Exploring new paths, opening up fresh perspectives

HSRC contributions to analysis of Rural Development and Land Reform Budget

Peter Jacobs
HSRC – EPD, Cape Town
Parliament Portfolio Committee
5 April 2016

Economic Performance and Development

Rural Population Composition – 20yrs

Table 8.1 *Rural household demographic trends and dwelling types, 1996–2012*

	1996 Census		2001 Census		2002 GHS		2012 GHS	
Variables	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
Number of households (million)	5.42	3.58	7.32	4.44	7.57	4.98	9.98	4.66
Share of households	0.6	0.4	0.62	0.38	0.6	0.4	0.68	0.32
Average household size	3.6	4.7	3.5	4.4	3.4	4.2	3.2	3.8
Dwelling types (shares of households)								
Formal brick dwellings	73.22	49.18	75.54	56.97	76.74	60.03	77.51	66.04
Traditional dwellings (huts, etc.)	2.00	42.62	2.58	35.0	1.37	25.99	1.39	22.48
Backyard shack	6.17	2.03	5.35	2.05	4.15	0.59	6.77	1.38
Informal settlement shack	16.57	4.4	16.08	5.63	12.19	6.08	10.56	5.65
Other dwelling type	2.04	1.78	0.44	0.35	5.55	7.31	3.77	4.45

Source: Stats SA (1997, 2002, 2003, 2013)
Note: GHS = General Household Survey

HSRC Human Sciences Research Council

Rural Population and Poverty in 4 Priority District Municipalities (2012)

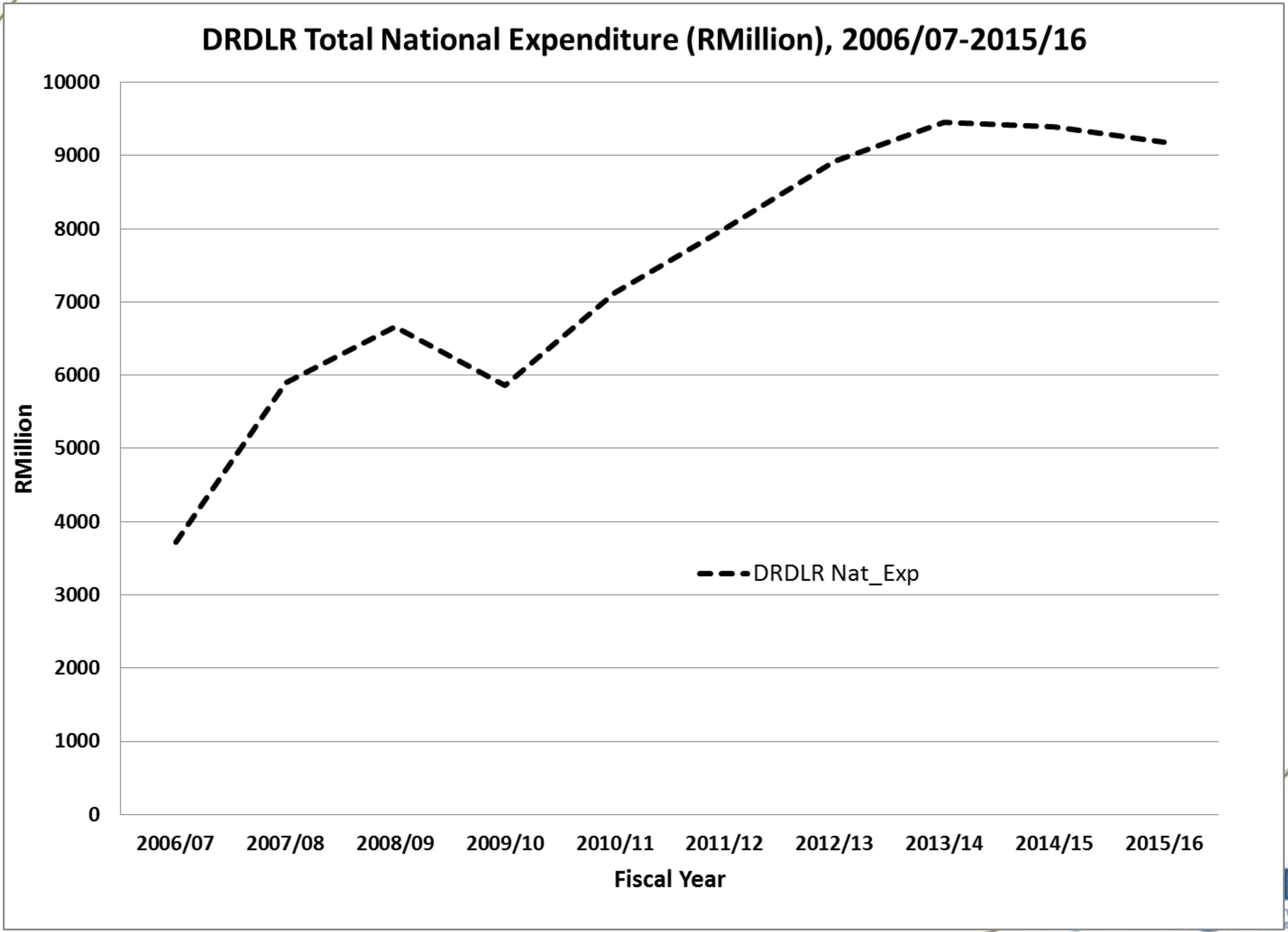
Rural District Municipality	Prov.	Provincial Population		Rural Population		Poverty Rates (Money-metric)	
		Number	Share (%)	Number	Share (%)	Prov (%)	PDM (%)
Umzinyathi	KZN	510 335	5%	425 619	**83.4 %**	45.3%	**60%**
Dr Ruth S Mompati	NW	460 482	13%	301 615	**65.5%**	43%	**53.7%**
Chris Hani	EC	800 883	12%	528 580	**66%**	44%	**46.5%**
Mopani	LP	1,120 287	20%	969 048	**86.5 %**	43%	**44.3%**

Policy context: Land and agrarian policies for “smallholder” farmers?

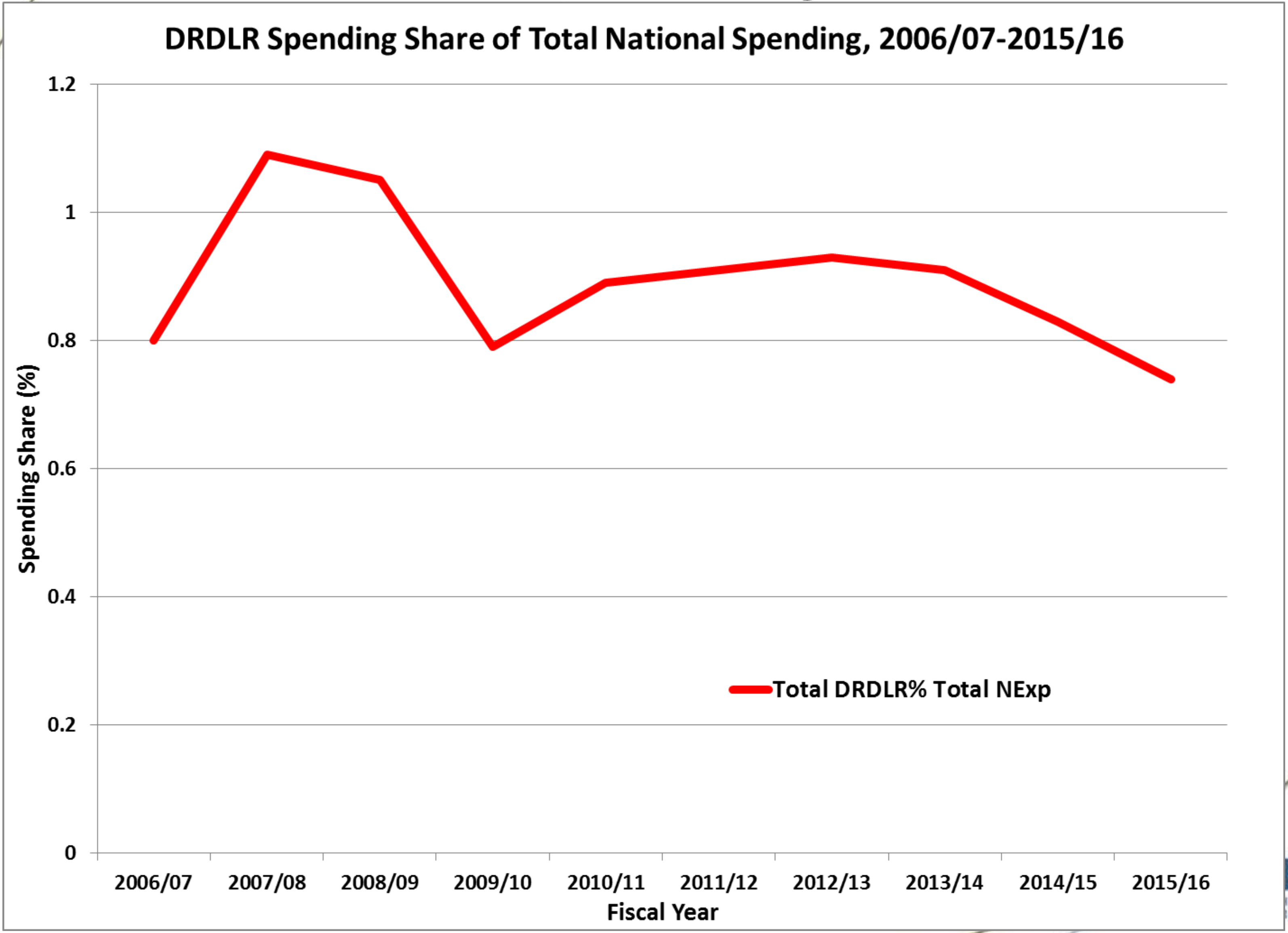
- ***New Growth Path (NGP)***- 300,000 smallholder farmers and *expand agricultural employment*
- Target to establish new smallholders was reduced by 50%, from 10,000 to 5,000 in 2010/11 fiscal year
- ***Outcome 7***: Vibrant, Equitable And Sustainable Rural Communities And Food Security For All, aims to deliver a set of detailed measurable indicators:
  - Output 1: Sustainable agrarian reform,
  - Output 2: Improved access to affordable and diverse food
  - Output 3: Rural services and sustainable livelihoods
  - Output 4: Rural job creation linked to skills training and promoting economic livelihoods
  - Output 5: Enabling institutional environment for sustainable and inclusive growth
- Draft “***Land Reform Green Paper***” (August 2011)

HSRC
Human Sciences Research Council

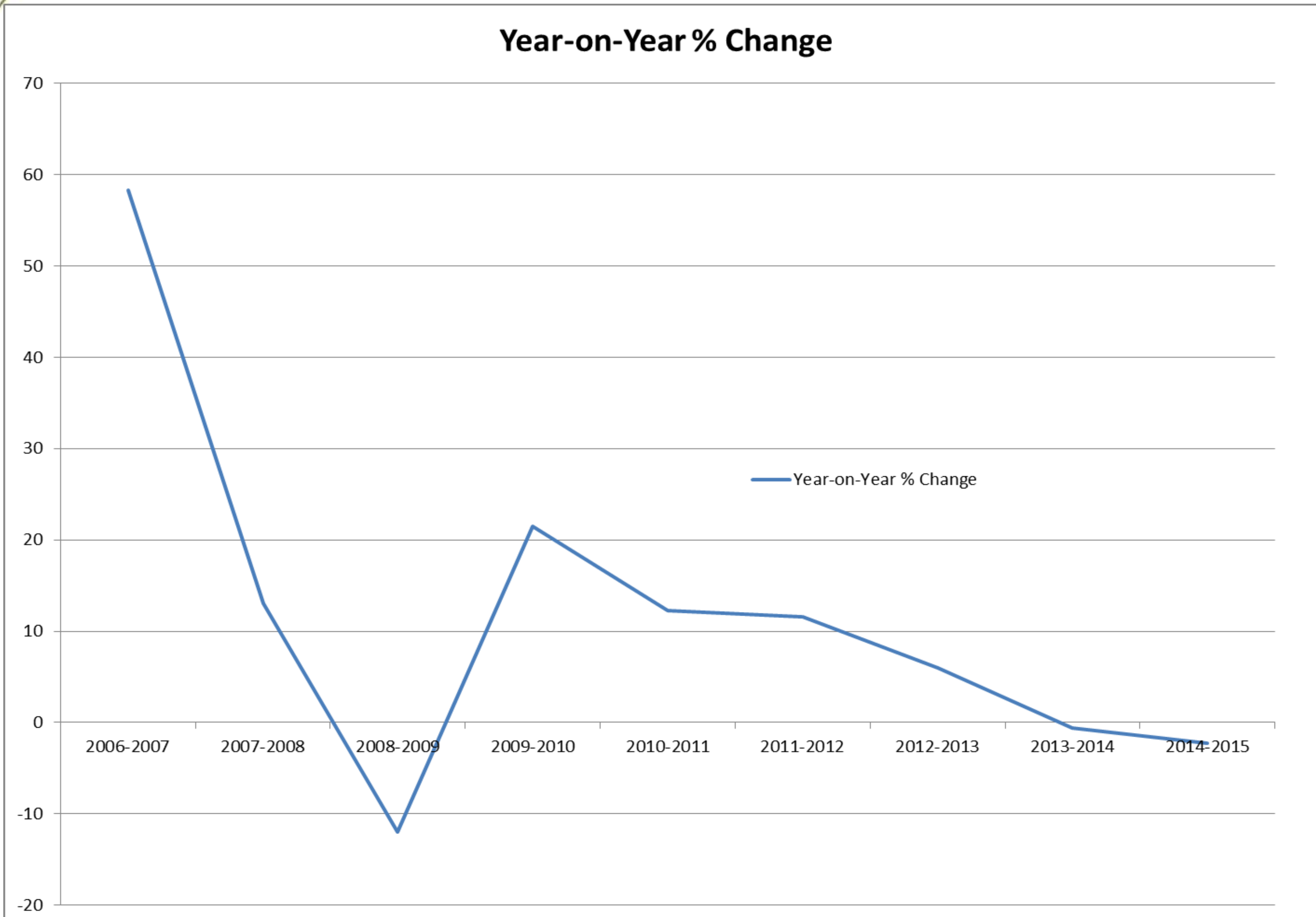
DRDLR Total Spending – 1 Decade



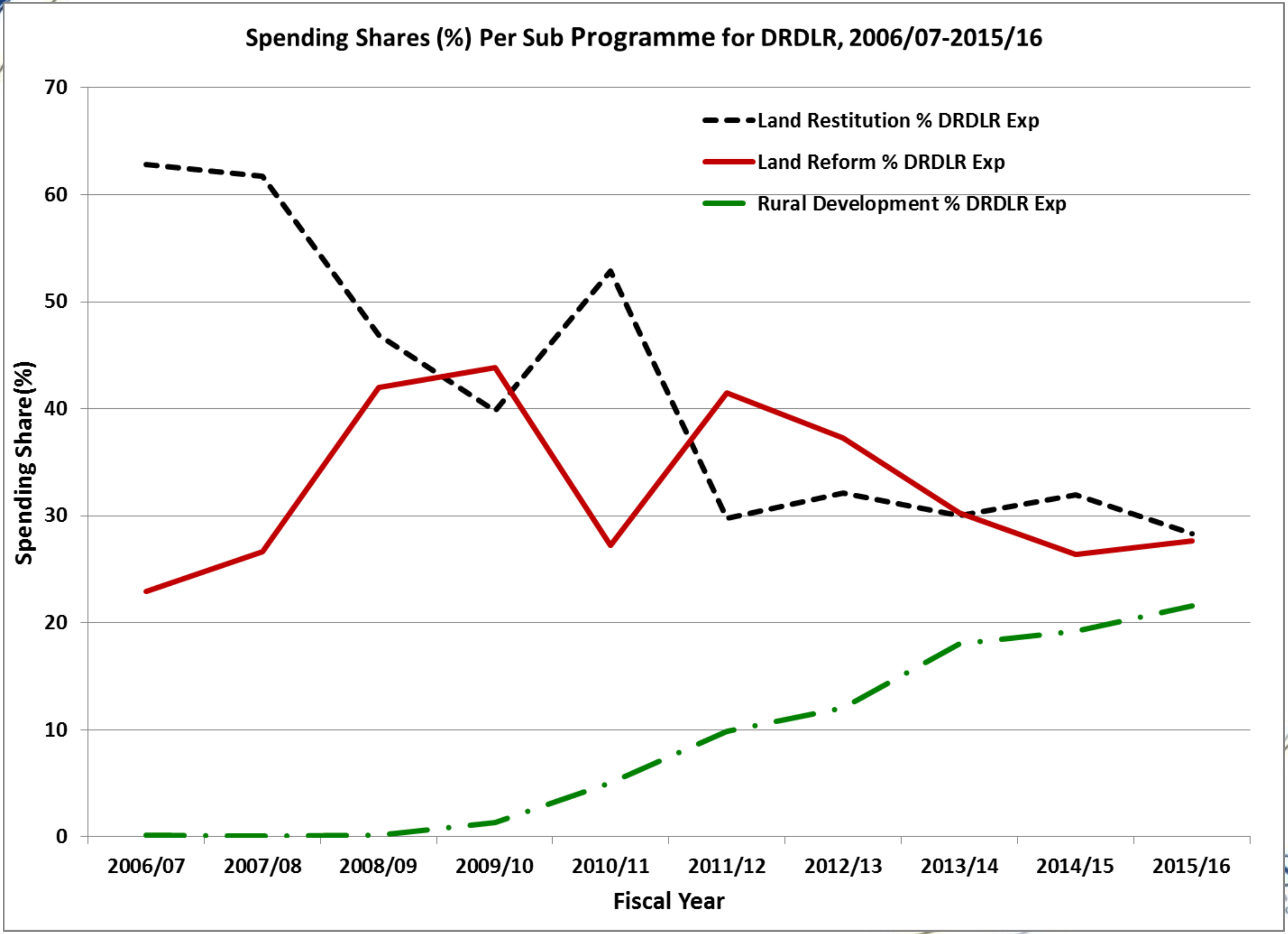
DRDLR Spending in Total National Spending



Yearly Change in DRDLR Spending



Spending Share per Sub-Programme



Recent DRDLR Spending Priorities

- Recapitalising and redeveloping redistributed farms;
- Agri-parks;
- One Household, One Hectare programme;
- Extending the lodgement of land claims;
- National Rural Youth Service Corps;

HSRC
Human Sciences Research Council

Land Reform

Land Reform Spending

R Million	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Land Reform National Office	73	96.7	131.7	128.9	204.499	170.2
Land Reform Provincial Offices	245.1	296.3	264.6	245.9	285.3	385.5
Land Reform Grants	**1206.6**	**506.2**	**472.7**	**634.3**	**661.7**	**295.5**
KwaZulu-Natal Ingonyama Trust Board	3.1	9.2	13	18.8	14.5	17.3
Communal Land Rights Programme	0.8	0.3	0	0	0	0
Agricultural Land Holding Account	**1041.1**	**1028.5**	**2435.8**	**2298.3**	**1697.1**	**1613.5**
Total	2569.6	1937.2	3317.8	3326.4	2863.2	2482.1

HSRC
Human Sciences Research Council

Proactive Land Redistribution & RECAP

- This approach to land redistribution stresses state ownership of farmland and land reform beneficiaries farming on the basis of ‘leasehold’
- 62% of land reform expenditure is now allocated towards the "proactive land acquisition" by the state
- direct land grant transfers to beneficiaries continues to fall
- RECAP part of Agricultural Land Holding Account subprogramme
- RECAP, making redistributed land productive and profitable by providing mechanised irrigation, farmer mentorship and farm inputs

Land Restitution

HSRC
Human Sciences
Research Council

Restitution Grant Funding

R million	2009/10	2010/11	2011/12	2012/14	2013/15	2014/16
Restitution National Office	36.1	43.4	35.5	38.8	160.0	126.9
Restitution Regional Offices	328.0	375.5	452.0	356.4	388.1	610.1
Restitution Grants	**1 967.6**	**3 348.0**	**1 888.9**	**2 470.5**	**2 288.5**	**2 260.9**
Total	**2 331.6**	**3 766.8**	**2 376.3**	**2 865.7**	**2 836.7**	**2 997.9**

HSRC
Human Sciences Research Council

HSRC Survey Land Reform & Rural Poverty – 2012

- A total of 301 land restitution and redistribution beneficiary households were surveyed
- Land transfer- SLAG, LRAD, PLAS & Restitution
- State-funded Agricultural Support- CASP (inputs, training, infrastructure), RECAP, MAFISA, other.
- 15 households interviewed (5%) in all the provinces were uncertain as to what land transfer mechanism they were or had been part of.

HSRC Human Sciences Research Council

Land transfers… gender equity?

- More than half (55%) of all the respondent households received land via the LRAD; 27% SLAG; PLAS (10%); Restitution (<5%)
- 54% of respondent households indicated that men were more likely to own land distributed through land reform
- In KwaZulu-Natal males made up almost 70% of the land owners.
- 60% of the households in the North West reported joint females-males ownership of land reform farm.

HSRC Human Sciences Research Council

Agricultural development support

	Western Cape N=46	KwaZulu-Natal N=27	North West N=46	Total N=119
On-farm Infrastructure (CASP)	30.43	7.41	**39.13**	**28.57**
Production inputs (CASP)	4.35	**48.15**	32.61	25.21
Training support (CASP)	**54.35**	37.04	6.52	**31.93**
Land Reform Recapitalisation	8.7	3.7	**15.22**	10.08
MAFISA Loans	0	0	2.17	0.84
Other Agricultural Support	2.17	3.7	4.35	3.36

Unequal spread of farmer support?

- Some households have received more than 1 type of the farmer assistance package

- Approximately 76% of households indicated that they have benefited from at least one form of state-driven farmer support
  - 20% have received 2 types of support
  - 4% of households reportedly obtained more than 3 types of support

- PLAS farmers are the dominant recipients of RECAP with almost 70% of them indicating that they have benefited from it

HSRC
Human Sciences
Research Council

Apply… but wait for support…

- When land reform beneficiaries apply for farming assistance, they rely on the local departments of agriculture and land reform

- Uneven distribution of support for farmland use and on-farm production
  - **North West** = 70% of farmers received on-farm production assistance from DAFF; 12% from DRDLR.
  - **Western Cape** = government appointed mentor (41%) & previous farmer (53%)

HSRC Human Sciences Research Council

Agriculture on transferred land

Activities		*N*	Without ADS	**With ADS**
Actively farming	Yes	*167*	63.69	**72.83**
	No	*82*	**36.31**	**27.17**
Selling Crops & Livestock	Yes	*111*	28.67	**58.12**
	No	*156*	71.33	**41.88**
Main Purpose for Farming				
Main Food Source		*117*	**43.86**	**35.29**
Main Income Source		*99*	27.49	**43.7**
Extra Income Source		*52*	15.2	**21.85**
Extra Food Source		*93*	**35.09**	**27.73**
Leisure Activity		*69*	21.64	**26.89**

A foothold in output markets…

- 33% of respondent households did not actively engage in agriculture
  - Land reform (37%)
  - With programmed support (28%)

- Land Reform farmers find it difficult to get a firm foothold in unstable farm-output markets:
  - 24% of farmers in North West reportedly have been helped by DAFF;
  - other 2 provinces in the 5%-8% range.

HSRC
Human Sciences Research Council

Rural Development

HSRC
Human Sciences
Research Council

Rural Development Spending

R million	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Rural Infrastructure Development	39.5	145.5	270.1	252.5	362.5	712.4
Social,Technical Rural Livelihood and Institutional Facilitation	32.6	212	420.4	287.3	517.1	459.3
National Rural Youth Services Corps	**4.7**	**3**	**95.8**	**535.7**	**821.2**	**629.2**
Total	**76.8**	**360.5**	**786.3**	**1075.6**	**1700.8**	**1800.9**

HSRC
Human Sciences Research Council

NARYSEC,

- The National Rural Youth Services Corps (NARYSEC) is a core focus of Rural Development-

- Through NARYSEC young people in rural areas have been trained to increase their employment chances

Limited public investment in RD?

Table 8.3 *Direct fiscal spending on rural development, 2009–2013*

Sub-programme expenditure	2009/10	2010/11	2011/12	2012/13
Rural infrastructure development	39 498	145 499	270 064	368 060
Social, technical, rural livelihood and institutional facilitation	32 619	211 969	420 352	259 246
NARYSEC	4 686	3 023	95 836	413 902
Total rural development spending (R'000)	76 803	360 491	786 252	1 041 208
Total DRDLR spending (R'billion)	5.86	7.12	7.99	8.97
Rural development spending (%)	1.31	5.06	9.83	11.6

Source: National Treasury (2013b: 13)

Concluding Remarks

- Public Investment in rural development and land reform fluctuates around 1% of the national budget
- Fragmented rural interventions persist - roles and contributions of other government departments; ad hoc & weak institutional coordination
- It is unclear if observed rural socio-economic changes are mainly the result of ad hoc government spending on rural development projects.
- In practice, policy processes tend to exclude and disempower rural residents – which is in sharp contrast with fashionable rhetoric.
- Rural development is a complex and dynamic process – there is no one-size-fits all and linear trajectory of rural socio-economic transition

HSRC
Human Sciences
Research Council