

# Successful land reform and the potential for smallholders growing subtropical fruit

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# Why we need to be very serious about land reform

- Gini coefficient for income = 0.7
- Gini coefficient for wealth = 0.9
- Unemployment for working age adults (including discouraged job seekers = 34 - 37%
- Unemployment for youth (18-35) = 55%
  
- Land reform cannot resolve the larger problems of poverty and inequality, but can make a small contribution
- Land reform is necessary to counter destructive forms of populism
- Land reform at scale is a non-negotiable

# The current moment – uncertainty

- ANC and parliamentary resolutions > Constitutional Review Committee > amend the constitution, to allow expropriation without compensation?
- President Ramaphosa's caveats: land reform must not endanger food security or investment, but contribute to agricultural growth
- Emerging views:
  - Land reform to date has largely failed
  - New energy and expanded levels of commitment are required
  - Strong political leadership/will is necessary
- **BUT: DANGERS *as well as* OPPORTUNITIES**
- **Disregard for economic realities**

# Key controversies in land reform

1. How to acquire land for redistribution, restitution and urban settlement? (*markets vs planned acquisition vs expropriation*)
2. Who should get land? (*rural and urban poor, market-oriented smallholders, emerging commercial farmers*)
3. For what purpose? (*settlement, improved livelihoods & food security, market-oriented smallholder farming, de-racialise commercial farming*)
4. With what rights? (*leases, private ownership with title deeds, recorded social tenure rights*)

1. Current focus of debate, but least problematic. Planning model combines spatial targeting, negotiated prices and expropriation
2. The 'class agenda' of land reform must be clarified. If all classes are to benefit, in what proportion?
3. The rationales of land reform must be clarified. If a mix of purposes, how can these be supported?
4. Constitutional commitments to tenure security must be met, whatever system of land rights

# The data problem

- What do we really know about smallholder farmers?
- QLFS 2014: individuals involved in 'subsistence farming' = 1.4 million
- GHS: black households involved in agriculture = 2.6 million; **households selling produce = 205 821**
- Do we know enough about the large-scale commercial sector?
- Census does not ask about farm size
- No dedicated survey, few reliable aggregate data
- 'Steering in the dark....'

# Uses of agricultural production by black households (GHS 2014)

	n	%
Main source of income	36 344	1.4%
Extra source of income	127 549	4.8%
Extra source of food	2 058 478	78.0%
Main source of food	246 632	9.3%
Leisure/hobby	90 927	3.4%
Unspecified	78 795	3.0%
Total	2 638 726	

# Land size (arable)

Land size	%
< 0.5 ha	68%
0.5-1 ha	7%
1-20 ha	1.7%
20 ha >	0.2%
Unspecified	21%

# % of households involved in different types of production

<b>Grain and food crops</b>	<b>55%</b>	
Livestock production	47%	
Poultry production	37%	
Fruit and vegetable production	50%	



# Markets

<b>Buyers of agricultural products</b>	
Local buyers from this district	76.5%
Buyers from neighbouring cities and towns	8.1%
Formal markets in South Africa	2.1%
Export agencies and international buyers	0%
Other	2%
Unspecified	11.3

# What is a smallholder farmer?

- Small-scale is not primarily about farm size
- *Farm size* = land area in hectares; *farm scale* = relative scale of farming operation, the key determinant being the *capital intensity* of the enterprise
- Smallholder = a small-scale farmer who uses farm produce for **home consumption** to significant degree, and uses **family labour** within farming operation to significant degree
- Smallholders are distinct from small-scale commercial farmers, for whom home consumption and family labour are negligible, and for whom profit is the most important objective
- Farmers, at whatever scale, are always diverse and differentiated

# Differentiating black small-scale farmers

	Labour	Numbers
Subsistence-oriented smallholders	Family	2-2.5 million
Market-oriented smallholders in loose value chains	Family + some hired	200 000 – 250 000
Market-oriented smallholders in tight value chains	Family + significant number = hired	? 5000
Small-scale commercial farmers	Hired	? 5000

# Hybrid farming systems

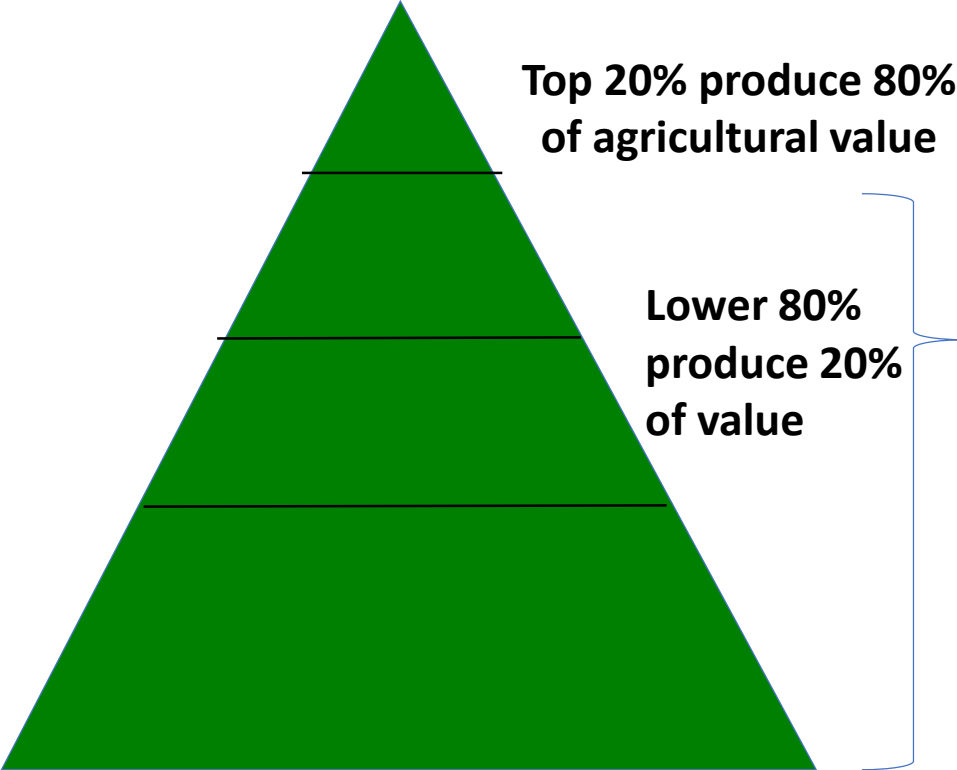
- Both subsistence-oriented AND market-oriented
- Supplying BOTH loose & tight value chains, formal and informal markets
- Both high tech systems for high value products & markets, AND low tech systems for lower value products & markets

## KEY QUESTION:

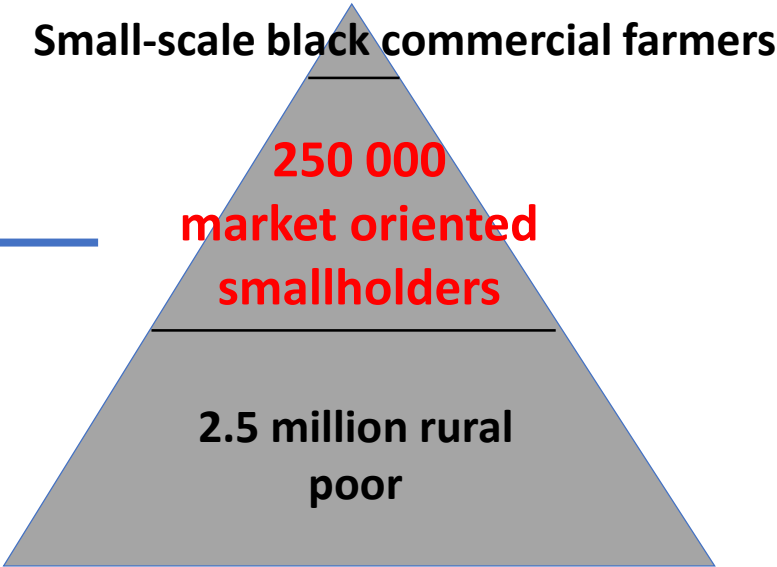
- Can we appropriately target and support the actual farming systems out there?

# Land reform that promotes 'accumulation from below'

**Large-scale white commercial farmers**



**Small-scale black farmers**



# Reality checks

- Incomes for smallholders and small-scale commercial farmers (and their workers) will be low
- Most redistributed land will be grazing land for livestock production
- The political price for not targeting the top 20% could be lowered if these come to the party in a significant way (e.g. land, markets, support)
- Most pressure is on urban land for settlement, which urban development policies must address
- If unemployment remains very high, then even successful land reform will not hold off destructive populism

# Joint ventures, partnerships, mentors

- Strongly supported by government in large-scale restitution projects (e.g. Levubu Valley, Moletele claim in Hoedspruit)
- Strongly promoted in PLAS redistribution programme since 2013
- Some projects in communal areas (e.g. Amadlelo Dairy, Centane)

## EXPERIENCE TO DATE?

- Positive evaluation by Treasury officials (Steenkamp et al 2019)
- But in-depth research suggests many problems and relatively few success stories
- Key problems include: substitutionism; limited and uneven flow of benefits; unclear institutional arrangements
- Potential if well-designed and strongly supported?

# Subtropical fruit and smallholders?

- Vhembe: 1 163 orchards (DARD) - but could be higher (8 Traditional Councils report 4 713 orchards on 9 746 ha, with highly variable orchard sizes)
- Genis (2019): both opportunities and constraints, but key differences between categories of farmers must be acknowledged
- Opportunities: relevant skills; willingness to invest; desire to farm; desire to supply high-value markets; potential incomes = high
- Constraints: water and climate change; lack of capital; irrigation infrastructure; barriers to entry to high value markets (e.g. standards)



Smallholder macadamia, avocado, mango and litchi farmers (members of Subtrop) (Genis 2019)

<b>Commodity</b>	<b>Number of smallholder farmers</b>	<b>Hectares planted</b>
Macadamia nuts	117	956
Avocados	62	444
Mangoes	72	486
Litchis	28	133
<b>TOTAL</b>	<b>279</b>	<b>2019</b>

Olofsson (2019): 80 black farmers in CAs in Vhembe: macadamias (n=37); avocados (n= 22) and vegetables + some tree crops (n= 21)

	<b>Welfare-dependent petty commodity producers</b>	<b>Agricultural petty commodity producers</b>	<b>Salaried small-scale capitalist farmers</b>	<b>Agricultural small-scale capitalist farmers</b>
Income % from farming	18%	100%	3%	78%
Gross annual farm income from tree crops (median)	R3 840	R0	R4 000	R420 500
Type of farmer	Mostly full-time farmers	Mostly full-time farmers	Part-time farmers and employers	Fulltime farmers and employers
Land size (median)	7 ha	5 ha	7 ha	40 ha
Origin of additional income	Pensions	Very limited and varied	Civil servants	Diversified

# Conclusion

- Land reform should aim to support successful small-scale black farmers – including small-scale growers of subtropical fruit
- No ‘one size fits all’ – develop a typology of farmers, and provide appropriate support to each
- Support from existing large-scale producers is key for small-scale black commercial farmers
- In some cases joint ventures or partnerships are worth supporting – designing these for success rather than failure is critically important
- Smallholders who supply informal or processing markets should also be supported – and some have the potential to become commercial growers operating on a larger scale