The Adoption of Institutional Arrangements in Redistributed Farms in Capricorn District of Limpopo Province, South Africa

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Abstract

Land redistribution is one of the three pillars of the land reform program of South Africa. The program transferred agricultural land privately owned by commercial farmers to subsistence farmers operating communal land. Entrant farmers became co-owners of farm property. Group interviews were conducted in 13 farms in Capricorn district and unstructured participant observations complemented structured data collection methods. The study sought to investigate the extent to which beneficiaries of the farms have over time moved to adopt institutional arrangements that were introduced during land settlement.

The study revealed that the pro-innovation bias in the diffusion of the program resulted in consequences that were neither anticipated nor intended. Discrepancies between the ideals of land redistribution and experiences on the farms include high turnover rates among beneficiaries, whereas the adoption of institutional arrangements has been limited. Different patterns of participation in group activities, membership to the groups as well as land use rights have evolved over time.

Keywords: Market-led land reform, common property resources, group membership, group participation, governance
Introduction

South Africa became one of the pilot sites for the market-led land reform after Brazil and Colombia. The Republic of South Africa adopted the market-led land reform as a strategy to allocate productive resources to racial groups that were previously marginalized under the apartheid regime. The World Bank in particular has been the sole proponent of the market-led land reform (Borras, 2003). The pro-market-led land reform position by the Bank is inspired by the advantages associated with this policy approach that are believed to be superior to those offered by state-led policy approach.

It is believed that market-led reform policies has the ability to reinforce a viable land market by making farm land available at market prices, whereas state-led reform is criticized for its top down service delivery. Prospective beneficiaries are expected to possess specific characteristics and these include skills to operate farming enterprises, and relatively good socio-economic status, to mention a few (Borras, 2003). However, the belief that the land reform farms have the potential to yield immediate economic gains is centred on the question of economies of scale production systems. This exerts pressure upon entrant farmers mainly from subsistence background. Further, group ownership of land has not yielded positive results across the countries where land redistribution has been implemented (i.e. Brazil, Columbia, and South Africa).

Increasing evidence from Limpopo Province of South Africa is indicative of consequences of policy experimentation that were unintended. Such discrepancies have made the land redistribution program of South Africa an agenda that is elusive. This paper illustrates the extent to which institutional arrangements have been developed and diffused to beneficiaries of redistributed farms, and the extent to which such have been adopted.

Background of Farms under Settlement and Land Acquisition Grant (SLAG)

Land redistribution is one of the three pillars of the land reform program of South Africa. Farms that were allocated under the settlement and land acquisition grant (SLAG) constituted the first batch of redistributed farms. A total of 77 redistributed farms were allocated in all six districts of Limpopo Province. From the 77 farms a total of 6,736 households benefited from the program, whereas 3,322 of the beneficiaries were women and 1,499 youths. The total land surface occupied by these farms is 45,741 ha.

Beyond land acquisition, farms are registered either as trusts or communal property association (CPAs). Trusts are led under the leadership of board of trustees, whereas CPAs are led by steering committees. Trust farms are registered with the ‘deeds office’ of the country. The deeds office has the power of attorney to adjudicate any issues in trust farms. Thus, trusts are guided by stringent legal protocols. With regards to CPAs, the Director-General at the level of the Department of Land Affairs (DLA) has the power of attorney to intervene and help resolve any problems arising on the farms. Given the mandate to foster group ownership of property, trust farms are generally criticized for concentrating legal powers in the hands of the boards of trustees (Aliber, 2003). However, the distinction between boards of trustees in trust farms or steering committees in CPAs is not clearly explicated. Patterns of property ownership and membership to the groups as well as participation in group activities are assumed to be the same. Initially, policy makers assumed that beneficiaries of farms could become rightful property owners, while at the same time provide their own labor. Therefore, the SLAG program was seen as a window for employment creation (White paper on Land Policy, 1997, p. ix). However, the
extent to which beneficiaries are currently part of the groups depict patterns of membership to the groups as well as land uses that evolved over time.

**Purpose and Objectives**

Redistributed farms of South Africa were modeled to represent systems that are typical in commercial farming. Land redistribution aimed to leverage subsistence farmers could outgrow communal systems and to begin operating highly mechanized large-scale systems. In a similar manner, it was believed that such systems could create positive externalities by contributing towards rural livelihood systems, and also create the much-needed employment opportunities (White Paper on Land Policy, 1997, p. 9). Of particular importance, redistributed farms were setup to reinforce collective action, thereby creating common property resources.

However, there is increasing evidence that continue to reveal the discrepancies between the ideals of market-led land reform and actual experiences. This paper attempts to highlight the extent to which beneficiaries of redistributed farms have moved to adopt institutional arrangements that were pre-packaged in the entire program. This paper argues that emphasis by market-led land reform on the use of codified documents in the form of constitutions and business plans creates conditions that disrupt group functioning processes. Another pro-market-led reform bias is in the form of an assumption that groups of beneficiaries could become co-owners of property, while they provide their own labor. However, high turn over rates among beneficiaries including members of leadership leaves those remaining on the farms with few options to explore.

This paper seeks to highlight the extent to which the remaining members in farm groups have moved to adapt other means that enable them to facilitate the functioning of the groups. On the one hand, patterns of group membership and participation, as well as land uses depict the changes that have occurred over time in the structures of the groups. Therefore, evidence from the farms shows that ideal conditions could not be achieved, given conditions under which remaining members of groups operate.

**Methods and/or Data Sources**

This study was conducted in one of the six districts of Limpopo Province, and that is Capricorn district. A total of 29 SLAG farms were allocated in the district and 13 farms were sampled for inclusion in the study. The study farms were distributed across the two municipalities (i.e. Polokwane and Molemole). Sampling of study farms was based on whether farms were operational or shut down. Therefore, sampling was purposive.

Qualitative data were collected through focus group-type interviews. Such group interviews were meant to determine the manner in which farm groups had evolved over time. The number of respondents for each group interview varied depending on availability of group members. Therefore, availability of group members was based either on absence from the farm or absence due to other commitments including ongoing farm activities. Although mortality occurred during the study (i.e. some group members withdrew their participation from the study), only farms with at least three group members remaining on the farm were sampled.

Validity and reliability of the study were addressed through a reiterative process of instrument development as well as pre-testing, whereas probing was used as a follow-up technique during interviews. During the course of the study, unstructured participant observations were used to ‘member check’ data gathered from interviews. Informational conversations were also held with both individual group members on the farms as well as
extension officers working with the farms, whereas documents such as constitutions and business plans in some of the farms were reviewed in order to corroborate data collected.

**Results**

*Institutional governance in the SLAG farms*

Farms were registered either as trusts or communal property resources (CPAs). Nine of the study farms were trust farms and 4 were CPAs. Trust farms are under the leadership of boards of trustees, whereas CPAs are led by steering committees. According to the trust deeds reviewed in some of the farms, members of the board are registered as legal owners of farm property. Trust farms are guided by a more stringent legal framework as compared to that of CPAs. As one of the pre-requisites, prospective beneficiaries launching a land claim were required to provide codified documents in the form of constitutions as well as business plans (Lund, 1996). Such documents were provided through private service providers who were hired by the Ministry of Land Affairs. Therefore, beneficiaries receive financial assistance as well as assistance in the form of human resources, and the cost of developing such documents is generally provided for through a 9% planning grants. This amount is built into the overall budget required to purchase farms.

Invariably across farms, constitutions and business plans were meant to regulate the nature of both agricultural as well as group processes beyond land settlement. Therefore, such documents aimed at giving beneficiaries a head start toward agricultural production as well as group governance. To date, the structures of the groups in the study farms have evolved and have developed into forms that are different from those that were initially anticipated. As a result, ideal conditions through the use of regulatory documents have not been achieved. Given the status quo, beneficiaries remaining on the farms continue to adapt to new forms of group structures.

Respondents indicated that the structures of leadership that were in place at the time farms were allocated have been disrupted due to tendencies of opportunistic and deviant behavior by members of leadership. Forms of opportunistic and deviant behaviors included corruption, bribery, and abuse of power, to mention a few. Consequently, conflict among beneficiaries resulted in disruption of the group structures, and some of the beneficiaries including members of leadership have since discontinued their participation from the farm groups. Replacing members of leadership by those remaining on the farms is a challenge due to stringent legal procedures that should be followed if vacant positions were to be filled. This constrains group functioning processes. Nonetheless, remaining group members tend to replace vacant positions through informal arrangements that are valid especially for internal purposes.

Other informal arrangements that beneficiaries make is to co-develop rules and regulations for use by the groups. These processes are achieved through consultation and among group members and new solutions are based on agreement. One beneficiary stated, "We no longer use the constitution because it causes us to fight among ourselves". Therefore, specific events that occurred on the farms have negatively impacted the conditions of the farms to date.

In the light of using business plans by the groups, beneficiaries were to project their production enterprises from the onset. Although various organizations provide assistance to the farms, most of the farms have not been able to keep up the use of business plans due to poor economic turn over. The Land Bank in particular, provided financial assistance to some of the farms at the beginning. Six of the study farms have since acquired debt from the Bank and only half of those could service the loans periodically. For most part, the debt was acquired under the initial structures of leadership and the funds were generally utilized carelessly. Therefore,
remaining group members are responsible for repaying the debt, whereas the Bank could repossess and sell the farms through the market. Thus, the ‘pros’ offered by the market-led redistribution have the potential to turn into ‘cons’. Further, names of nominal members of leadership continue to appear in official documents and these documents are also kept by business institutions, such as banks. As a result, remaining beneficiaries are not always able to perform activities as expected due to such constraints. Such barriers to the functioning of the groups have been the major determinants of discontinued participation from farm groups. The extent to which members of the groups continue to participate in respective are discussed below.

Patterns of participation and group membership in SLAG farms

Through co-ownership of farm property, land redistribution aims to create an environment that enables poor civilians to derive a livelihood. However, the majority of beneficiaries in Capricorn district discontinued their participation from the farms. In the study farms, 1784 beneficiaries were initially registered, and approximately 273 beneficiaries were still part of their farm groups at the time of the study. Therefore, approximately 85% of the beneficiaries have since discontinued their participation from the farms.

Discontinued participation by registered beneficiaries gave rise to various patterns of participation in farm groups. The study revealed that membership in the study groups was not solely contingent on formal registration. Therefore, respondents included both beneficiaries as well as non-beneficiaries. Nominal members to the groups include beneficiaries who did not move to occupy farms after settlement and were never part of farm groups. Such beneficiaries remain formally recognized as the rightful co-owners of farm property. Other nominal beneficiaries include those who discontinued their participation after they’d moved to join farm groups. Therefore, turnover from farm groups occurred prior to the actual occupation of farms as well as after farm occupation.

Prior to farm occupation, prolonged administrative processes during land titling resulted in smaller groups actually moving to occupy allocated farms. According to the records kept on participation, approximately 44% of registered beneficiaries actually moved to occupy the farms after settlement, whereas over 55% of registered beneficiaries never moved to the farms. Beneficiaries who never moved to occupy farms included both members of leadership as well as regular beneficiaries. Therefore, some leadership positions were never filled given the legal status of the farms.

Initially, membership to farm groups was based on ‘open access’. Also, the size of the group for each farm was largely determined by the grant amount required to purchase the farm under redistribution. Therefore, number of beneficiaries on each farm is equivalent to the cost of the farm. Respondents indicated that beneficiaries self-selected themselves into the groups, whereas beneficiaries whose names appeared on the lists already generated had to recruit additional beneficiaries in order to meet the required size of the group. Therefore, minimal efforts were made to screen and select prospective beneficiaries. Ideally, the socio-economic status of beneficiaries was to be used as a criterion to select eligible beneficiaries (Borass, 2003).

Furthermore, respondents indicated that the dissemination of information pertaining to settlement processes was generally left for them to handle. Therefore, communication channels were not clearly identified, and for most part information was passed by the word of mouth among the beneficiaries. Therefore, ineffective channels of communication resulted in certain segments of the target audience being overlooked.
Former owners of redistributed farms at times passed down information to their employees who then launched land claims. In order to meet the required group size, such beneficiaries had to recruit additional beneficiaries to add to the existing lists. In such instances, the dissemination of information among prospective beneficiaries was difficult due to the spatial location of village dwellings and the farms, and the same was true for beneficiaries who came from various tribal authorities. As a result, maintaining a constant flow of information among beneficiaries had become a challenge. Some of the farm groups comprised of beneficiaries who were already on the farms as employees of former owners and those who were ‘new’ to the farms. At times, especially beneficiaries who were new to the farms were not informed about those who already were on the farms. As a result, rapport and interaction among beneficiaries was limited prior to farm occupation. Therefore, the composition of farm groups was largely determined by the parties who were involved with initial processes of land claims. The study revealed that there was a tendency among beneficiaries who were actively involved with the settlement processes to remain on the farms.

For those beneficiaries who were already on the farms as employees of former owners, little had been done to educate them about their new status as co-owners of property. Consequently, tensions in some of the groups began to surface because beneficiaries who were ‘new’ to the farms almost assumed a superior position as compared to those who were already on the farms, who were at times treated as mere laborers. In some of the farms, employees of former owners were not adopted as beneficiaries, and some of them became wage laborers for the ‘new groups’. However, most of them eventually left due to insufficient funds to remunerate wage labor. Failure to include either tenants or employees that were already on the farm at the time of settlement was an oversight that resulted in the violation of the guidelines stipulated by the White Paper on Land Policy (1997, p. 9). Such discrepancies have occurred due to failure to coordinate the dissemination of information.

The question regarding selection procedures of beneficiaries is a daunting one and has been raised in previous reports. Zimmerman (2000) for example, asserts that the selection of beneficiaries needs to be addressed in order for land redistribution to make a meaningful contribution toward rural livelihood systems. Although membership to any farm group was largely voluntary and based on self-selection, passive participation by beneficiaries who never showed up (nominal beneficiaries) may have been involuntary due to imperfections regarding information flow during land titling processes. On the one hand, some of the group members remaining on the farms and yet not registered continue to explore ways to become registered as rightful beneficiaries. Also, some of the respondents indicated that they do not perceive of themselves as the legal owners of the farms. One beneficiary said; “I will remain on the farm until the ‘government’ recovers back the farm”. Suffice to say, some of the beneficiaries did not comprehend their position as co-owners of farm property. Therefore, educational programs for group members remaining on the farms are warranted.

The patterns of participation that evolved were influenced by the mechanisms that enabled beneficiaries to become registered. Also, the study revealed that current patterns of participation are marked by the extent to which beneficiaries have either remained or left the farm groups. However, evidence from the farms depicts that current membership to farm groups is contingent on how groups have evolved and moved to adopt the institutional arrangements. This in turn resulted into various patterns of land use, whereas the boundaries of participation in the groups have been redefined. Therefore, it is apparent that the structure of the groups has come to be defined through processes of negotiation and bargaining within groups, whereas
members have over time used strategies that enabled them to be perceived as legitimate members thereof. Current patterns of group participation, membership as well as land use can be differentiated according to:

- **Group members participating in group activities on a full time basis:**
  These are generally group participants (i.e. beneficiaries and non-beneficiaries inclusive) who may be without any form of employment. Such individuals tend to participate either exclusively in group activities or establish individual enterprises. Individual enterprises are generally performed when ongoing group activities are limited. Individual activities may include cash crops such as vegetables and other crops as well as livestock husbandry.

  Grazing land was generally rented-out to both members of the groups and non-members. Full time group members at times lived on the farms with occasional visits to home village. As an incentive for being around most of the time, such members at times had free access to farm equipment to perform individual activities.

- **Group members participating in group activities on a part-time basis**
  Although group members had low literacy levels (i.e. 69% of n=137 did not have primary education)\(^1\), some members were had attained advanced levels of education. Group members with advanced education were employed either as civil servants such as teachers, nurses, police officers, whereas other members had wage employment in the industry.

  Both part-time and full-time members occupied leadership positions. However, part-time leaders were not always able to fulfill their roles as expected, and members of leadership were generally elected for their capacity to handle particular tasks. Therefore, some of the members with basic literacy usually are left to handle extra tasks in addition to other group tasks.

- **Proxy group participants**
  Rightful beneficiaries who are not able to participate in group activities for some reason can send a representative on their behalf. Proxy beneficiaries are generally family members to the beneficiary, relatives, or acquaintances. Benefits due to participation are generally allocated based on the agreement between the parties involved. Proxy beneficiaries are not always involved in decision-making and problem-solving processes in the groups. Based on the rules for respective groups, proxy beneficiaries were generally used as a means to secure continued participation and membership in the group by the beneficiary.

  Nonetheless, membership status for rightful beneficiaries cannot be altered, irrespective of their participation. Attempts by the Ministries of Agriculture, and Land Affairs to deregister passive beneficiaries in the past (approximately June and July 2006) have not been successful. However, the next of kin to the beneficiary could be given legal status to become a beneficiary if they dare to initiate application processes.

- **Hired wage laborers**
  Beneficiaries remaining on farms tend to hire additional labor. Also, tenants renting grazing land tend to hire herders to look after livestock. Therefore, laborers may be differentiated between those hired by the groups or by individuals for the purposes of their individual enterprises.

\(^1\) The n=137 is based on the number of respondents sampled for individual interviews conducted as part of the dissertation research.
Similarly, remuneration is based on the contract between the parties involved. Laborers hired by the groups are generally given priority with regards to remuneration, whereas the remuneration for other group participants may not be guaranteed depending on the performance of the farm during specific periods. However, beneficiaries tend to earn higher wages than employees if sufficient income is generated. In some instances, agreements were made between the beneficiaries and employees to remunerate work performed on the farm after the produce was sold, whereas both beneficiaries and employees in some of the farms did not earn any income for extended periods of time.

For the farms that operated only as cattle ranches, laborers were hired on a full-time basis, whereas other group members performed work based on a set schedule during specific days of the week. Invariably, beneficiaries were at times employed as wage laborers and received regular cash income as opposed to other group members who may receive benefits sporadically. Therefore, the ability to acquire benefits from the farms was largely dependent on productive outputs as well as the ability to sell produce.

- **Beneficiaries seasonally cultivating farmland**

  Despite collective ownership of farm property, some of the farms had made arrangements to demarcate individual plots for individual beneficiaries. Although the aim was to give some flexibility to beneficiaries in order for them to perform activities desirable to them, some of the beneficiaries exclusively perform individual activities. These are generally passive beneficiaries who tend to visit the farms during specific times to cultivate seasonal crops such as maize. Such communal forms of participation are potential threats to the collective ownership of farm land, and these are some of the sources of tensions that erupt on the farms.

  Various patterns of participation on the farms that have evolved reflect the degree to which the organizational forms of collective ownership of property have been tweaked given the conditions on the farms. Therefore, land use rights can be differentiated from participation in group activities, whereas individual land use patterns on the farms are somewhat disruptive to ‘normal’ functioning of the groups.

  Another cohort of individuals who tend to use the farms based on agreements with beneficiaries are the strategic partners. These individual farmers who are generally not part of the groups. Ideally, strategic partners should bring with them capital assets and partner with beneficiaries. However, groups who partnered with strategic partners have expressed their concerns about such partnerships. Respondents indicated that collaborations with strategic partners have not yielded positive results due to opportunistic behaviors that the partners tend to display, and such behaviors may include overriding contractual agreements.

**Educational Importance**

Evidence from redistributed farms allocated under the settlement and land acquisition grant (SLAG) are indicative of imperfections that were inherent in the diffusion processes of the program. The study revealed that the manner in which beneficiaries became part of farm groups can be traced back to communication channels that were employed to facilitate the dissemination of information. Therefore, voluntarily participation as well as accessibility of the program to the target audience was contingent upon processes that occurred either during settlement processes or the dynamics within groups that were in effect. Discrepancies in the implementation of the program have led to over sights that left certain segments of the target audience unregistered as rightful beneficiaries. Individuals who were left unregistered include those who were employees...
of former owners at the time of settlement and farm tenants. Other members of current groups on the farms were also not registered as beneficiaries. However, widespread dissemination of information even to registered beneficiaries was not achieved. Some of the beneficiaries discovered about their status few years after farms were already allocated. Therefore, other ways to effectively disseminate information should be sought.

Nonetheless, registered beneficiaries tend to discontinue their participation from groups and become nominal members. In addition to poor economic conditions on the farms, the disruption of group functioning processes resulted in passive participation by some of the beneficiaries. Therefore, characteristics of those group members remaining on the farms should be explored and such could serve to benchmark selection processes of future beneficiaries.

Opportunistic behaviours among members of leadership resulted into conflicts on the farms. Constitutions tend to entrust disproportionate amounts of power in members of leadership, particularly in trust farms. As a result, group members remaining drifted away from the original idea of managing the farms in terms of the economic aspects as well as the governance of the groups. Farms with debt have not been able to repay the loans, and poor economic conditions on the farms pose a threat to the entire program. Therefore, more efforts should be made to involve beneficiaries in a meaningful way. The linear and horizontal approach to land transfer has proved ineffective. Therefore, broader consultative processes among relevant stakeholders should be fostered, while allowing beneficiaries to craft their own rules and regulations to govern the farms. Furthermore, the need of educational programs for these farms is indispensable.

**Importance and Implications**

Evidently, the diffusion of the program has not been able to widely reach certain segments of the target audiences. Therefore, more rigorous mechanisms either to disseminate information about the program and processes regarding selection of beneficiaries should be put in place. Especially members of leadership should be encouraged to follow proper procedures to step down from their official positions. Educational programs of various kinds through the provision of extension services that allows repetition are warranted. The role of private service providers in land redistribution cannot be underestimated. However, over reliance on such short-term arrangements may be detrimental to extension service. Although remaining group members tend to co-develop rules and regulations, educational programs are warranted in areas of group facilitation, as well as the management of the farms.

On the one hand, the framework that underpins the legal status of the farms should permit passive beneficiaries to be dismissed as deemed necessary, whereas individuals moving into the groups at a later stage should be allowed to register as rightful beneficiaries. Given the patterns of participation that evolved on the farms, other modes of land use rights in redistributed farms should be explored and be officiated.

In conclusion, land redistribution is implemented within a milieu of other processes of change currently taking place in South Africa. And since the country aims to implement redistribution until 2014, other approaches for allocating farm land can be explored. Instead of providing particularly constitutions to farm groups, lessons can be drawn from the field of common property resources, which emphasizes on the need to devolve the responsibility of developing rules and regulations for use by end-users (Meizen-Dick, Raju, and Gulati, 2000). Developing rules and regulations for the purposes of facilitating group processes on the farms is critical to the degree to which group members can continue their participation in farms groups.
References


