries varied significantly. In some countries, the state was the sole provider of funding while, in others, donor funding played a critical role. Furthermore, in some countries, the land reform beneficiaries are expected to obtain partial funding from the private by way of loans.

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