How has communal land tenure hindered agricultural growth and development in rural areas of South Africa?
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Introduction

In South Africa (SA), agriculture contributes about 3% of the gross domestic product (GDP) and employs about 7% of the total labour force. There are however, major challenges that government has identified that agriculture must address these include job creation, food security and reduction of poverty through rural development. It has been estimated that the majority of South African youths live in rural areas. This means that rural areas are characterised by high rates of youth unemployment.

Rural economies are mainly agrarian based and as a result, development in such settlements is influenced to a certain extent by access to natural resources. Hence, land and water form part of the most crucial natural resources in these regions. As these resources are finite and scarce, access to them needs to be addressed, particularly to achieve equity and sustainability. One of the major arguments that are generally advanced by detractors of land reform is that government holds a lot of land that can be redistributed to the black people without having to expropriate white owned farms. Another aspect is that there is a lot of available land in the rural areas lying fallow which can be put into good agricultural use. Whilst it is correct that there are several available lands that are lying fallow in rural areas, at the heart of this debate is that such lands represent dead capital to black people of those areas, and the institutions designed to assist these people are unable to address this challenge.

The purpose of this article is to highlight how communal land as dead capital has hindered agricultural development and growth in rural areas. We outline how this land represents dead capital and thereafter elaborate on how land tenure cannot be viewed in isolation.

What is dead capital?

In an economy where there is a lack of legal means for interaction within businesses and for interaction through property rights, informality is the ultimate result. This informality makes it impossible for businesses and land lords to leverage the land that
they occupy as a resource. This is predominantly so in communal areas where the chief is the custodian of the land on behalf of the community. Hence, this enables the community to occupy vast hectares of land that they cannot leverage. Such uncertainty serves as deterrent to investors that have ways and the means to put land to productive use. On the other end, it also promotes neglect as no one assumes liability for communally shared resources. One needs to look at the state of overgrazing in communal lands, collapse of communal dip tanks and fencing structures, destruction of natural resources through slash and burn farming system to appreciate this case in point. Such a system has created an informal economy that exists in rural areas. As a result, the assets that exist outside the formal economy cannot be leveraged in the formal market. Informality or asset becomes a dead capital when it cannot be used effectively for economic transactions, guarantees, contributions or compensations. In 2004 the South African government promulgated the Land Rights Act, 2004 (Act No. 11 of 2004 in order to address this challenge. However, this act has not been implemented due to institutional incapacity within the Department of Land Reform and Rural Development in the country. Secondly, the Act assumes that communities and traditional councils have the capacity to implement it, which is not the case. In developing interventions for rural communities, government must seek to address the underlying causes of informality in order to adopt comprehensive and inclusive policies.

**Land tenure in SA**

In the South African context, land has always belonged to the community and the chief is the custodian of that land. People have to rely on the chief to provide them with land that they can occupy, use for production, etc. This has shaped the settlement pattern of people in rural areas which was further entrenched by the report on socio-economic development of Bantustans by the Tomlinson commission. This influenced the land use patterns for developments in rural areas. Before that, African people from various clans and their chiefs were spread all over the land. Communal land ownership in the rural areas has always been embedded as a way of life for black people. When the settlers arrived in this country, they identified productive lands and forcefully removed people from them. This has shaped today’s central thrust of land reform which is mainly
redistribution, land restitution and land tenure reform. As such, communal land tenure has always been a problem.

Under communal land tenure system, black people have not managed to maximize the utilisation of the land for economic development. An example is the sugarcane industry where communal land has been used to benefit smallholder farmers and the commercial sugar industry. This industry has used communal land owners as contract growers for years to support local sugar mills. However over the years, this system has seen a decline in agricultural production on communal lands as indicated in Figure 1.

![Figure 1: Registered small-scale growers and number who delivered 1972-2010.](image)

**Source:** South African Cane Growers Association, 2012.

A number of reasons can be cited for these including market forces. However, communal land tenure cannot be ruled out.
How communal land tenure has hindered agricultural growth

Perret (2001) estimates that in SA, 82 Mha of dry lands and stock farming lands are under private ownership whilst, 16 Mha is made up of communal land with over 1.3 million ha being under irrigation for both commercial and subsistence agriculture. Food plots make up about 50 000 ha, smallholder irrigation 50 000 ha and commercial irrigation 1 300 000 to 1 400 000 ha of this land (Karrar and Hollingworth 2012). Irrigation is carried out by some 40 000 to 45 000 commercial farmers, the majority of which are white males and 200 000 to 250 000 traditional subsistence farmers, mainly black women. Employment is approximately 120 000 permanent workers and an unknown number of seasonal workers. Almost half of these smallholder irrigation schemes are located in Limpopo. Agricultural irrigation represents close to 60% of the total water requirements in the country contributing less than 1,5% of the GDP and total employment. A quarter of agriculture’s contribution to GDP comes from irrigation. There are approximately 320 smallholder irrigation schemes in the former homeland areas with approximately 200 000 black people depending on them for domestic and other purposes.

During the homeland era, these schemes were characterised by modernisation, functional diversification and centralisation of scheme management. Schemes were complex and costly to manage and enabling only the parastatals to manage them. This created a high level of dependency on the farmers and because of that, when these parastatals were dismantled in 1994, this led to partial or total collapse of production. The department of Water Affairs is faced with a challenge when it comes to black smallholder farmers in communal lands as it has to set aside water for use which is not being utilised.

Communal irrigation systems as a case study

In Phobane Lake, 2000 ha of the scheduled 13 706ha was set aside for what was then termed the “Bantu Reservations”. Approximately 14.6% of the irrigation water to be
supplied from Goedertrouw Dam was to be used by small-scale farmers. Currently, only half of this allocation has been developed (937ha) with 5 irrigation schemes. Of these, the Inkasa Irrigation Scheme is the only scheme that is predominately made up of small-scale irrigators from previously disadvantaged communities. In a report issued by the Department of Water Affairs on the Mhlathuze Socio-economic overview, it was concluded that:

- access was not the limiting factor in using water as a vehicle for poverty alleviation in the catchment.
- an amount of some 13 million m3 was still available for allocation to small-scale irrigation development.
- structural conditions were responsible for restricting further development of the sector.
- More importantly, these problems were related to unfavourable market conditions specific to the development of small-scale irrigation within the context of traditional tenure.

Other similar case-studies such as the BLYDE 800, Orange River, and the Lower Orange are available. What can be deduced from these is that the current development of black irrigation farmers continues to follow the apartheid model of establishing communal schemes with many smallholders. While some adjustments have been made, the determining elements remain, being mainly small plots, communal lands and the absence of institutional development. This model is not sustainable without continuing and extensive financial and institutional support. While the model may serve social objectives, the prospects of creating independent commercially orientated irrigation for farmers to be able to take up additional water allocations is limited. The performance and economic successes of smallholder irrigation schemes in SA have been very poor. Bembridge (1996, 2000) concluded that they “fall far short of the expectations of planners, politicians, development agencies, and the participants themselves, despite the huge investment”
Conclusion

Land tenure reform in South Africa is a complex matter which cannot be looked at in isolation. There is a need for a holistic approach. It is expected that when land tenure reform is implemented, more effective land use will ensue as land rights will allow farmers to privately hold, lease or sell land. However, results from the sugar industry have demonstrated that land rights alone will not guarantee land usage and productivity. The majority of people in rural areas want land tenure reforms; however, it seems they want these reforms in order to acquire more security for protection against the traditional leaders. Agricultural production in rural areas will also be hindered by lack of such resources as finance, infrastructure, skills and education. Land tenure reforms in rural areas without technical support will not lead to improved agricultural production.
References


