

Abstract

This paper deals with restrain factors of group farming after land reform in South Africa. African people were removed forcibly to homelands which occupied 13% of total land during Apartheid terms. After the collapse of Apartheid, there has been dual structure in Agricultural sector: one is large-scale agriculture by white farm owner and another one is subsistence farming by African peasant. In order to remove this gap, South African government redistributes agrarian land with grant for individuals. However, African individuals can't purchase the land because the market land price is too high for them. In this context, African people form a group to obtain bigger grant. However, they still have a lot of struggles about lack of money, knowledge, market access and the difficulty of management and administration of the organization so on.

To find crucial factors of them from the view point of real situation of group farming, not only the view point of macro, is needed for agrarian reform in South Africa.

Contents

1. Introduction

2 Agrarian reforms in South Africa

2.1 Historical perspective for the land 2.2 Initiate the land reform and the policy

2.3 Agrarian reform

3. Formation and the structure of organizations fro group farming as a saucer of agrarian reform

3.1 TRUST/CPA

3.2 Case study: Establishment and organization realities as a saucer of agrarian reform

4. Case study: the real situation and the retracting factors of the group farming as a saucer of agrarian reform

4.1 The realities of group farming and their life

4.2 restrict factors for development

4.3 New initiative to conquer the restrict factors

5. Conclusion

Appendix

Figure1: Assistance system

Figure2: The number of beneficiaries classified by the established year

Figure3: The relationship between beneficiaries and workers

Figure4: The collapse factors of group farming

Figure5: Contract between TRUST/CPA and private company

Table 1: The number of beneficiaries and workers

Table 2: National average prices per hectare per size category, 1995 to 2000

1. Introduction

This paper deals with restrict factors of developing of group farming which have been established by African people through Agrarian reform in South Africa. This study is examined with study case in 2004 and 2005. We investigated group farming in 2004. Then we found a new initiative for agrarian reform in 2005.

The target area was Soekmekaar in Limpopo province which locates in northern part in South Africa. Because Limpopo province had three out of ten former homelands in Apartheid terms, there are a lot of issues still now. Population is 5670800 ¹which are twelve % of total population in South Africa and ninety-two %² of Limpopo population is African. The area is 123,900 km². According to USAID data, ninety % of this area is rural area and the rate of unemployed reaches 46%. Agricultural land redistribution is expected in the view of creating job opportunity.

Soekmekaar is one of the wards located in Capricorn district in Limpopo province. The farms we investigated in 2004 were introduced by the agricultural officer in the ward. Fifteen farms were introduced as active farms, however we could investigated fourteen farms which were established between 1998 and 2001.

¹ Statistics South Africa, *Mid-year population estimates, South Africa 2006*
<http://www.statssa.gov.za/publications/P0302/P03022006.pdf>

² Limpopo Province Government, http://www.limpopo.gov.za/about_otp/culture.asp

We questioned them about farm's constitution, outcome and administration cost, so on.

2 Agrarian reforms in South Africa

2.1 Historical perspective for the land

In 1652, the colonization had been started by white after Dutch East India Company established the supply base in the Cape of Good Hope. Apartheid policy had been implemented when the National Party which founded by Afrikaner nationalists won in the election of 1948, however several laws which evict African had been already issued since 1884. The policies for eviction achieved a peak with the 1913 Land Act. The area where African was removed to forcibly represented only seven % of total national land and was poor land. It was called Homelands and expanded to thirteen % in 1936 because the population in Homelands increased accounting approximately thirty-two % of total national population.

2.2 Initiate the land reform and the policy

Although Apartheid was abolished in 1994, African people in rural area were poor. According to Adams³, seventy-two % of poor people lived in rural area and seventy-one % of the population in rural area was poor. Most of poverty is seen in former Homelands still now. Adams also makes it clear that only one % of white population is poor while sixty-one % of African is poor.

One of the most important issues in the Agricultural sector is in the dual structure compounded of commercial farm by white and subsistence one by African in Homelands. Eighty-two million ha out of one-hundred-twenty-two million ha in total national agricultural land is belong to white farm owner⁴. It's one of a factor which prevents to improve the gap for income and productivity.

In this context, the agrarian reform is essential to narrow the economic gap and also bring fairness. To initiate these problems, in 1994, Development of Land Affair (DLA) was established. There are three policies for the land reform: land restitution, land redistribution, land tenure.

2.3 Agrarian reform

Agrarian reform is mainly included in land redistribution policy. Land redistribution gives applicants the opportunity to purchase a land with grant. On the other hand, government doesn't force white farmers to sell their property and it's the principle of "willing-seller" "willing-buyer" that forms market land price. All this makes it too difficult for individual African to purchase the land. Although DLA devised assistance system which give minimum R20000 with R5000 self contribution by African [figure1], it's still not enough. In order to purchase land African applicants form organization and support each other on the process.

DLA supposed African farmer who got grant and the land [beneficiaries] would be willing to farm, however, beneficiaries recognized it as a residence. Therefore the project which was "Settlement/Land redistribution and Development" included settlement redistribution program changed to "Land Redistribution and Development" (LRAD) which focus mainly on agrarian reform in revision of land reform policy in 2000. The program of land redistribution for residence was passed to Department of Housing although it is on the way out. The policy changed from demand-driven policy to supply-driven policy and lead lowering land price.

New programs in 2000 are aimed at distributing twenty-five million ha which is thirty % of prime agricultural land to African emergent farmer by 2014⁵. In the eleven years of land reform between 1994 and 2005 over 3.1 million hectares have been delivered to 1.2 million individuals⁵, with annual transformation of only 280,000 ha had transferred annually. It is difficult to achieve the goal of new programme without adopting stronger policy.

3. Formation and the structure of organizations for group farming as a saucer of agrarian reform

3.1 TRUST and CPA

Applicants of land redistribution are strengthened to form organizations in order to obtain bigger grant and get easier access to credit. There are two types of organizations: TRUST and Communal Property Association (CPA). CPA is under the Communal Property Association Act of 1996. It is enacted fairness and democratic management to avoid the problems occurred between beneficiaries about property.

If administration problems or land using problem would occur, solution or help could be delivered from DLA Director General appoints conciliator to assist in resolving any issues. The role of conciliator resume in fact-finding, making a recommendation to the parties to the dispute etc. While trust need to pay for lawyer and the proceeding to a suit, CPA don't need to pay anything because CPA Act obligated DLA to dispose these tasks. And director general of DLA makes

³ Adams, M., Cousins, B. and Manona, S., 2000. Land tenure and economic development in rural South Africa: constraints and opportunities. In Cousins, B. (ed.), *At the crossroads. Land and agrarian reform in South Africa into the 21st century*. pp.111-128. Cape Town: Programme for Land and Agrarian Studies, School of Government, University of the Western Cape/Braamfontein, National Land Committee

⁴ Koichi Ikegami, *Fair Trade Movement in the Republic of South Africa*, presented paper at the International conference on Perspectives of Alternative Commodities Chain: Production, Trade and Consumption in Bangkok, 2006

⁵ Department of Agriculture, Land Affair, *Land Summit 27-31 July 2005*, leaflet, p7

annual report concerning association and provisional associations and the extent to which the objects of this act are being achieved, and the Minister shall table the report in Parliament.

The biggest difference between TRUST/CPA is the way of decision making. While TRUST confides the administrative authority to the board of directors, CPA make a decision through the general meeting in which all the members participate. While TRUST is more mobile and there is a possibility of high-handed, CPA is more democratic and decision-making process is very slow. Which types they choose depends on their traditional social structure.

3.2 Case study: Establishment and organization realities as a saucer of agrarian reform

LRAD results at the time of 2004 in Limpopo shows 77 projects with 45181 ha for 6714 beneficiaries⁶. It is uncertain whether how much TRUST/CPA is organized in Limpopo as a whole. According to the DLA, there are few farms which chose CPA in Limpopo. They prefer TRUST which is same to their traditional organization form for decision making. However, there were only 3 out of 14 farms we visited added "TRUST" with their farm name. It wasn't clear, what was the choice of the rest of them. Ward officer didn't take care about it either.

The government adopts the assistance system with self-contribution as it is shown on figure1. However, beneficiaries are actually excused from the contribution because it's still impossible for them to pay. In behalf of it, they should give any goods to government or pledge to sweat for their farm. According to our research, there was one farm which gave a tractor and the rest of farms got grants with pledging to sweat.

In the farm established between 1998 and 1999, the market price of grant which was exchanged with sweating was R15000 per capita and it slightly rose to R16000 per capita between 2000 and 2001. DLA attempts to organize making to the small scale farming group by raising the subsidy R1000 unit price. Because it became to be clear the difficulty of management if there were a lot of numbers of people in a farm land. As Figure2 indicates the number of beneficiaries classified by the established year shows the numbers of beneficiaries tend to become smaller where the establishment annual is new.

The average price of the agricultural land⁷ was R827944.44 (\$109,959.30)⁸. The floor price was R350000 and highest price was R1800000. The lowest remainder which was subtracted the land price from grant was R72000 and highest one was R205000. These balances are usually spent for agricultural investment and life consumptions.

According to the research result, the land price per ha is decided by the condition of the land. The lowest land price per ha was R510 and highest one was R4069⁹. The cheapest land was in the bush, of course there isn't any equipment and marginalized. They had to cut trees for farming and making roads firstly. However, the differences of land price per unit as beginning condition wasn't directly connected with management result.

Many beneficiaries leave their farm and get another job. Only few of them remain to work there. Theoretically beneficiaries could get profits as investors, but in fact it is difficult, because of the low profits. So called registered workers would employ new workers (unregistered worker) because they need more help in farm or new workers often join for the settlement and foods. The relationship between beneficiaries and workers are showed in figure3. While "registered worker" is included in the category of "beneficiaries", most of "beneficiaries" aren't registered worker. As table1 shows, while there were 88 beneficiaries there are only 13 registered workers in the case of farm1. Un-actual workers disappear after getting first income without any investment. They go away because the farm can't realize enough profits.

4. Case study: the real situation and the retracting factors of the group farming as a saucer of agrarian reform.

4.1 The realities of group farming and their life

The largest farm area of 14 farms was 1400ha and smallest one was 27ha. The maximum area per capita was 26ha and minimum one was 0.45ha.

The utilize ways were classified into the following categories: cultivating area, grazing area, grass area for animal feed, facilities for farming, house and office. According to the nine farms that we could get answers, the highest land utilized rate was 135%¹⁰ and lowest one was 8%. There were 3 farms which where the grazing area was more than half of the total area.

Main cultivating crops were tomato, cabbage, carrot, spinach, maize, beetroot, butternut, guava and etc. Five farms had their income coming from chicken or cattle as well.

Almost of farms were cultivating various crops at the beginning. They bought fertilizers, chemical sprays and also distributed the income. However many problems such as the problem of stop of the pump for irrigation by run out of the electric power, the decreasing the cultivated crop, making of the income, many uncertainties in the management the

⁶ Ruth Hall, 2004

⁷ The average price includes agricultural equipment and calculated by 9 farms which were available to answer.

⁸ $1R=0.13281$ [2006.oct.23]

⁹ Calculated by the farms which were available to get answer both of land price and size of farm

¹⁰ They used the land twice in a year

farm and financial deficit were occurred.

In the case of farm2, although they managed well until last year one worker stole all of the farm money and everything was stopped and everyone had gone except only one worker. It's impossible to manage the 69 Ha farm land only by him. He just collected charcoals and sold it for his daily life.

The situation of salary was also unstable. The usual ways of payment were: a farm would pay salary R1500, 2000, 5000 per year classified by the position, another one would pay R500 after selling products. There is also a farm that paid R20 per day. On the other hand, 5farms out of 14farms couldn't answer about the salary and two farms answered they didn't pay any salary.

Toward the question whether their life had been improved, 6farms answered they had been improved. The reasons were: 1.they could be self-sufficient 2.they could maintain their life 3.they had succeeded with chicken farming, 4.they could build good relationship with Department of agriculture 5.farming organization was established in Soekmekaar 6.they could buy tractors, pipes for irrigation, waterworks. The reasons why they hadn't improved were lack of infrastructures, funds, agricultural input so on. Farms that had improved also mentioned problems in the infrastructures. These answers show well what are the restrict factors for the group farming management. The analysis is followed below with these data.

4.2 restrict factors for development

The issues found in fourteen farms can be collected by using the way of PCM. These can be reduced to 3 factors as showed figure5. They are; 1.Unstable the organization, 2.The lack of market access, 3.indifferent to Agriculture.

First, the factor1 is unstable organization. The reason of that could be found in of two factors: the structure of organizations and large-scale group farming management of organization. This phenomenon problem of former is large number of people and it leads difficulty of applying the roles, lack of attention to follow roles, and also participating strategy. The problems of latter are maintenance of large infrastructures, lack of the infrastructures which are appropriate for a large farm and difficulty of definite strategy.

DLA says the strategy plan has to be made by DLA officer and actual workers, however, it was made only by DLA. Strategy plans hadn't been reflected workers opinions. Therefore, while they were spending the grant for the infrastructures, which were not necessary, they missed more important things. Moreover, farmer's agricultural techniques and knowledge did not improve because of lack of monitoring and appropriate supports after redistribution.

The second factor is the lack of market access. Farmers couldn't find trading partner even if they produce productions and at the same time the price structure was unclear. The distribution routes are classified into 3groups: local market, domestic market and international market. The trading partners in local market are market women, informal middleman or farmers sell themselves. Informal trader transports the products from Soekmekaar to the base where truck comes to collect agricultural products. However, no farmer knew where the truck would take their products. Domestic and international market indicates the transaction through formal middleman.

Eight farms were selling to only local market, three farms to local and domestic markets, two farms to domestic and international markets and one farm to local, domestic and international markets.

Finally, the most serious factor lays in the fact that the African government in Apartheid terms built a social system which did not allow African to have their own way of thinking. Therefore African farmers tend to think it's easier and more attractive to be hired in the city. While they want to give them back the lands, they don't have interest in farming. It is the biggest issue how gets over this presenting condition.

4.3 New initiative to conquer the restrict factors

As the case study shows, the group farming can't be described as it had proceeded smoothly. DLA proclaim new initiative which included the participation of private company as one of schemes to resolve the stagnation. This is a contract between TRUST/CPA and private company. The outline of this contract is: a private company provides TRUST/CPA land charge, job opportunity with better salary and technical training under their management instead of TRUST/CPA provides them their land.

TRUST/CPA establishes a trustee's board for this scheme. The delegate of the trustees' board and private company form a managing board. On the other hand, workers from TRUST/CPA and temporally workers from outside form a workers trust. DLA supports the development of TRUST/CPA by selecting the company and monitoring the scheme. It is considerable to think that private companies participate in this scheme because they could get enough land to cultivate with stable management for 10 to 15years. Moreover, it might be the impact of advertising for them to support African farmers. At the same time, there is a possibility of getting Fair Trade certification. It is also possible to develop the farm without land claims.

In 2005 research, we visited a farm which was one of a scheme of TRUST/CPA and private company partnership¹¹.

¹¹ It was unavailable to get African workers data, talking with them. So this content is from the side of manager.

This initiative has started in 2003 with 15 years contract. It ships 200 ton oranges per day as Fair Trade products. It was not sure how many African workers were there, however, they provide primary school, stores, a clinic, management training and also hold sports festival. Their object in the future is to establish Fair Trade brand for domestic market not only for export.

This scheme hasn't been positioned as a policy yet. More research is required in the future.

5. Conclusion

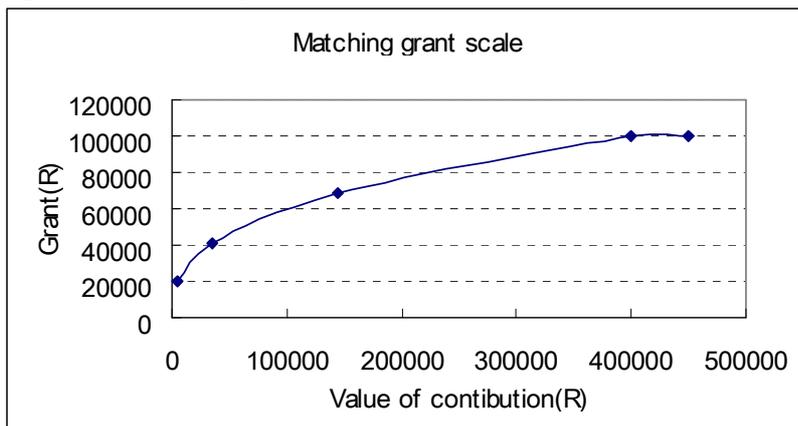
This study aims to examine the agrarian reform in South Africa in the view of the reality of group farming. What is demonstrated is that it hasn't proceeded smoothly. The restrict factors were summarized as below: 1.unstable organization, 2.lack of market access, 3.indifferent toward farming [figure5].

DLA, other government and researchers also recognize this stagnation. There are two points of discussions; market oriented agrarian reform and the agrarian reform through group farming. The point of former argument is whether it encourages land transition or not. Another point is whether agrarian reform through group farming is appropriate for the system of traditional African land using and the reality of African peasant.

We can't reveal it because there aren't enough studies about the system of traditional African land using. It is, however, difficult to think it is appropriate.

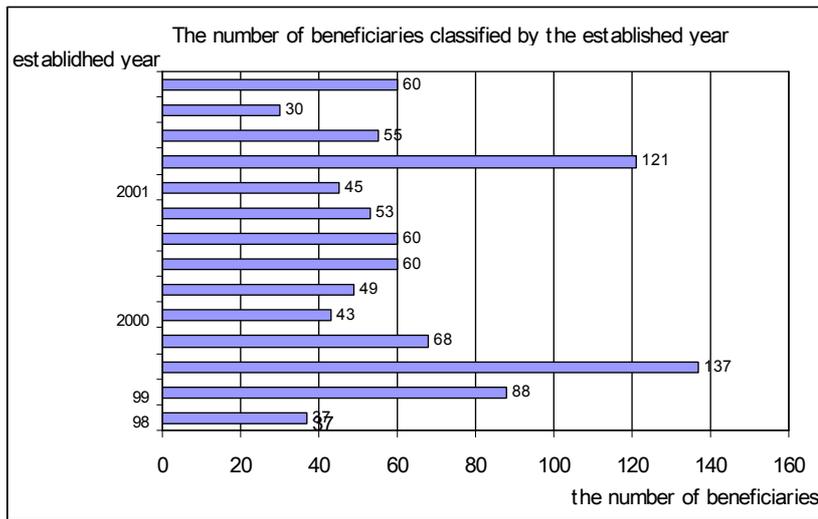
On the other hand, market oriented agrarian reform aims that landowners sell their properties to government willingly on market price, and then government sells them to African on market price as well. The important point for African is not the level of gap between land market price and capitalized value of farm profits but the level of land price. African is obliged to form organization with large number of members because the market land price is too high for them. The level of market land price and the mechanism is important sense because this lead to the instability of group farming. However, we couldn't deal with this issue in this paper. It is the assignment study to examine hereafter from the view point of real situation of group farming, not only the view point of macro.

Figure1: Assistance system



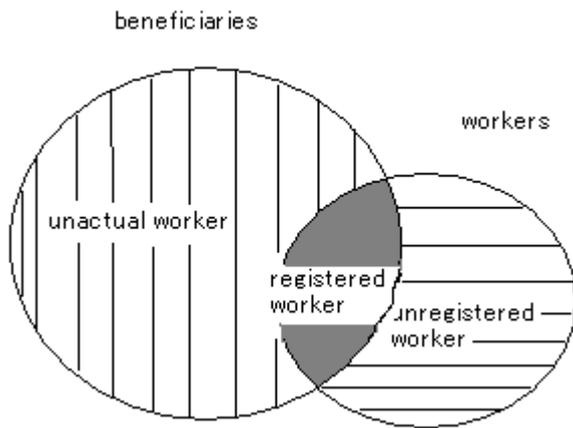
(Ministry of Agriculture and Land Affair, leaflet)

Figure2: The number of beneficiaries classified by the established year



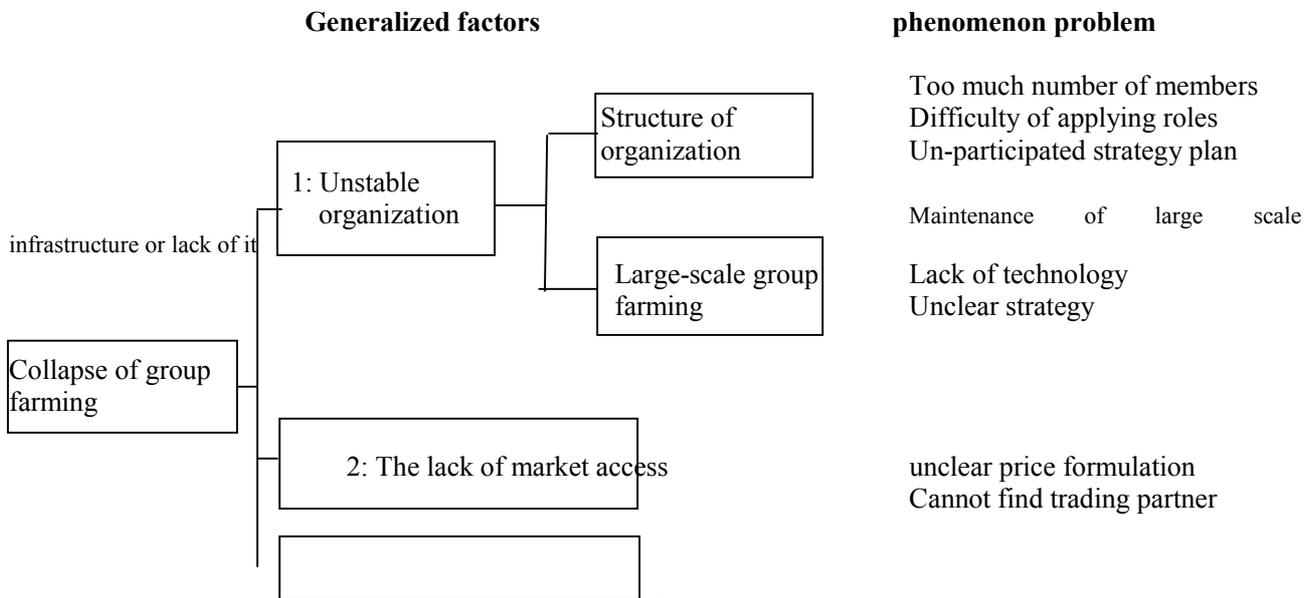
[Made by research result in 2004]

Figure3: The relationship between beneficiaries and workers



[Made by research in 2004]

Figure4: The collapse factors of group farming

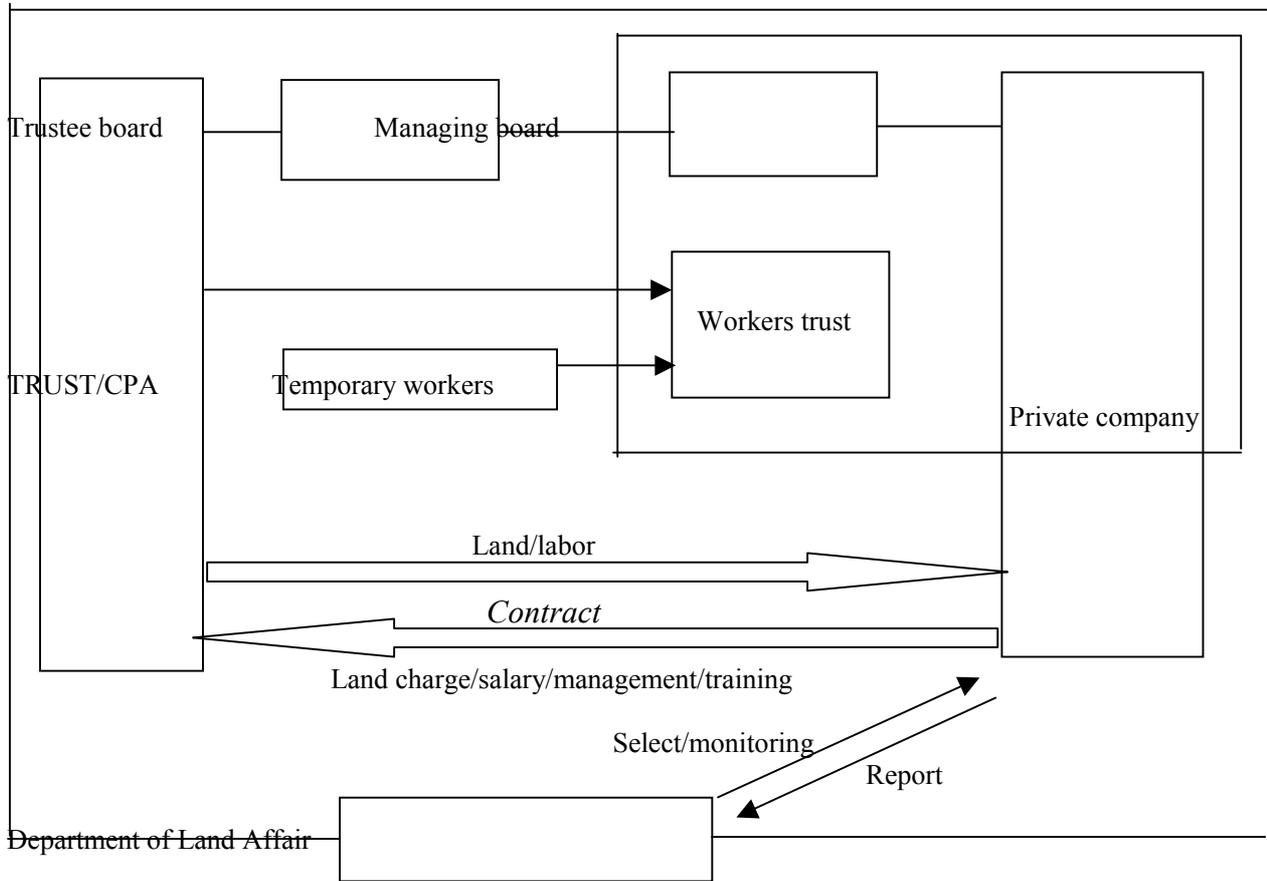


— 3: indifferent to Agriculture

most of beneficiaries work outside
prefer to work in the city than rural area

[Made by the research result in 2004]

Figure 5: Contract between TRUST/CPA and private company



[Made by the research in 2005]

Table 1: The number of beneficiaries and workers

The number of farm	The number of beneficiaries	Registered workers	Unregistered workers	Registered worker + unregistered worker
1	88	13	2	15
2	43	1	0	1
3	137	18	0	18
4	49	5	2	7
5	45	5	0	5
6	60	10	0	10
7	121	30	0	30
8	68	6	3	9
9	60	6	1	7
10	53	5	4	9

11	55	11	4	15
12	30	15	14	29
13	37	6	4	10
14	60	13	6	19

[Made by research result in 2004]

Table 2: National average prices per hectare per size category, 1995 to 2000

Size category(hectares)	1995	1996	1997	1998	1999	2000	% change 1995-2000
1~5	111784	110327	112646	104663	90991	113171	1.2%
6~20	27135	27604	27371	23501	23643	25371	-6.5%
21~100	8578	8658	8663	7488	7442	8127	-5.3%
101~500	1942	1926	1873	1726	1730	1755	-9.6%
501~1000	963	962	978	859	903	989	2.7%
1001~5000	450	489	451	451	506	489	8.8%
5001~	131	160	205	267	148	194	48.0%

[Michael Aliber and Reuben Mokoena, The interaction between the land redistribution program and the land market in South Africa: A perspective on the willing –buyer/Willing-seller approach, PLAAS, 2000]