

***Land Redistribution in South Africa:  
A Q<sup>2</sup> analysis of its impact on beneficiary welfare***

*Christine Valente<sup>1,2</sup>, University of Bristol, U.K.*

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***Abstract***

*The South African land redistribution program, which was launched in 1994, has been widely criticised for its slow pace as well as its apparent lack of contribution to poverty reduction. There is however a dearth of literature regarding the impact of land transfers on the welfare of programme beneficiaries. In particular, the only econometric evidence I am aware of is my previous work (Valente 2008), in which I find evidence that land grant beneficiaries tend to be more food insecure than non-beneficiaries with similar observable characteristics, and that this finding is unlikely to be driven by omitted variable bias.*

*In this paper, I combine data from the household survey used in Valente (2008) with in-depth, small-scale primary data collected specifically to triangulate and complement the econometric analysis based on this household survey. The qualitative data analysis confirms the plausibility of the econometric findings and suggests that the main reasons for the disappointing impact of participation are the prevalence of collective project structures; the poor information process at the application stage; the lack of screening of applicants on the basis of economic viability; failing extension services delivery; and, most importantly, the incompatibility of consultant-led land use plans to skill availability among project members.*

*Keywords: land reform, Africa, South Africa, food insecurity, Q2 analysis.*

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<sup>1</sup> c.valente@bristol.ac.uk

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# 1. Introduction

Long before Apartheid began, the Land Act (1913) initiated the process of confinement of the non-White population of South Africa into specific areas which represented less than 10% of the country's land, away from the cities and farms of the White. As a consequence of this policy and the many that followed, the majority of the population were concentrated in overcrowded reserves. Post-Apartheid South Africa was therefore confronted with the glaring need for the previously disadvantaged to be provided with land access for housing purposes, agricultural, and non-agricultural activities. A three-tiers land reform policy was devised with the aim of redistributing 30% of the country's agricultural land from White landowners to Black people: restitution was to tackle the legal claims of people who were dispossessed of their land after 1913; land tenure reform was aimed at securing people's land rights to the land they already occupied on an informal basis; and the redistribution component was supposed to be the main instrument of land reform. More specifically, the land redistribution component consists of distributing land grants allowing Black applicants to buy land from White willing-sellers. The most ambitious element of the South African land reform policy is its redistribution component, on which this study focuses.

Four specificities of the South African context are particularly worth emphasising here. First, the main tool for the transfer of land ownership, namely the land *redistribution* component, encompasses a disparate set of needs, since it "aims to provide the disadvantaged and the poor with access to land for residential and productive purposes. Its scope includes the urban and rural very poor, labour tenants, farm workers as well as new entrants to agriculture" (Department of Land Affairs, undated). In addition to this diversity of needs, the South African context also differs from the typical land reform environment because of the lack of farming human capital among the targeted group (Cross et al., 1996; Bradstock, 2005), which comes as a consequence of the impossibility of practicing agriculture on a substantial scale in the former reserves.<sup>1</sup> Third, often long distances separate the beneficiaries' current place of residence and the land of which they acquire ownership. Fourth, as up to mid-2001, beneficiaries were only given about R15,000 per household, whilst commercial farms have evolved to be generally quite large due to past agricultural policies, so that beneficiaries had to pool their grants and acquire farms as an entity of anything up to several hundreds of households. Despite a policy change in 2001, since which the

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<sup>1</sup> As a consequence, 58% of the beneficiary population aged 15 years and older surveyed in Ahmed et al. (2003) did not have any farming experience before accessing the land reform project (p. 34).

amount of the individual grant can go up to R100,000 if a beneficiary contributes R400,000, pooling is still the rule as most applicants bring no or very little financial contribution.

At the end of *apartheid*, land reform was not only seen as the “central and driving force of a programme of rural development” (African National Congress, 1994), but also by many observers as a crucial measure for the development of the country as a whole. Binswanger et al. (1993), for instance, suggest that “substantive and rapid market-assisted land reform and resettlement is the greatest if not the only hope of peaceful development in South Africa”. But more than ten years after the emergence of the ‘new South Africa’ the actual rate of redistribution has fallen short of expectations and there are doubts regarding the achievement of the programme’s expected welfare outcomes.

In this paper, I summarise quantitative findings on the impact of land redistribution obtained from national Labour Force Surveys (LFS), and present a qualitative analysis based on case studies of land redistribution projects motivated by the econometric analysis of these LFS data. The qualitative insights from the case studies help opening the « black box », whilst embedding primary data collection in the econometric analysis improves the generalisability of the case study findings. In particular, I exploit the heterogeneity of the estimated impact of participation across regions to guide the case study sampling strategy, and find that, even in particularly successful redistributed farms in the province where the estimated food security impact of participation is most encouraging, participation does not bring about net benefits (neither in cash nor kind) for the majority of participants. In addition to confirming the plausibility of the econometric estimates, the primary data collected indicate that 1) the main explanation for the coexistence of voluntary participation and generally poor outcomes is that most participants had incorrect expectations regarding participation payoffs; 2) participation outcomes do not appear to be an essential determinant of changes in welfare variables outside a minority of projects (involving labour tenants), so that neither typical living standards nor household vulnerability appear to be strongly affected by participation in either direction; 3) participation outcomes could be improved by avoiding collective project structures or at least collective decision making and, when such structures are in place, introduce random audits to prevent corruption; screening the applicants on the basis of the economic viability of the projects; improving extension services delivery and training; and, more importantly, adapting land use plans to skill availability in order to limit the reliance on training (which tends to not be delivered on time) and reduce project dependence vis-à-vis government support.

Section 2 reviews the existing evidence on the impact of the land redistribution programme on the livelihoods of its beneficiaries, Section 3 summarises the econometric evidence based on

Statistics South Africa's Labour Force Survey and motivates the qualitative analysis, Section 4 presents the qualitative findings, and Section 5 concludes.

## 2. Existing evidence

To date, only about 5% of the country's land has been redistributed under the land redistribution and restitution programmes<sup>2</sup>, as opposed to the initial overall target of redistributing 30% of the country's agricultural land by 1999. But as well as the lack of actual redistribution, doubts have been raised with respect to the impact of land redistribution on the livelihoods of its beneficiaries. Indeed, benefiting from land redistribution does not seem to be contributing to the livelihoods of a substantial share of the households involved: except for two out of the nine South African provinces, namely the Eastern Cape and Western Cape, in 2001 no more than 21% of beneficiary households surveyed by the Department of Land Affairs received income from the land reform project they belonged to (Ahmed et al., 2003). In addition, only 8.1% of the beneficiary households surveyed in Ahmed et al. (2003) report achieving a higher income and only 11.1% achieving a more secure income as a consequence of participation in land redistribution (p. 189). Whilst pointing at the poor planning of redistribution in pilot projects, Cross et al. (1996) note the "beneficiaries' livelihoods crisis". In his case studies in the Northern Cape, Bradstock (2005) finds that while household incomes have increased during the period of observation (2001-2003), agricultural income from land redistribution is not the cause of this increase. In his study of communal land redistribution projects (CPA)<sup>3</sup> carried out between 1999 and 2001 in Limpopo, McCusker (2002) finds that "change in livelihoods as a result of land reform [is] minimal largely due to general disorganization, farm size problems, lack of capital, lack of skills and labour, gender bias, and skewed age distribution" (p.113). More specifically, he reports that only 21.1% feel that their income has increased, whereas 55.8% of respondents find that their income has stayed the same, and, more worryingly, 23.1% find that it has dropped (McCusker 2002, p. 117). Moreover, 45% of the CPA members report having experienced a prolonged food shortage since 1996 (the date at which they joined the CPA) compared to 19% on the one non-CPA farm studied at the same time. Many CPA members report a reduction in the frequency of food shortages, seemingly due to an increasing solidarity between participants, but also that the inability of the project to generate profits puts into question their continued participation. Citing an unpublished report elaborated for the Department of Land Affairs (May et al., 2000), Andrew et al. (2003b) state that "in many projects, no production is happening and some beneficiaries are worse-off". The impression that

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<sup>2</sup> Author's calculations using figures reported in Department of Land Affairs, 2005.

<sup>3</sup> Communal Property Associations, a sub-programme of the land redistribution component of the South African land reform active from 1996 to 2000.

benefits are generally small or non-existent is confirmed by van Zyl et al. (2001), Lodge (2003), Aliber (2003), Borrás (2003), van den Brink (2005), and Walker (2005). In the only study providing numerical evidence on the actual revenue for participants in land reform projects, Deininger et al. (2000) find that the median gross annual revenue per beneficiary (incomes minus expenditures on variable inputs, divided by beneficiary group size) is equal to R10,552.1 in the 16% of projects classified as “high-revenue” – this corresponds more or less to the annual agricultural minimum wage. But for the remaining 84% of projects surveyed, the median gross annual revenue per beneficiary is in fact slightly negative -R9. Given the average size of “high-” and “low-revenue” projects (9.14 and 27.56, respectively) in Deininger et al. (2000), this suggests that, for a large majority of beneficiaries in their sample, there is no positive profit to be distributed between land, labour and management, thus indicating that only a small minority of beneficiaries can expect to obtain an income from their project.

In addition, there are more specific concerns regarding the ability of the poor to benefit from land reform. These concerns have been strongly reinforced since 2001 with the shift away from SLAG (Settlement and Land Acquisition Grant) towards LRAD (Land Redistribution for Agricultural Development) grants. SLAG is a uniform R15,000 (and later R16,000) grant subject to households earning no more than R1500 per month,<sup>4</sup> whereas LRAD is a scheme allowing any black individual to apply for a land-purchase grant that increases with their own contribution.<sup>5</sup> Even before LRAD was introduced, concerns had been raised about the cost for the poor of relocating to the land acquired. Zimmerman (2000) argues that these costs are likely to have a deterrent effect on participation, but they can also be thought of as preventing the poor from generating income from any newly acquired land. For instance, Bradstock (2005) and Wegerif (2004) emphasise the cost to households of travelling to their agricultural land. Furthermore, some suspect that the benefits from land redistribution may have disproportionately profited an “élite” group. Bradstock (2005) finds inequitable access to land, with the project’s richest tercile having a mean holding five times larger than that of the other terciles (p.1985). In addition, Hall et al. (2003) report that in the Western Cape, LRAD beneficiaries at the bottom of the grant scale have accessed 3 hectares of land on average, as opposed to 88 hectares for “well-resourced” beneficiaries. Cross et al. (1996) mention instances of power manipulation by the communities’ élite, who used the opportunity of being turned into land administrators to appropriate land (p.153). And Wegerif (2004) suggests that,

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<sup>4</sup> It is important to note, however, that when groups applied for land grants jointly, which was invariably the case before 2001, this means testing was applicable to the group average, not to each individual. This allowed for a substantial number of people with a much higher income to participate in the scheme.

<sup>5</sup> Ranging from R20,000 for a personal contribution of R5000 (possibly under the form of labour, the so-called “sweat equity”) up to R100,000 for a personal contribution of R400,000 (Department of Land Affairs, 2005).

despite many of Limpopo LRAD beneficiaries being mainly poor, “they were not without useful connections” which were crucial for their participation in land redistribution (p.37). However, Deininger et al. (2000) draw different lessons about the programme’s *targeting*. Using data from a national survey conducted in 1999 on 1,168 randomly selected beneficiaries in 87 land reform projects and comparing these with the non-white part of the 1993 PSLDS survey carried out by SALDRU<sup>6</sup>, they argue that the land reform programme was well targeted at the poorest and most vulnerable. But the evidence based on these data is mixed: whilst land reform beneficiaries have poorer access to infrastructure such as water and toilet facilities, they have better access to electricity, livestock, credit, savings, and own a car and telephone more often (Sender et al., 2004). With respect to the *impact* of participation rather than the programme’s targeting, and contrary to most commentators, it is interesting to note that Deininger et al. (2000) find that the share of expenditure-poor beneficiaries is significantly higher in high-revenue projects (81.4%) compared to unsuccessful projects (73.7%), suggesting that poorer participants may be more likely to derive benefits from participation when they are involved.

### **3. Q<sup>2</sup> approach**

In this paper, I adopt a “Q<sup>2</sup>” approach, i.e., I combine quantitative and qualitative evidence to answer the research question at hand (see special issues of *Journal of Development Studies* (2006) and *World Development* (2007)). More specifically, I use regional variation in the econometric estimates of the correlation between participation in land reform and household food insecurity in order to improve the generalisability of my qualitative findings, whilst the qualitative analysis allows triangulating the (cross-sectional) econometric findings and investigating more in-depth the mechanisms at work. A mixed-method approach of this kind is justified here for several reasons for ‘squaring the Q’ put forward by Kanbur et al. (2007), namely “[interpret] counterintuitive findings from household surveys”; “explain the reasons behind observed outcomes”; “probe motivations underlying observed behaviour”; and “assess the validity of quantitative results” (p. 183-184).

#### **3.1. Quantitative findings using secondary datasets**

##### **3.1.1. Data description**

The Labour Force Survey (LFS) has been conducted by Statistics South Africa every six months since February 2000. This data is not specifically designed to analyse the impact of the land redistribution policy, which limits estimation possibilities. Nonetheless, it allows deriving useful

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<sup>6</sup> Southern Africa Labour and Development Unit.

insights on an important aspect of the welfare impact of land redistribution, namely food security. In four of the available waves (September 2001, 2002, 2003, and 2004), the survey questionnaire asks respondents whether they have received a land grant, as well as “In the past 12 months, how often, if ever, did this household have problems satisfying their food needs? Never/Seldom/Sometimes/Often/Always”. From the latter I derive the main dependent variable used in the analysis, namely a variable equal to 1 if the respondent reports problems in satisfying the household’s food needs “sometimes” to “always”, and zero otherwise. Households are considered to be food insecure when this variable is equal to 1.

Estimating the impact of having received a land grant on household food insecurity using these datasets is not straightforward for several reasons. First and foremost, there is no information about pre-participation food insecurity (nor about pre-treatment expenditure/income), so that, even when controlling for time-invariant economic, demographic, and cultural variables likely to influence both participation and household food insecurity, there may remain a consequent omitted variable bias. Second, since the issue of land redistribution is only peripheral in the LFS, one is confronted with three additional difficulties when trying to estimate the impact on welfare of benefiting from the land redistribution policy. Firstly, the sampling of observations is based on the population census and income strata and not on the number of beneficiaries per geographical unit or/and type of land acquisition scheme, so that the sample of beneficiaries in the LFS is not representative of the land grant beneficiary population, although there is no reason why it should be regarded as non-randomly biased towards a certain type of beneficiaries. Secondly, there is no information regarding land use and characteristics, so that the data does not allow a close investigation of the different channels through which participation in land reform impacts on household welfare, and we focus instead on the global effect. Finally, there is no information about the date at which the land grant has been received, so that we cannot distinguish between beneficiaries who have received a land grant several years before the survey and those who have just received it.<sup>7</sup> Despite these limitations, and given the scarcity of data available on the impact of land redistribution, the LFS has enviable features: (1) it provides a control group of non-beneficiary households, which represents a significant advance on the previous literature; (2) it is a large dataset, therefore providing substantial degrees of freedom; (3) the LFS covers a comprehensive range of questions, thus offering a wealth of controls; (4) there are four LFS rounds that can be used to estimate the effect of receiving a land grant on household food security, which allow checking the robustness of the results obtained.

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<sup>7</sup> Estimation issues are discussed further in Valente (2008).

### **3.1.2. Summary of econometric results**

Propensity score matching and univariate probit estimates indicate that, on average, participants in the land grant scheme are more food insecure than comparable non-participants (where food insecurity is captured by the binary variable equal to one if the household reports difficulties in satisfying their food needs at least “sometimes” in the 12 months preceding the survey). Recursive bivariate probit estimates suggest that omitted variable bias is not driving the sign of the participation coefficient, pointing at the possibility for participation to have in fact increased food insecurity for participants (see Valente 2008). These somewhat worrying results should not surprise in the face of the existing literature on the impact of the South African land reform. However, given the data limitations mentioned above, it would be good to (1) check the plausibility of these estimates, (2) consider the impact of participation on alternative measures of welfare, and (3) explore the role of diverse explanatory factors. These are the motivations for adding a qualitative component to the analysis. The remaining of Section 3 describes the methodological approach behind the combined qualitative research, before turning to the actual analysis.

## **3.2. Qualitative analysis: Methodological approach**

### **3.2.1. Sampling strategy**

Contrary to mainstream economics, other social sciences often rely on purposeful sampling due to the realisation that specific cases can be particularly informative, and should therefore be specifically targeted during data collection (see, for instance, Flyvbjerg 2004). Given financial limitations, it was impossible to aim at obtaining a representative sample of land reform beneficiaries. Therefore, I follow the broader social science tradition of using purposeful sampling whenever there is an objective reason to do so, and revert to random sampling otherwise.

I use quantitative evidence based on LFS data to maximise the informational content (and generalisability) of the primary data. There are nine provinces in South Africa, and these vary substantially in terms of development levels, macroeconomic, geographical, and institutional characteristics. In particular, land reform implementation is largely decentralised, so that land reform practices and performance are likely to vary across provinces. This has been noted in Deininger et al. (2000), and is apparent in several other studies (e.g., Ahmed et al, 2003). Regional variations in the correlation between land reform participation and household food insecurity are also visible in the LFS data: whilst the sign of the participation coefficient is positive for most provinces and regressor specifications (meaning that there is a positive correlation between participation and being food insecure, conditioning on a set of socioeconomic, demographic, and cultural characteristics), this sign is reversed in some specifications for Gauteng, Kwazulu-Natal,

and the Free State, and in all specifications of the participation regression equation for Limpopo (see Table 1). It therefore appears that the finding that land reform beneficiaries are more food insecure than comparable non-beneficiaries is least robust for the province of Limpopo. Interestingly, Deininger et al. (2000) also find that project incomes are highest in Limpopo (and the Western Cape – which does not show here). On the other hand, the quantitative finding that beneficiaries are at a food security disadvantage seems to hold systematically in other provinces, such as Mpumalanga (Limpopo's neighbour) where the correlation is based on a comparatively large number of beneficiaries. In order to exploit this provincial variation, I asked land reform officials in Limpopo to draw a list of (6) land reform projects particularly successful and (6) particularly unsuccessful in "improving the economic situation of their members", from which I picked 3 successful and 2 unsuccessful instances. The three "particularly successful" projects can be seen as critical cases, in the sense that, if I find that even particularly successful projects in the best-performing province are not improving the livelihoods of their beneficiaries, then it gives support to the idea that most beneficiaries in the country are not truly "benefiting" from participation. Sampling two particularly unsuccessful projects in Limpopo has two advantages: (1) in case I find that the "best projects in the best province" are improving the livelihoods of their members, then whether or not "worst projects in the best province" are doing so would give additional information as to the distribution of gains across beneficiaries, and (2) it helps identifying causes for success/failure. Four more projects were sampled, all in Mpumalanga. Whilst three were sampled randomly from the Department of Land Affairs' listings, a fourth one was purposefully sampled (MP4). The decision to sample this additional project was motivated mainly by the fact that, amongst the other three, there was an instance of a particular type of project, namely a labour tenant project (MP3), i.e. a land transfer from the previous owner to households who used to live on this or another nearby farm under very insecure tenancy rights in exchange of their labour, was likely to be quite different from the other types of redistribution projects. An additional labour tenant project (MP4) was thus added to the sample to prevent misinterpretation of idiosyncratic characteristics of MP3 as general traits of labour tenant projects.

Sampling of households to be surveyed within each project follows the same general principle: purposeful sampling was preferred when there was a clear argument in favour of it, and 'random' sampling was opted for otherwise. The word 'random' is put in inverted commas because the high rate of project desertion, migration, and the lack of homogeneity in project communities did not allow a strict random sampling of households. In practice, the sampling of up to 30 participants in each official project member list was performed randomly using Excel©. Fieldworkers would then ask, at the end of focus group discussions between project beneficiaries, following the order of the random draw, if focus group participants knew who the land grant

beneficiary was, and where/how they could be contacted. It became clear from the piloting stage that a large proportion of formal beneficiaries were unknown from focus group participants and/or had moved far away (Johannesburg in many cases), and/or were not on civil terms with other project members.<sup>8</sup>

**Table 1: Regional variation in the effect of land redistribution – propensity score matching estimates of the average treatment effect (of receiving a land grant) on the treated**

<i>Set of regressors entering propensity score</i>	(1)	(2)	(3)	(4)	
	<i>education dummies, whether female head, whether receive benefits, whether single parent, household size age of head and its square</i>	<i>balancing property satisfied<sup>a</sup></i>	<i>All regressors in column (1) plus set of ethnic dummies (full set minus those predicting (non)participation perfectly)</i>	<i>balancing property satisfied.</i>	<i>Number of beneficiaries in sub-sample</i>
Dependent variable	Food insecurity	Food insecurity	Food insecurity	Food insecurity	
WC	.120** (.0502)	yes	.030 (.0547)	yes	170
EC	.044 (.0309)	yes	.049 (.0385)	yes	396
NC	.171*** (.0541)	yes	.152*** (.0462)	yes	211
FS	0 (.122)	yes	.053 (.112)	yes	38
KZN	.057 (.0476)	yes	0 (.0489)	yes	192
NW	.108** (.0461)	yes	.125*** (.0424)	yes	241
GG	.073 (.0503)	yes	-.005 (.0430)	yes	215
MP	.054* (.0333)	yes	.066** (.029)	yes	688
LP	-.0124 (.0476)	yes	-.031 (.0487)	yes	168

**Provinces acronyms: Western Cape (WC), Eastern Cape (EC), Northern Cape (NC), Free State (FS), KwaZulu-Natal (KZN), North West (NW), Gauteng (GG), Mpumalanga (MP), Limpopo (LP). \* p<0.10, \*\* p<0.05, \*\*\* p<0.01. Bootstrapped estimates and standard errors (in parentheses) using psmatch2 (Leuven and Sianesi 2003). <sup>a</sup>The balancing property is considered satisfied if, for the sample of treated and matched observations, the difference in means between the treated and matched sample is not significantly different from 0 at the 1% significance level, for each regressor entering the propensity score regression. Except for two state/regressor specifications, equality of means cannot be rejected at the 10% significance level either.**

### 3.2.2. Research questions and hypotheses

The first objective of the case studies is to analyse the costs and benefits of participation, and consider how these impact on household welfare. This should allow (1) checking the plausibility of the econometric findings based on LFS data, (2) comparing the impact of participation on different aspects of household welfare (and not only food security), and (3)

<sup>8</sup> In the case of LP1, I also attended a project meeting, where my inquiry about the beneficiaries randomly sampled was included in the meeting agenda. My request created quite a lot of agitation, as the members who were present at the time felt I should interview them rather than people who were absent. After quite a lot of discussion, I was given contact details for six beneficiaries, and had to go all the way to the 30<sup>th</sup> name drawn in order to obtain contact details for six of them. This incident, though extreme, illustrates the difficulties associated with sampling households truly randomly in the case studies.

shedding light on how costs and benefits vary with time (and thus testing the hypothesis that beneficiaries are observed to be worse-off in the LFS data due to their being observed at an early stage of participation). Table 2 below summarises, for each dimension of welfare considered, the set of hypotheses I aimed to address in the analysis, and which served as a guide for the study design.

**Table 2: Research Question 1 hypotheses**

<i>Welfare outcome</i>	<i>Direction of Impact</i>	<i>Frequency</i>	<i>Time dimension</i>	<i>Components</i>
Poverty (Typical net income/consumption)	Increased/ decreased	Many/some/few beneficiaries	Transitory/ permanent/ cyclical	Participation costs: transaction costs, up-front costs, loss of previous job Returns to participation: labour income, dividends, benefits in kind from project
Vulnerability (Downside risk)				<i>Ex ante risk-coping strategies:</i> project income riskier/less risky than in previous activity, more/less income diversification due to participation <i>Ex post risk-coping strategies:</i> change in savings/ownership of durable goods/informal insurance mechanisms.
Food insecurity (access to adequate food at all times)				All the above, with special focus on how food consumption is affected (typical and variations in amount and composition)

For brevity's sake, I do not report in this paper the full analysis of the impact of participation on each of these welfare outcomes (see Valente, 2008). Instead, I focus on the analysis of costs and benefits from participation, and leave aside the way net benefits (i.e., benefits minus costs) translate into changes in welfare.

The existing literature related to land reform in South Africa and elsewhere suggests that the effect of land redistribution is heterogeneous across households. In terms of policy implications, it would be good to, not only find out more about the average costs and benefits obtained from participation, but also try and determine the underlying causes of success and failure in land reform participation. Question 2 is thus concerned with project-level and household-level determinants of success and failure, or, in other words, with "why" some beneficiaries end up more food insecure/poorer/more vulnerable as a consequence of participation in land redistribution whereas some others have more favourable outcomes. Table 3 below summarises the candidate answers considered when devising the study design, and which are based on the existing knowledge regarding determinants of returns to participation in land reform around the world.

Kinsey et al. (1993) report that demographic (e.g., age of household head, family size) and socio-economic characteristics (e.g., wealth, education) matter, although other authors find that better-off households do not outperform poorer ones in land reform schemes (see Deininger et al., 2000 for South Africa; Leo, 1978, for Kenya). Unsurprisingly, farming experience and skills are also said to be a predictor of performance (see Kinsey et al., 1993; Oberai, 1988, Moolman et al., 1996, van Zyl et al., 1995) although Gunning et al. (2000) find no econometric evidence that previous farming experience significantly affects the gross crop income of land reform beneficiaries in their Zimbabwean sample.

Characteristics of households regarding the land reform programme rather than immutable traits are also known to matter. First, Oberai (1988) suggests that it matters for success that settlers are explained clearly what participation in the programme means and what it entails, as misconceptions have been the cause of many failures (e.g., in Kenya). Second, commitment, although insufficient to make settlement successful, is presented as a necessary condition for success (Oberai, 1988). Third, when land is accessed as a group, experience shows that the members of the group need to have a common background in order to limit conflict (Oberai, 1988). On the other hand, Gunning et al. (2000) find no econometric evidence in their Zimbabwean sample that households who have resettled along with families from the same area obtain a higher real gross crop income. Fourth, Kinsey et al. (1993) highlight the importance of adequate support provision, especially with respect to (1) infrastructure at the early stages of redistribution, and (2) extension services. These two factors can also be conceived of as determinants of success at the project and not (or not only) at the household level.

Characteristics of projects also matter, even within the context of the general rules for land reform adopted in South Africa (i.e., transfer of full landownership including the right to rent out or sell the land acquired through land reform). For instance, Oberai (1988) identifies the importance of planning and project location, adapting plot size to available labour, and cooperatives (which generally fail), in explaining success or failure of agricultural settlements. In the case of South Africa, Deininger et al. (2000) note that the way the land reform programme has been implemented varies across provinces and may explain inter-provincial differences in the success of projects (in particular, these authors highlight the role of the number of households per project, whether groups have taken up a loan, whether participants are making cash contributions to the project). Finally, social risks such as theft, conflict, and other sources of disorganisation are all commonly reported in the context of the South African land reform and should therefore also be given attention as potential determinants of the projects' success in generating livelihoods for their beneficiaries.

**Table 3: Research Question 2 hypotheses**

<i>Level of analysis</i>	<i>Potential determinants of success and failure</i>
Household characteristics	Demographic characteristics: age, family labour force, gender mix. Socio-economic characteristics: farming skills and experience, wealth/capital, education.
Household participation characteristics	Understanding of what participation entails, commitment, pre-existing communities/common background.
Project characteristics	Degree of planning, adapted plot size given available labour, cooperative structure/collective decision making, number of households per project, loan/own contributions by beneficiaries, knowledge of internal regulations by leaders, organisation problems, conflict, lack of adequate support from authorities.

### **3.3. Instruments for data collection**

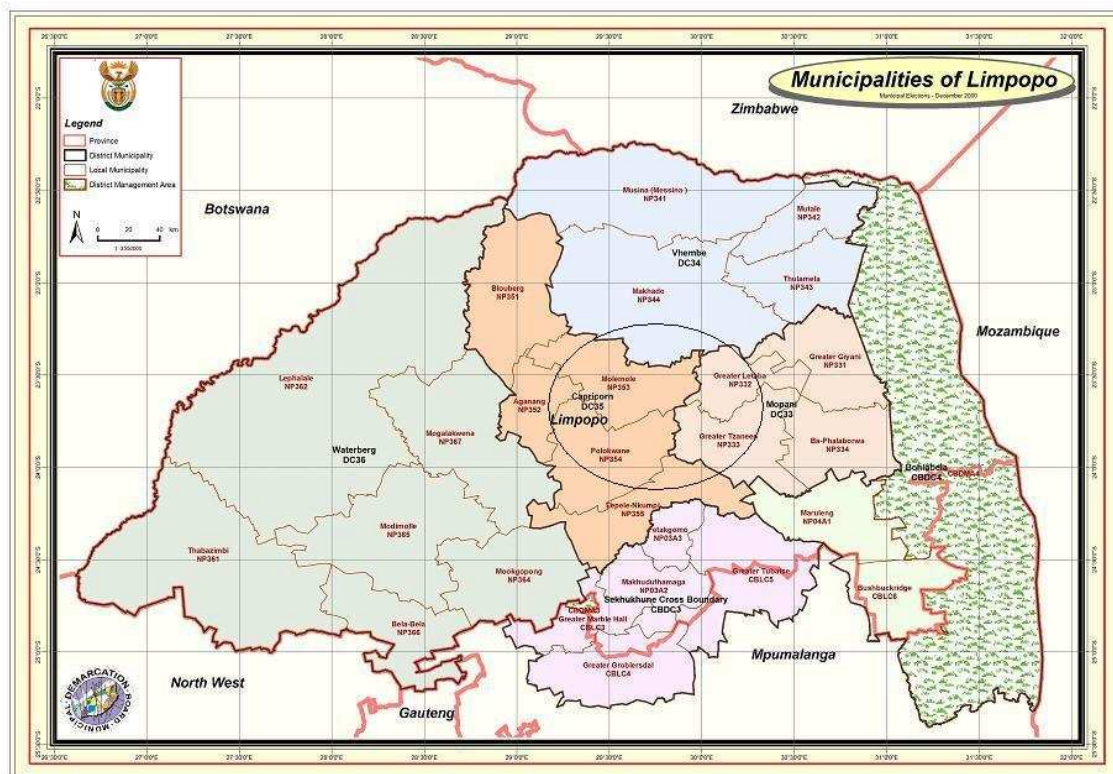
The four core instruments used to collect data are: focus group discussions in each project (except LP5, a small family project which has now disintegrated), household interviews using structured questionnaires (two interviews per sampled household, times four to six households per project except LP5), interviews of the project leaders using semi-structured questionnaires, and interviews with key informants (project officers, other officials at the Department of Land Affairs, extension officers, land rights NGO activists).

## 4. Qualitative findings

### 4.1. Overview of sampled projects

#### 4.1.1. Limpopo projects

Figure 1: Map of Limpopo



Source: [www.srsa.gov.za](http://www.srsa.gov.za). Legend: the circled area indicates where the sampled projects are located.

The three projects purposefully sampled as successful in Limpopo were LP1, LP2, and LP3. At the end of 1997, a group of 398 household constituted as LP1 CPA<sup>9</sup> acquired a 2,240 ha farm situated in the Capricorn municipality about 20 km West of the provincial capital Polokwane. The beneficiaries came from various villages up to around 30 kms away from the farm. Both the initial project leaders and the DLA official first in charge of the project have changed, so that few details of the genesis of the project emerged during data collection. The main activity on the farm has been a collective cattle operation. This cattle operation started in 1997, and last year's turnover has reached R41,000. But in 2006, the largest activity in terms of sales was maize (R42,000), which has been produced communally since 2005. The other source of income for the project comes from renting out grazing land (for a total of R24,000 in 2006). In the past two or three years, chicken rearing has been organised by two beneficiaries and part of the farm land has been divided equally

<sup>9</sup> Communal Property Association.

between all project participants, so that just over 2 ha of land have been allocated to each beneficiary. Organisational and production difficulties have so far prevented the distribution of any profits between beneficiaries. Nevertheless, LP1 has consistently been viewed in a positive light in comparison to other land reform projects, by both key informants and a researcher who visited the project in 1999-2000 (McCusker, 2002). But only the two farm workers involved in chicken production and some beneficiaries who sell part of their production from their private plot receive any financial reward from participation, and benefits in kind are limited to the possibility of renting the farm tractor at a discounted rate, certain free seeds, a piece of meat once a year when one animal is slaughtered, and if the annual maize harvest is good, one bag of maize meal. Members who are still active meet monthly, whereas the executive committee members meet every fortnight. About 100 members are still involved according to project members, although I counted less than 50 people present at the meeting I attended. Besides attending these meetings, the reality of participation varies across project members from being present at the farm several times a week to ensure the functioning of the collective cattle and maize operations (for a few committed members only), contributing occasional labour and small amounts of money for the communal enterprise, and/or farming one's individual plot.

The second Limpopo project purposefully sampled as successful is LP2. In 1998, this CPA of 126 households acquired a farm of 1,655 ha in the Capricorn municipality, about 45 km East of Polokwane. The land transfer was initiated by the former landowner, who contacted the authorities and suggested that they would buy his farm to meet the needs of nearby villagers who would occasionally approach him to rent grazing land. Ultimately however, the group was formed by households from villages up to 15 km away from the farm, under a business plan in which land use was restricted to a collective livestock enterprise, and forbidding the grazing of livestock owned individually by beneficiary households. The collective cattle enterprise started in 1999 and is still running, but a piggery had to be shut down due to the poor standards to which the pigs were being maintained. The cattle enterprise had a turnover of R146,419 in 2006. The other source of income for the project as a whole comes from the renting out of the project's tractor and truck (about R30,000 in 2006). In the past two years, a small number among the 46 beneficiaries who remain active have been carrying out group crop production. 20 people were involved in this crop operation in 2005, but only 6 in 2006, as the others have been discouraged by the destruction of crops by wild animals in the previous year. In 2006, the beneficiaries involved in crop production obtained 6 bags of 80 kg of maize meal each. Most participants in LP2 have contributed R20 per month since 1999 towards the collective livestock enterprise, and dividends started to be distributed in 2004. Until then, only the two fulltime farm workers received any income in cash or kind from the project.

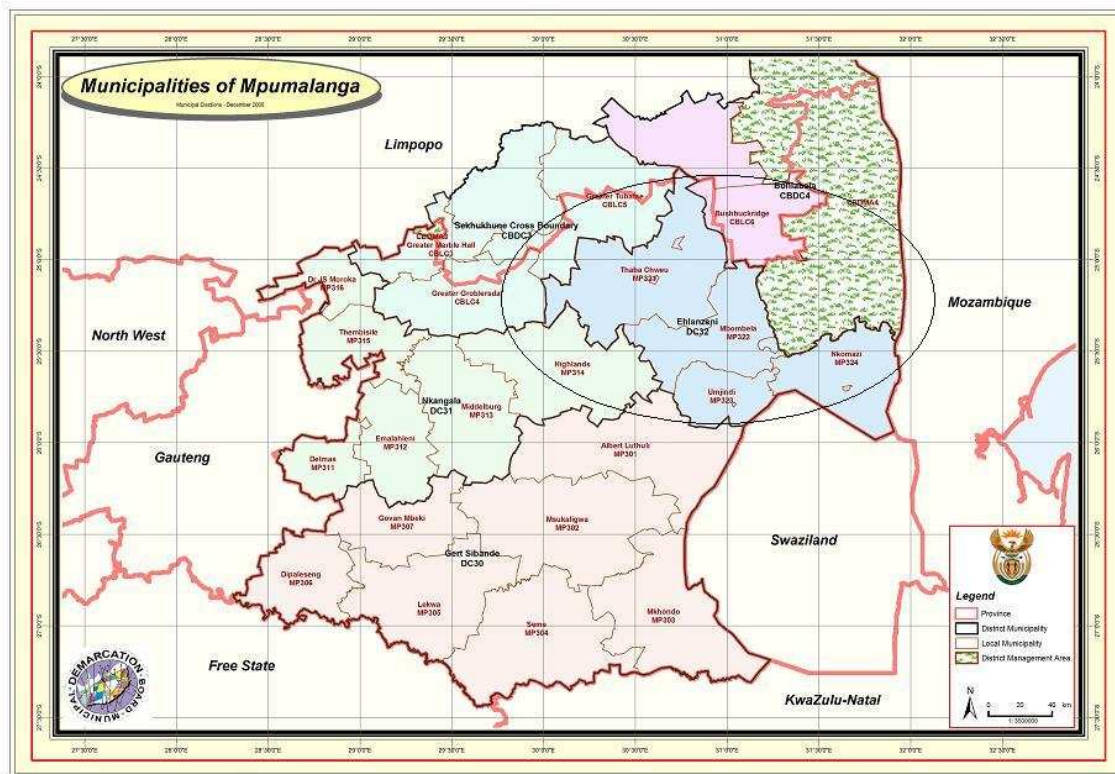
The third Limpopo project sampled purposefully as successful is LP3. This LRAD project was initiated in 2002, and after three years of efforts by the group's leaders, the 177 ha farm was finally transferred. It is situated in the Mopani municipality, about 20 km East of Tzaneen. The beneficiary group was initially composed by 97 individuals, most of them from the same village 35 km away from the farm, along with some of the 10 farm workers employed by the previous landowner. Contrary to the two previous projects, for which beneficiaries have not relocated to the farm, the eight beneficiaries currently still involved in the farm stay in the farm and only go back home at the weekend. They receive monthly salaries between R800 and R3,000 according to their role. The two significant activities taking place on the farm are chicken production (R175,000 turnover in 2006) and mango production (turnover in 2006: R40,000).

The last two projects sampled in Limpopo were purposefully sampled as unsuccessful (LP4 and LP5), and happened to be both situated in the Capricorn municipality. The 30 LRAD beneficiaries of LP4 live in a township about 35 km East of Polokwane, and applied for grants to buy a 24 ha farm some 20 km West of the provincial capital in 2002. Difficulties were noted at an early stage (e.g., by Wegerif, 2004), and the history of the project has been scarred with social conflict. In 2005, maize was collectively ploughed by most beneficiaries, but the profits from the sales disappeared in the hands of the chairperson, along with some of the farm's assets. The DLA has attempted to revive the project, and despite several beneficiaries having lost interest in the project due to their initial predicament, 6 beneficiaries remain committed to the farm and have ploughed again in December 2006 at their own costs (including that of hired labourers).

The second unsuccessful project purposefully sampled in Limpopo is an LRAD project of 9 relatives (LP5), who obtained a chicken operation of 9 ha in 2003. The farm was up and running, and seemingly quite successful for two years, and the seven beneficiaries who worked in the farm on a daily basis accepted the delay in payment presented by the chairperson as a necessary step towards healthy project finances. However, the chairperson and treasurer eventually disappeared with the project profits. Currently, one beneficiary is attempting to revive the project. But due to the circumstances, no focus group discussion or household interviews were attempted. The data regarding this project is based on an in-depth interview with the beneficiary who is still active and interviews with officials who have worked with this project.

## 4.1.2. Mpumalanga projects

Figure 2: Map of Mpumalanga



Source: [www.srsa.gov.za](http://www.srsa.gov.za). Legend: the circled area indicates where the sampled projects are located.

In Mpumalanga, the three projects sampled randomly are MP1, MP2, and MP3. To compensate for the likely under-sampling of labour tenant projects and for replication purposes, I also sampled a second labour tenant project (MP4).

MP1 is a project of 26 households (initially), who were encouraged by the former landowner to apply for grants in order to acquire part of his farm in 1994. Their 28 ha farm portion is situated in the Mbombela municipality, about 30 km North of Nelspruit. The adjacent portion was redistributed to another land redistribution project. On MP1's portion, the ambitious plan drawn by the consultant appointed by the DLA was to operate both agricultural and non-agricultural commercial activities (see p.39). In the first year after land was transferred, some collective crop production was carried out by the beneficiaries but the quantities harvested were minimal due to the constant intrusion of thieves and animals. Since this disappointing first harvest, and except for the use of a farm building by the chairperson for a private non-agricultural business, the only use of the land has been individual subsistence farming (with land plots being allocated by the chairperson, who also is the wife of the traditional chief). The beneficiaries of the project live in different villages anything between 500 meters to about 10 km away from the farm. Crops have been

harvested by a number of participants in some years, but participants continually face difficulties in harvesting the produce of their efforts, as crops are reported to have been stolen, eaten by animals, and not having been harvested due to drought.

The MP2 project is a group of 200 households, composed mainly of people who have been evicted from their nearby land at different dates since the 1980s, due to the expansion of a local lake. They have been engaged in a struggle to access land for agricultural purposes since their relocation in a tribal authority where they felt they were not given access to sufficient land. However, only in 1997 did they obtain SLAG grants to purchase a run down 265 ha farm in the high-potential Nkomazi local municipality (just over 100 km East of the provincial capital Nelspruit). The farm is situated 7 km away from where most beneficiaries lived at the time. Contrary to all the other projects sampled, who have not borrowed any money, the MP2 project contracted an establishment loan of R1.012 million from the Land Bank in 1997 to start up sugarcane and citrus production. Only the sugarcane operation ever started, and the project was at first seen by observers as a success story (e.g., in Lodge, 2003). But data collected during fieldwork showed that only a small minority of beneficiaries ever received any income from the project. The project was intended to provide full time work for 80 beneficiaries and distribute dividends to all (Lodge, 2003). In reality, primary data collection revealed that during the two years during which production took place, only three full time workers were employed by the project and paid R500 per month. In the first year and a half, about 20 labourers would get R10 per day worked (at about 10 days per month). No dividends were ever distributed due to lack of profits (despite the R250,000 and R160,000 sales revenue in 1998 and 1999, respectively). When torrential rains destroyed part of the crops in 1999 and eventually led to the end of activities in 2000, participants were often working for no pay on the farm. Despite efforts by twenty or so beneficiaries to revive the project, and earlier attempts by the DoA to reorganise operations, it seems unlikely that production will resume, as the debt has now accumulated to R1.6 million.

The third and last randomly sampled project in Mpumalanga is MP3, a labour tenant project settled as LRAD about 100 km North West of Nelspruit in the Thaba Chweu municipality. In 2002, the former landowner approached the DLA offering to sell a portion of his estate for a group of labour tenants he had been trying to evict. 33 individuals were gathered to apply for grants which allowed the purchase of this 214 ha farm portion. The majority of applicants were living in different portions of the estate, and relocated in 2003 from areas between 1 and 18 km away from their current homestead. The chairperson reported that the project had no business plan, and so far, 90 ha of project land has been used as communal grazing land for the animals individually owned by the participant households, whilst crop production is taking place on individual household plots of between about 1 and 4 ha.

The last project sampled in Mpumalanga (MP4) is a purposefully sampled labour tenant project adjacent to MP3. Beneficiaries have been living on the farm now purchased through LRAD grants for decades. In 2000, the former landlord appointed a new farm manager who prohibited tenants from cropping land on the farm. Eviction orders were issued against the tenants, who complained to the national DLA office in Pretoria, and eventually obtained 38 land grants to purchase their 188 ha farm. According to the project leader, the land was officially transferred in September 2006, even though no title has been issued yet. Despite the existence of a business plan for a commercial crop enterprise, the former labour tenants have been using their land in a way similar to MP3, i.e., using about half the farm area as communal grazing land for their individually owned livestock whilst cropping is carried out on individual plots of generally less than 4 ha.

Table 4, Table 5, and Table 6 below summarise the essential traits of each of the projects sampled. Let me now turn to the first research question.

#### **4.2. Research Question 1: Impact of participation**

The main conclusions of the analysis detailed below can be summarised in a synthetic proposition:

A small number of beneficiaries experience, at some stage, net material benefits as a consequence of their participation in land redistribution projects. However, the majority of beneficiaries incur small net losses in terms of opportunity costs (time and effort) and/or financial costs (transport, seeds and other small production costs, cash contributions to the farm's collective activity) which are reciprocated neither with monetary gains nor in kind. In addition, this phenomenon does not appear to be transitory. However, participation outcomes do not seem to translate into discernible changes in welfare indicators, except in projects where land was redistributed to local labour tenants.

The above statement is drawn from three levels of analysis. First, a cost/benefit analysis of the impact of participation *for the projects sampled* is based on information collected during focus group discussions and interviews with households and project authorities. Second, the picture obtained is confronted to the perceptions of beneficiaries regarding their own projects and the impressions of key informants who work or have worked with these projects. The question of the generalisability of the results obtained for the present sample is then investigated by taking into account the sampling strategy adopted, the perceptions of beneficiaries about other projects, and the impressions of key informants on the impact of land redistribution projects on their beneficiaries' lives in general. Third, the way net benefits impact on households' welfare indicators was analysed using mainly household interview data, but this analysis is not reported here for brevity (but can be found in Valente 2008).

To ease the reading of this analysis, the names of projects sampled purposefully as successful are in bold (**LP1, LP2, LP3**) and those of projects sampled purposefully as unsuccessful are in italic (*LP5, LP4*) in the following. In addition, the names of labour tenant projects are underlined (MP3, MP4). Details of how non-trivial household variables were built can be found in the appendix.

#### **4.2.1. Cost-benefit analysis**

##### **Benefits**

##### *Findings based on focus group discussions and semi-structured interviews with project leaders*

As suggested by the brief descriptions of the projects included in the study, all the land redistribution projects in our sample are dysfunctional to at least some extent. Even in the best-case scenarios (**LP2, LP3**), conflict and avoidable loss of production and/or deterioration of assets are encountered. All these projects have low productivity, so that the profits to be shared between participants are at best limited. The benefits found to accrue to some beneficiaries are either (see Table 4 to 6):

- in kind: in **LP1** in the past 2 years only; in **LP2** for those involved in crop farming, i.e., 20 out of 126 formal beneficiaries in 2005 and 6 in 2006; in MP3 and MP4 for almost all; in MP1 for a few participants in the years where rainfall permits harvesting; in *LP4* the first year they ploughed, for the few people who worked on the farm and managed to appropriate some crops before the chairperson sold the production to her own profit, and/or
- in cash: in **LP2** since 2003 only; in **LP3** for the 8 farm employees only (out of 97 beneficiaries); in *LP5* for the 2 corrupt members only; in MP2 for the 3 farm employees (out of 200 beneficiary households) in the first year and a half only.

**Table 4: Projects sampled as successful at a glance**

Project	Sampled as	Type (date of land transfer)	Land area	Beneficiaries	Active members in 2007	Collective production		Individual production		Costs	Benefits
						Crops	Animal	Crops	Animal		
<b>LP1</b>	Successful (Limpopo)	SLAG (1997)	2240	398 households	110	Yes (since 2005)	Yes (since 1997)	Yes (since 2005)	Yes (since 2005)	Labour Transport costs Small cash contributions (R53 per household) Costs of production on individual plots	2 farm workers pay themselves from chicken sales Individual production or rent Tractor rental at discounted rate Some free seeds One 80kg bag of maize in 2005
<b>LP2</b>	Successful (Limpopo)	SLAG (1998)	1655	126 households	46	Yes (small group since 2005)	Yes (since 1999)	No	No	Regular cash contributions (R20-R25/month per member since 1999) + other occasional contributions for transport Labour Crops production costs (R520 for each of the 6 participants in 2006)	2 fulltime workers receiving R800 per month Dividends since 2004 only (R800 per year in 2004 and 2005) and R2000 each in 2006. In 2006, 6 bags of 80kgs of maize meal for each of the 6 involved in crop production (purchase value: R1363)
<b>LP3</b>	Successful (Limpopo)	LRAD (2005)	177	97 individuals	8	Yes (since 2005)	Yes (since 2005)	No	No	Labour and transport No individual cash contributions. Most costs of application borne by current chairperson and his deputy.	Initially, 20 beneficiaries were employed on the farm, but not paid. 12 left, a couple of whom stole equipment from the farm. 8 people currently employed on the farm have been paid monthly since July 2006, (R800/month to R3,000 according to their position).

**Table 5: Projects sampled as unsuccessful at a glance**

Project	Sampled as	Type (date of land transfer)	Land area	Beneficiaries	Active members in 2007	Collective production		Individual production		Costs	Benefits
						Crops	Animal	Crops	Animal		
LP4	Unsuccessful (Limpopo)	LRAD (2003)	24	30 individuals	6	Yes (since 2005)	No	No	No	2005: Labour. Cash contributions: R70 per member. Transport (R1500 per member). 2006/2007: Labour Cash contributions: R240 each Transport: R610 each	2005: No payment (profits from sales disappeared in hands of the person in charge at the time). Some of the workers helped themselves to the crops when things started to deteriorate. Former chairperson stole tractor and car. 2006: no harvest yet.
LP5	Unsuccessful (Limpopo)	LRAD (2003)	9	9 individuals	3	No	Yes (2003-2005)	No	No	Labour (7 members). Former chairperson contributed personal loan of R7000. Remaining member trying to revive project: committed fulltime to project (has quitted job).	None except for corrupted two former members of the executive who shared profits.

**Table 6: Mpumalanga projects at a glance**

Project	Sampled as	Type (date of land transfer)	Land area	Beneficiaries	Active members in 2007	Collective production		Individual production		Costs	Benefits
						Crops	Animal	Crops	Animal		
MP1	Random (Mpumalanga)	SLAG (1997)	28	26 households	10	Yes (1997 only)	No	Yes	No	Labour Cash contributions in 1997 Production costs on individual plots	1997: some crops (“very little”) Production on individual plots (no harvest last year due to drought)
MP2	Random (Mpumalanga)	SLAG (1997)	265	200 households	20	Yes (1998-2000)	No	No	No	Labour Cash contributions: R100 per ordinary member + additional cash contributions by leaders Transport	3 beneficiaries employed fulltime as farm workers (R500/month each for about 2 years). Part-time labourers sometimes paid (R10/day) and towards the end of operations, not paid at all.
MP3	Random (Mpumalanga)	Labour Tenant (2004)	214	33 individuals	33	No	No	Yes	Yes	Cash contributions towards application costs (about R350 each according to chairperson). Production costs and labour for own production	Security of tenure. Income and produce from own production, varying widely across beneficiaries.
MP4	Labour tenant (Mpumalanga)	Labour Tenant (2006)	188	38 individuals	38	No	No	Yes	Yes	Cash contributions towards application costs (about R50 each according to chairperson).	Security of tenure. Income and produce from own production, varying widely across beneficiaries.

Except for the labour tenants projects (MP3 and MP4), gains in kind are directed only to the small number of beneficiaries who manage to use productively their *individual* plot (**LP1**, MP1), to those who participate in a collective activity where part of the production is distributed between project members (20 beneficiaries in **LP2** two years ago, and 6 last year) or, in the case of *LP4* and *LP5*, to those who bend the rules to their advantage. Indeed, in *LP4* and *LP5*, one or two members in each project have managed to get a significant gain out of the enterprise by stealing money and/or assets, and subsequently in *LP4*, some other project members have appropriated part of the production because they felt they were not going to be paid for their work. As for the monetary gains, except for the case of **LP2** where dividends are now being distributed to all active members, money transfers are only received by the few beneficiaries who are employed fulltime by the project (8 out of 97 members in **LP3**; 3 out of 200 households in MP2 in 1998 and 1999). In either case, if we exclude the two labour tenant projects, only a small proportion (between 1 or 2 person (MP1, *LP5*) to just over a third (**LP2**) have received anything at all from the project, and benefits in kind or cash have only been received for a short period of time.

### *Findings based on structured household interviews*

To ease presentation of results, I define a group of “successful projects” based on the overall trajectory of these projects. This group includes the three projects sampled purposefully as successful in Limpopo (**LP1**, **LP2**, **LP3**) and the two labour tenant projects sampled in Mpumalanga (one randomly, the other purposefully for replication purposes). The remaining projects for which there remained more than one beneficiary household to be interviewed (*LP4*, MP1, MP2) are referred to as “not successful” (but not unsuccessful) or “average”, as two were sampled randomly, and only one of them was purposefully sampled as unsuccessful.

In projects where all or part of the productive activity is operated in common (**LP2**, **LP1**, *LP4*, **LP3**, MP2), data from the household interviews confirm the information collected during focus group discussions and interviews with the project authorities about the income received in cash or kind by the households. In **LP1**, no interviewed household said they received any cash income in the previous 12 months, but four out of five reported receiving some token food payment (ranging from a purchase value of R70 to R295). In *LP4*, and MP2, no household interviewed reported receiving any payment either in cash or kind in the previous 12 months. In **LP2**, the previous information about the distribution of dividends is confirmed, as three out of the five households interviewed reported receiving R900 or R1000 in the past year, and one of them (one of the six involved in the group cropping activity) also reports having obtained R800 worth of food. Finally, in **LP3**, the salaries which the chairperson reported to have been distributed to the eight

beneficiary farm workers for the first time last year were confirmed too (and ranged between R10,000 to R18,000 per year).

Turning now to the projects where all (MP1, MP4, MP3) or some (**LP1**) production is carried out on an individual basis, the information provided by household interviews is particularly important. The generally positive impression on the performance of households in the two labour tenant projects is confirmed by household interview data. In MP4, gross agricultural output<sup>10</sup> varies between R2,840 and R75,421 for the previous 12 months. One may want to be cautious with the crop production reported by the two larger producers out of the five households interviewed, whose reported harvest seems rather unrealistic (over R40,000). Still, the average value of production for the three other households is nearly R5,200 for last year (about US\$745). In MP3, the average farming value for the five households who provided the necessary information is as high as R11,546 (and ranges from R2,015 to R26,193). In MP1, the information gathered during household interviews was somewhat surprising. The focus group discussion conveyed a positive picture of the ability of members who were still actively involved to feed their families in part with their own production. However, the four households interviewed individually (two representatives of whom were participants in the focus group) reported having ploughed but not harvested in the previous 12 months due to insufficient rainfall. Finally, in **LP1**, two households out of the four for which this information could be collected reported having had no agricultural production on their individual plots, whereas the two other households reported respectively what could be valued at R2,130 and R12,945, respectively, thus confirming that production on individual plots varied widely across members in this project.

## **Costs**

### ***Findings based on focus group discussions and semi-structured interviews with project leaders***

We have seen that benefits were only obtained by a few beneficiaries, and not throughout the whole life of the project, at least for non-labour tenants' projects. On the other hand, costs (e.g.: time, labour, effort, telephone and transport costs, and other production costs) are borne by most beneficiaries and for longer periods of time. Details collected outside household interviews about these costs in each project are presented in Table below. The costs incurred are small for those who do not actively take part in the project after land is transferred: they may contribute some money towards the costs of putting the application together and attend a few early meetings, but not much more. Costs are however non-negligible for poor households who do attempt to make the farm

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<sup>10</sup> The sum of the purchase value of crops and value of livestock sold plus livestock slaughtered minus livestock bought. Except for cattle, for which the annual produce was computed as value of cattle sold plus value of cattle slaughtered. The value of cattle bought was not imputed due to the particular role of cattle ownership in the communities visited (e.g., as store of wealth).

work. These costs vary from project to project (see Table below) but, as noted by one focus group participant in *LP4*, “what they [the authorities] do not realise is that these contributions throw us poor people out of budget”.

Despite the absence of a systematic enumeration of activities before and after land transfers (or application for the latter)<sup>11</sup>, the data collected suggests that the opportunity cost of time and effort is not to be measured in terms of the loss of or non-search for formal, regular employment but rather in terms of the loss of potential casual work. Indeed, only in three instances did beneficiaries suggest having stopped looking for a job (the chairperson from **LP3**) or quit their job (Bernard in *LP5* has quit a well-paid job, and Wilma from *MP1* is only working part-time now). Furthermore, in focus group discussions, participants often mentioned how before the project they were unemployed or retired (**LP2**, **LP3**, *LP4*), and there were several mentions of people leaving the project because they found a better job (in **LP2**, **LP1**, **LP3**). There might be some decrease in the intensity with which participants look for other formal jobs, but it seems more accurate to conceive of this opportunity cost as that of low-paid casual jobs. In **LP3**, for instance, a focus group participant suggested that the project enterprise did not take shape as quickly as expected, “so that when [members] realised that after a long time nothing has happened, they started looking at other sources of employment”.

### ***Findings based on structured household interviews***

The sum of costs (1) of transport to the project, (2) to start-up agricultural activities, (3) of putting the application together or other overhead participation costs remembered by households in one-to-one interviews varies from project to project and from household to household within projects. The mean for the 39 households interviewed is of about R2,800 per household, and the mean per project varies from R499 in *LP4* to R9,050 in *MP4* (see Table ). There is no pattern emerging as to which type of cost dominates since there are large variations across project histories in terms of the distance to the land acquired, whether cash contributions have been made towards the project, and how much individual investment was undertaken when there is individual farming. It is also worth noting that, like benefits, costs are not equally distributed among land beneficiaries: the better-off, those who take responsibilities in the executive of the projects incur higher costs (transport, phone calls, time, cash contributions).

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<sup>11</sup> This would have been extremely difficult given the important recall period and the casual/irregular nature of most of the income generating activities carried out by beneficiaries.

**Table 7: Costs, benefits, and net gains of interviewed households, in Rand by project**

Project	Costs						Costs			Benefits	Benefits	Net Benefits
	Total since application						Last year			Last year	Last year (except for MP2)	Total net benefit per year
	Transport costs to move to project	Commuting costs	Start-up costs	Application costs	Other costs	Total (1) to (5)	Individual farming costs	collective activities contributions		Farming benefits	Payments from project (cash + in kind)	
							In cash	In kind (except labour)				
<b>LP2</b> (6)	0 (0-0)	896 (0-5,376)	300 (0-1,800)	150 (0-400)	5 (0-30)	1,303 (0-7,206)	0 (0-0)	180 (0-300)	0 (0-0)	0 (0-0)	940 (0-2,800)	<b>671</b> <b>(-7.8 to 2,491)</b>
<b>LP1</b> (5)	0 (0-0)	1,651 (192-3,888)	1020 (0-3,700)	39 (0-105)	0 (0-0)	2,710 (1,042-5,228)	4,277 (0-18,400)	0 (0-0)	400 (0-1,800)	3,769 (0-12,945)	121 (0-295)	<b>-1,728</b> <b>(-5,694 to -95)</b>
<b>LP3</b> (3/4)	0 (0-0)	598 (300-1,450)	0 (0-0)	1,000 (0-4,000)	0 (0-0)	1,598 (300-5,450)	50 (0-200)	50 (0-200)	50 (0-200)	0 (0-0)	12,733 (10,000-18,000)	<b>12,226</b> <b>(9,925 to 16,638)</b>
<b>MP4</b> (6)	0 (0-0)	0 (0-0)	1,850 (0-7000)	7,200 (0-19,200)	0 (0-0)	9,050 (0-26,200)	2,774 (0-6,995)	n/a	n/a	27,116 (2,840-75,421)	n/a	<b>24,361</b> <b>(-2,866 to 73,238)</b>
<b>MP3</b> (6)	625 (0-3,000)	0 (0-0)	660 (0-1,960)	1,587 (0-5,000)	0 (0-0)	2,872 (100-8,000)	968 (0-2,150)	n/a	n/a	11,546 (2,015-26,193)	n/a	<b>10,380</b> <b>(874 to 24,580)</b>
MP2 (4)	0 (0-0)	1,080 (0-4,320)	0 (0-0)	50 (0-150)	50 (0-200)	1,180 (0-4,320)	n/a	0 (0-0)	0 (0-0)	0 (0-0)	225 (0-900)	<b>107</b> <b>(-25 to 468)</b>
LP4 (4)	0 (0-0)	402 (0-648)	17 (0-60)	5 (0-20)	75 (0-150)	499 (80-656)	n/a	50 (0-200)	50 (0-200)	0 (0-0)	0 (0-0)	<b>-192.3</b> <b>(-496 to -16)</b>
MP1 (4)	50 (0-200)	90 (0-360)	505 (0-1,250)	150 (0-600)	0 (0-0)	795 (0-2,050)	0 (0-0)	0 (0-0)	0 (0-0)	0 (0-0)	0 (0-0)	<b>-197</b> <b>(-619 to 0)</b>

**Remarks: averages are presented for each variable, min-max values are in parentheses. Below project names are the number of households on which the statistics are based.**

### **Gains or “net benefits”<sup>12</sup>**

In total, annual net benefits only appear positive for all the households surveyed within the group only for **LP3** and **MP3**. On the other hand, all households interviewed in **LP1**, **LP4**, and **MP1**, and at least one household in **LP2**, **MP4**, and **MP2** have experienced net losses so far. In all projects, net benefits are quite heterogeneous, which motivates further the analysis of determinants of success and failure at the household level. Furthermore, these conclusions may be a top bound since despite our best efforts to contact members who have deserted the projects, we could, in nearly all cases, only interview members who are still involved, and who may well be those benefiting most from participation.

The information gathered about the pattern of people leaving the projects and the reasons why people left gives an indication of the extent of the net losses suffered by those members who are not involved in the project anymore. In labour tenant projects, almost every beneficiary remains involved in the project, which is not surprising since, in these projects, beneficiaries already lived on the land transferred (**MP4**) or relocated there (**MP3**). In the other projects which are doing comparatively well in terms of production (**LP3**, **LP2**, **LP1**), many beneficiaries have left the project after having incurred costs and before they received any benefit in return. In **LP3**, there are only 8 active members left out of the 97 formal beneficiaries; in **LP2**, only 46 out of 126; and in **LP1**, 110 out of 398. Some beneficiaries left between the start of the application process and the land transfer, but except for **LP3**, where this period was unusually long (three years), this period in time is not reported as having seen the bulk of the desertion. On the contrary, a consequent number of people seem to have left at an early post-transfer stage, as they realised that the objectives of the majority were not compatible with theirs (**LP2**, **LP1**), and most people left after some time: “progressively” in the case of **LP2** and “after 3 to 5 years” in the case of **LP1** (information collected during interviews with the project authorities). In both cases, it implies that non-negligible costs were incurred (R20 per month plus labour in the case of **LP2**, and smaller cash contributions, plus labour and transport in the case of **LP1**).

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<sup>12</sup> In the following, “gains”, “net gains” or “net benefits” will be used interchangeably to refer to the difference between the benefits and costs as reviewed at the beginning of this section. Therefore, these “net gains” do not include opportunity costs.

Let us turn now to the less successful projects (MP1, MP2, LP5, LP4). Beneficiaries abandoned the projects for very much the same reasons as in more successful projects, but the losses incurred were higher and thus more discouraging, or the project members less resilient. In MP1, people were said to have quit because

“when [they] started, [they] were hoping they would take all [their] produce home, so everybody was active, but then people started withdrawing their participation because there was nothing being produced. [They] tell me: you are always talking about this farm that does not produce anything (...) You know, they always complain to say that they don't have money to buy manure, don't have money to buy seedlings, you see that's why they withdrew, because they were spending their money to plant as we said before, planting using their best efforts, but at the end of the day, the cattle would just come in and destroy everything, that's why they withdrew, because they were just losing everything” (A focus group participant at MP1).

Similarly, in LP4, most people were said to have quit after about two years (according to the project leader) because “every time, they have to make cash contributions to finance what needs financing, so people actually quit instead of giving money” (a focus group participant). Finally, in MP2, focus group participants and the project authority reported that every beneficiary was active at first, providing mostly unpaid labour, and that people left after about 3 years, as they lost hope that their efforts to operate the farm would ever be rewarded, as suggested by the following excerpt from the focus group discussion:

Moderator: “Are there any members who are no longer active?”

Participant 1: “Yes. When we call them for a meeting they say we're crazy, they ask why are we still running around whereas we're always losing.”

Moderator: “Can you repeat why?”

Participant 1: “When you call them they say they've worked a lot already for this project and there's nothing they've benefited.”

#### **4.2.2. Evolution of benefits**

It has been noted earlier that benefits were often received for a short period of time only. It is important to note that this period of time sometimes came after initially difficult years (LP1, LP2), but that, at least as often, benefits in cash or kind only occurred in the first one or two year(s) as in MP2, LP4, and LP5, and stopped subsequently. There is therefore no reason to think that the lack of profitability of participation in land reform projects is only transitory and that higher gains should be expected in the longer run. And indeed, out of the 18 households who reported a “most difficult” moment for them in relation to the project during their interview, 7 reported the beginning as being more difficult, whereas 11 reported other times having been more difficult.

### 4.2.3. Generalisability of findings

The next question is that of the generalisability of these results. In order to answer this question, I will consider three lines of argument, with the first one based on the perceptions of beneficiaries on the economic impact of other projects they know of on their members, the second on the opinions of key informants who work with land redistribution projects, and the third on the sampling strategy adopted.

#### **Perceptions on land redistribution projects in general**

##### *Perceptions from beneficiaries about other projects*

In both the focus group discussions and the interviews with the project authorities, beneficiaries were not only asked about the economic impact of participation on their project's households, but also on the impact for households in other land redistribution projects that they know of. Leaving aside their impressions of projects from what they have read in the newspapers and heard on the radio (and which are mixed), beneficiaries in all projects except the labour tenants' ones depicted a negative to very negative image of the economic impact of land redistribution projects for their beneficiaries. Three moderately dissonant voices were heard however. Indeed, in MP1, the chairperson, who is also the only one reporting a personal gain from participation, told us that "it has benefited a lot to the lives [of the beneficiaries in other projects]. But you know, people start with 50, and then perhaps the number is reduced to 40, simply maybe others are not benefiting a lot". A member of MP2, asked about some project he said he knew of, said that "[he] think[s] they are benefiting because [he] see[s] them they have trucks, and they are always carrying produce". Finally, one member in LP2 told us that "as far as [he knows], they are able to live off the projects". Except for these three examples, all the non-labour tenant beneficiaries interviewed paint a moderately to very negative picture, irrespective of their satisfaction with their own land reform experience. The following quotes illustrate the array of answers: "some are able to feed themselves and some are not. Members are generally dissatisfied economically" (informant in LP2), "our project is benefiting us economically unlike others" (other informant in LP2), "people lack capital and are not able to put anything in their pocket, thus they lose interest" (informant in LP3), "a lot of people are not getting economic satisfaction from their participation in projects" (informant in LP1), "beneficiaries are not satisfied because they are not given the finances to kick start the project" (informant in MP1), "project

X did not go well and ultimately collapsed because of infighting. Some have been killed within the project fighting for power” (informant in MP2), “few projects are successful, most are unsuccessful” (informant in LP5), “Many of the people in these projects are unemployed, and they still have to pop out their own money out of their own pockets to run the projects, money which was supposed to feed their families, and at the end of the day, nothing comes and they are not reaping any benefits, so they end up losing interest and leave the projects” (informant in LP4).

### ***Perceptions from key informants about projects in general***

The negative impression of land reform beneficiaries on the economic impact of participation is confirmed by the perceptions of key informants. Two of the informants are working at the DoA and might therefore be suspected of having a bias against land reform, but this potential criticism does not hold for the others, who work at the DLA or in a land rights NGO. Seven of the interviewees were asked about the impact of participation on the economic situation of the beneficiaries.<sup>13</sup> The two most positive answers were that (1) things were difficult for beneficiaries at the beginning but that after some time, they “developed strategies” to obtain some benefits from the projects (informant at DLA Limpopo) and that (2) “generally what [they] can say is that in most of [their] projects, to be honest, you do find passive beneficiaries, where you’ll find that though a project is bought for 10, only one or 2 are really benefiting economically”. The other key informants to whom the question was put all suggested that most beneficiaries were actually made economically worse-off by participation. Below is an extract of an interview with a key informant from the DoA in Limpopo. It is produced here to illustrate the neutral position adopted by the interviewer during the interviews:

Interviewer: “And from what you see do you think that the people entering these projects are actually improving their economic situation?”

Informant: “No!”

Interviewer: “Do you think they’re worsening it though?”

Informant: “It’s more worse.”

Interviewer: “They’re worsening it?”

Informant: “Ya. Ya”.

Interviewer: “Why do you think so?”

Informant: “I’m saying it’s worse. Most of these farms they have so much potential, but since these people enter into, the farm just collapsed to 0. Not 1, to 0.”

Interviewer: “Ok, so you mean that compared with before land was redistributed and now, production has gone down almost to nothing in most projects”

Informant: “Almost to nothing.”

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<sup>13</sup> The others were not asked because their appointment did not put them in a position to have an informed judgement on the matter.

Interviewer: "...This is an interesting point. But what I'm trying to understand now is: do you think that beneficiaries have actually made their own economic situation worse by entering these projects?"

Informant: "Ahhh...Yes, I think so, ya."

Interviewer: "Because.....?"

Informant: "Yes, that's what I'm saying. These people are getting *nothing* from the farms."

Interviewer: "But do they have costs... You see what I mean: you say these people are not getting anything from the project, but if they are spending nothing as well, then they're the same, not gaining anything, but not losing either?"

Informant (interrupting me): "No, they're losing. Let me put it this way: they've never contributed anything towards the purchase of the land, that's just the grant. But for their movement from home to project, it's money, so instead of making money, they just spend."

### ***Generalisation based on the sampling strategy***

Both the voices of the beneficiaries consulted and those of key informants strongly suggest that the findings based on the 9 projects sampled, as summarised in the proposition at the beginning of Section 4.2, can be extended at least to some extent to other projects throughout the country (or, at any rate, to Limpopo and Mpumalanga, for which respondents can be expected to be well-informed).

The last but not least point in the exploration of the generalisability of my findings to projects outside the sample rests on the sampling strategy adopted, which is worth reiterating here.

Let us start with Limpopo. More beneficiaries were found to have economically benefited from participation in projects deemed "successful" by the key informants. Furthermore, three out of the five projects sampled in Limpopo were judged particularly "successful" by key informants, which suggests that they are highly over-sampled (since in this province, only 6 out of the 32 projects known by an extension officer interviewed were "showing a little light of development" at the time of the study). Finally, Limpopo is the province in which the econometric finding that land grant recipients were more food insecure than non-beneficiaries is least robust.

Let us turn now to Mpumalanga, for which the quantitative finding that land grant beneficiaries are more food insecure than non-beneficiaries with similar characteristics is of "average" size compared to the other provinces, and relies on a comparatively large number of beneficiaries observations. Three out of the four projects sampled in this province were sampled randomly from the pool of projects in the Ehlanzeni district. It is unclear whether this district has a higher or lower rate of success in land reform participation than the rest of the province, although interviews with key informants suggest that there is no noticeable difference. One important exception, however, is that there are fewer of the projects that seem most beneficial to

their participants (namely, labour tenant projects) in this district compared to other districts in Mpumalanga. This potential bias is tackled by over-sampling these projects (so that they represent half of the Mpumalanga sample). Moreover, it is worth noting that such labour tenant projects are only found in Mpumalanga and Kwazulu-Natal.

All these elements support the conclusion that the results obtained for the present cases are not overly pessimistic. If anything, the bias could be towards excessive optimism.

#### **4.2.4. Summary of findings for Research Question 1 and triangulation with econometric findings**

Participation in the land redistribution projects sampled in this study has brought about seemingly large net gains for labour tenants, and moderate net benefits for most beneficiaries among the minority still involved in comparatively successful projects. For the remaining majority of beneficiaries, however, small to moderate net losses are registered. And this conclusion is unlikely to be overly pessimistic if generalised to other land redistribution projects. This indicates that participation in land reform projects is unlikely to have generated favourable welfare outcomes for the majority of participants, in line with my econometric findings. Moreover, the low incidence of net benefits from participation suggests that most 'beneficiaries' may be worse-off as a result, not only compared to non-participants, but also, and more worryingly, compared to themselves before taking part in the projects. However, case study findings concerned with the transmission of net benefits/losses into changes in welfare outcomes paint a less bleak picture, since losses (and also, in most instances, gains when they exist) appear to have been too small to have wide repercussions on these outcomes.

Indeed, annual expenditure per capita and average durables wealth have, on average, increased in both successful and unsuccessful groups, but more so in successful projects. Nevertheless, the transmission of participation gains into positive changes in these welfare outcomes appears uncertain, as I do not find a positive correlation between, on the one hand, net benefits and, on the other hand, changes in expenditure and asset ownership for the whole sample. One exception is the positive effect of participation outcomes on asset ownership in labour tenant projects.

In addition, despite the existence of risks related to participation, household overall exposure to downside risk (i.e., vulnerability) has not been much affected by participation, neither *ex post* nor *ex ante*. When looking more specifically at changes in vulnerability to inadequate diet, the impact of participation is discernible in terms of *perceived* food insecurity, which is found to decrease in successful projects and increase in unsuccessful projects. However, protein intake does not appear to be influenced by participation outcomes, especially in terms of *reduced* meat intake. In the two labour tenant projects, own crop production on project land is likely to be improving food security, though it is not possible to know with certainty that more crops are produced by all labour tenants after the land transfer.

Therefore, despite most beneficiaries in my sample having incurred net losses due to participation, the case study analysis suggests that typical levels of income (as proxied by expenditure), realised food insecurity, and vulnerability (measured by *ex post* and *ex ante* risk coping strategies) have been little affected by participation losses and gains, except in the labour tenant projects. Perceived food insecurity, as measured by the degree of “worry” about lacking food, appears more sensitive than the other welfare measures to negative participation outcomes. The findings regarding food security are in line with the sign and comparatively small magnitude of the coefficient to the participation variable estimated in Valente (2008). Indeed, the food insecurity measure available in the LFS is subjective, thus related to food security as *perceived* by respondents, but they is also more ‘objective’ than the general questions about changes in participants’ attitudes asked in the household questionnaires, since the LFS question is about problems satisfying their food needs *experienced* in the previous year, rather than apprehensions not necessarily related to realised crises (as in the household questionnaires used for primary data collection).

The analysis of the impact of participation in this section shows that there is much room for improvement. In the following section, I investigate what the cases studied here allow us to say about the determinants of successful participation.

### **4.3. Research Question 2: Causes of failure and success**

It is clear from the previous section that participants have variable degrees of success in improving their livelihoods through land transfers. I have identified three types of characteristics which may influence the outcome of participation in land reform projects: household ‘time-invariant’ characteristics, characteristics of

participation at the household level, and project features (see **Table** ). In this section, I consider in turn the relevance of these determinants in my case studies sample. I only report here an abbreviated analysis for brevity (refer Valente 2008 for the full version). The approach taken was to consider, first and foremost, correlations between variables identified as potential determinants of returns to participation and returns to participation, based on the household level data collected during structured interviews, and triangulate these with softer evidence based on focus group discussions, and interviews with project leaders and key informants. An epistemological point worth noting is that the conception of truth/validity adopted all through this qualitative study is an objectivist one, contrary to the critical hermeneutics approach often associated with data collection tools such as focus group discussions. In other words, it is assumed that the truth lies in what is external to, or independent of, the mind. And indeed, the hierarchy of evidence in the qualitative analysis gives clear priority to what is least likely to be altered by the beneficiaries' subjective perceptions, thus reducing the risk of epistemological confusion in Q<sup>2</sup> research raised by Kanbur et al, 2007.

#### **4.3.1. Household characteristics and success**

##### **Demographic characteristics**

Net gains are negatively correlated with the age of the household head, although mildly (-7%). When looking at households whose head is 45 or under and other households separately, 'younger' households have lower mean net gains but higher median. However, this comparison may not be very meaningful since only 7 households have heads aged 45 or under. On the other hand, when comparing households whose head is 65 or over (15 households) with the rest of the sample (19 households), the disadvantage of households with older heads becomes clearer. On average, 'older' households received R5,009, with a median of -R8, whereas the rest of the sample received on average R6,872, with a median of 600.<sup>14</sup>

Regarding the correlation between the availability of family labour and gains from participation, the conclusion that larger amounts of available labour improve returns in small-family farms type of projects such as the labour tenant projects is confirmed here, since in these two projects, the correlation between net gains and

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<sup>14</sup> It is however worth noting that in many cases the household "head" is not the main economic decision-maker.

family size in adult equivalents is 40%. However, in the rest of the sample, where people do not live in the projects and do not use family labour much, the correlation is strong too but in the opposite direction (-45%). One could think this due to a positive correlation between gains from participation and initial wealth, along with the presence of credit constraints preventing larger households, who are also poorer, to reap benefits from participation. But as shown below, there is no evidence of capital constraints here. It seems more likely that in non-labour tenant projects, the quantity of available labour is relevant at the project level, where collective activities take place, rather than at the level of individual households.

Households who report having some previous farming experience (27 out of the 34 for whom the answer to this question is not missing), net gains are higher. The experienced group indeed received R6,285 on average, for a median of R0, whereas the inexperienced group received R5,144 on average for a median of -R16. The advantage of *relevant* farming experience seems much more discriminating however. Indeed, the 24 households with an experience in the techniques used in the project received an average of R7,431 (median: R374) whereas the 10 households who did not have any farming experience or any experience with the particular techniques used received R2,735 on average for a median of -R60.

### **Capital constraints**

One could think, from the earlier discussion, that many of the problems faced by land reform beneficiaries would be less widespread amongst better-off people, such as the lack of management skills, risk management, and capital; that better-off individuals are better informed, have higher social status and therefore are less likely to take part in a project which will not benefit them. Indeed, the two officials from the Department of Agriculture interviewed for this study both told me that single individual (LRAD) projects are all doing very well. On the other hand, the advantages of richer individuals regarding their access to complementary production factors (mainly skills and capital) are not very likely to translate into more positive participation outcomes if they are involved in a project where there is no individual use of the land, which is not the case if, as in five out of the nine projects sampled (**LP2**, **LP3**, *LP5*, *LP4*, **MP2**), the farm is used solely for production by the collective enterprise. In the other projects, where at least part of the land is divided between participants, there is indeed qualitative evidence that some better-off beneficiaries

benefit more than the others. For instance, in MP1, individual plots are allocated by the chairperson to beneficiaries who can afford to plough, and given to someone else when the current user is not in a position to do so.

However, it is important to note that better-off beneficiaries also tend to incur higher costs from participation, as they are over-represented among project leaders. As remarked earlier, leaders face a large share of the transaction costs related to the application process, so that they incur the largest losses when projects fail (if they do not compensate for it by helping themselves to the farms' assets), and the opportunity costs of the time and effort of better-off participants is also higher. But there is no one-to-one correspondence between the participants' level of responsibilities within projects and their initial wealth, so that the correlation between initial wealth and financial costs of participation are ambiguous in my sample. There is a positive correlation between financial costs of participation and initial wealth when measured by the initial ownership of livestock, capital, and durable goods, but a negative correlation when initial wealth is proxied by expenditure per capita.

The correlation between initial wealth and net *gains* is also somewhat ambiguous: there is a positive correlation between net gains and initial expenditure per capita, and between net gains and initial livestock ownership, but negative correlations between net gains and both physical capital and durables ownership. In addition, the size and sign of these correlations vary widely across projects (from about -90% to +90% for physical capital ownership, for instance), so that the results reported here at the global level cannot be generalised to specific projects or indeed to other projects. On the contrary, initial livestock ownership matters more systematically, as the overall correlation with net gains is at 36%, with only one project (**LP2**) where the correlation is negative (-11%).

A similar result is found regarding the correlation between net gains and educational achievement of the household head. This correlation varies both in sign and magnitude across projects, so that the overall result should not be generalised to other projects. Overall, however, the correlation is equal to -25%, thus suggesting that, in the present sample, the less educated are not at a disadvantage and indeed manage to derive larger gains (or smaller losses) than households with more educated heads.

In conclusion, I find that 'younger' beneficiary households do better in my sample, in accordance with the wider literature on land reform. Similarly, in

accordance with received wisdom, household labour availability is positively correlated with participation gains when land is tilled individually by beneficiary households. But this does not hold in the more common cases of collective enterprise projects. The impact of initial wealth on participation outcomes is ambiguous: it varies widely across projects and is not robust to changes in wealth variables. Higher levels of education of the household head do not appear to favour participation success but to harm it. On the other hand, previous relevant farming experience (which may be correlated with initial livestock ownership) is strongly correlated with net gains from participation.

### **4.3.2. Participation characteristics**

#### **Circumstances of participation at the household level**

Household characteristics regarding land reform participation, and not only immutable traits, are known to matter for the success of participation in land redistribution. Factors identified in the methodological presentation of the case studies and considered below are (1) that settlers are clearly told what participation in the programme means and what it entails; (2) commitment; (3) when land is accessed as a group, experience shows that the members of the group need to have a common background in order to limit conflict (Oberai, 1988).

#### ***Beneficiaries' information about participation***

There is evidence that in many cases, beneficiaries did not know what they were committing to by taking part in land reform projects. Little information was gathered on this aspect at the household level, hence the focus here on data obtained at the project level. At the project level, lack of information about the realities of participation does not seem to be an absolute determinant of success or failure, since this kind of problem is found both in successful (**LP1, LP2, LP3**) and unsuccessful projects (**MP2**, where beneficiaries were not aware of the large loan contracted by the project). In addition, there seems to be some degree of lack of information regarding participation *outcomes*, since expectations appear to be systematically higher than actual results.

In three projects, all participants seem to have known what participation was about (**MP4, MP3, MP1**). In the two labour tenant projects (**MP4, MP3**), most beneficiaries have simply been doing what they have always done, namely farming,

on land they are familiar with, but with more liberty than before. And despite some DLA worries about potential overgrazing, beneficiaries seem to have improved their economic situation significantly due to land transfers. In MP1 on the other hand, a business plan was built in consultation with the 26 beneficiary households, who should therefore have been not only informed but also ‘empowered’ regarding the nature of participation in their project. The plan reckoned on the implementation of 8 “small group production under larger group ownership” units: “farming of tree crops and perennial crops under irrigation and vegetables; chicken, goat feedlot, muscuvy ducks; fresh produce packing, marketing and sale; general trading store; milling and packing operation; bakery; pleasure resort (restaurant, conference facility, tuck shop, picnic/braai); cultural village and craft/curio shop.” (Scott, 1995, p.3). The business plan acknowledged that “the youth [were] virtually the only people possessing any degree or educational background” and that training would be necessary to get the operations started (p.2). But the cash flow budget presented in the business plan (p.40) assumes that all operations will be functioning by month four. Diverse problems of post-settlement support delivery and the inability for the project to access water<sup>15</sup> implied that the business plan was never implemented (despite the apparent enthusiasm of the beneficiaries to making it happen) and the land has only ever been used for collective or individual crops, at first with no success due to poor fencing, and afterwards on a very uncertain basis due to lack of water.

All in all, it seems that the degree of awareness of the conditions of participation among the beneficiary group is no guarantee for success. On the other hand, this awareness, and access to other information once the project is functioning may be a determinant of gains and losses at the household level (e.g., in the case of corrupt leaders in *LP4* and *LP5*). As the land is transferred and projects start their activities, then more information becomes available about the costs and benefits of participation, and therefore people can revise their pay-off expectations. The large numbers of people quitting projects would suggest that the revision is substantial. Besides the willingness of individuals to reimburse their sunk costs (transport, time, effort), the adjustment process can be slowed down by asymmetric information within the project about the productivity of other members and other elements influencing pay-offs such as production costs at the project level, the health of crops and

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<sup>15</sup> which used to be drawn from the adjacent property under the former landowner.

livestock, or market prices. The longer it takes for a participant set to have a negative pay-off to pull out, the larger his or her losses.

### ***Beneficiaries' commitment***

It is difficult to judge the degree of commitment of individual households without a long-term ethnographic study of the communities visited. In projects where no benefits have been generated so far, households still trying to keep the project going (as in **LP2** and **LP1** before some gains started to be made 5 or more years down the line) or trying to revive it (*LP4*, *MP2*), are certainly quite committed. In **LP3**, where the chairperson spent 3 years between the application and the actual land transfer planning the project, getting the information and knowledge necessary to run such a project, there is also evidence of commitment. Again however, members' commitment can be found across the border of success and failure, which confirms the idea that commitment is a necessary but not sufficient condition for success (Oberai, 1988).

### ***Beneficiaries' common background***

In *MP4*, *MP3*, **LP3**, *MP2*, *LP5*, and *LP4*, households come from the same community and sometimes even from the same family (*LP5*). Again, this cuts across the border of success and failure. And in the three other projects where people do not all come from the same village (*MP1*, **LP1**, **LP2**), the one with the least origin diversity (*MP1*) is the one doing less well. Even more surprising, it is in the project with the strongest links (*LP5*) that corruption and subsequent conflict have been most fierce.

On the other hand, when communities have had a long history of land-related hardships in common (*MP4*, *MP3*, *MP2*), the only example of lack of success (*MP2*) came about as a consequence of a combination of a natural disaster and management error (lack of crop insurance) which would arguably not have occurred if this community had been transferred land to be used in a way similar to their subsistence tradition rather than on a large-scale commercial basis for which they did not have the adequate skills.

The conclusions regarding the importance of household level participation characteristics in determining success are thus that (1) information about participation is useful but neither sufficient nor necessary; (2) commitment to the project is a necessary but not sufficient condition for project success; and (3) coming from the

same community (or indeed the same family) is not enough to ensure success or prevent blatant failure. However, a stronger bond based on common hardship related to tenure insecurity and land expropriation seems to be a solid rock for successful common land acquisition, though it is again no guarantee of success.

### **Selected characteristics of participation at the project-level and success**

#### ***Cooperative structure/collective decision making***

Among the group of successful projects, three are mainly organised as a collective enterprise (**LP1, LP2, LP3**) and two as a group of independent farmers (**MP3, MP4**). At first glance, it thus seem that the collective nature of decision making does not strongly influence project success. However, when looking closer at the three former collective projects, it does appear that collective enterprises are at a disadvantage. First, we have seen that in **LP1**, non-negligible net benefits, if any, come from production on individual plots (see Table and Table ). Second, interviews in **LP3** pointed to the fact that the chairperson had actually prevented collective decision making in the past when he felt that the decisions that were going to be taken would threaten the viability of the project. Moreover, the two projects sampled as unsuccessful (**LP4, LP5**) are both exclusively collective enterprises. In total, it appears that only one truly collective enterprise has managed to bring about economic benefits to its members (**LP2**).

#### ***Own contributions***

Total participation costs are on average higher in successful projects (R387 versus R100 for the other projects). This may be seen as an argument in favour of own contributions by beneficiaries, but it can also be argued that beneficiaries invest money (e.g., transport fees) in the project *because* it is successful, and conversely stop investing money *because* the project is not. At the household level, payments in cash or kind received from the collective enterprise are almost completely disconnected from the value of cash contributions. The correlation coefficient between these two variables is indeed 0.01. And when only payments in cash are considered, the correlation even becomes slightly negative (-0.05). In addition, concerns discussed earlier about the judiciousness of decision-making in independent agricultural activities are confirmed by the weak correlation between agricultural costs and farm benefits at the household level (0.19 for households who reported some individual

farming activity). It therefore does not seem that own contributions either to collective or individual production are an essential determinant of successful participation.

### ***Lack of complementary assets***

In this section, I tackle the question of whether project success is determined by the availability of adequate levels of capital and skills. I consider in turn capital constraints and skill shortages, before turning to the related question of the adequacy of public support. For each point, I will use two levels of analysis: (1) arguments based on ‘facts’ reported in focus groups discussions and interviews with the project authorities and key informants, and (2) *perceptions* by beneficiaries (through group discussions, interviews with project representatives and household questionnaires) and key informants.

#### **Capital constraints**

Lack of capital appears to be an important hindrance to the success of the projects sampled. Indeed, in many cases, some expenses could have prevented production destruction by wild animals and vandalism through better fencing and the hiring of security guards (**LP1**, MP1, MP4, **LP2**), and could have prevented periods of absence of production through the acquisition of equipment (especially tractors) or newer equipment which would not break down so often (MP1, MP3, MP2).

This is confirmed by the perceptions of beneficiaries and key informants: in six of the nine projects visited (all except **LP2**, MP3, and LP5), the lack of funds/capital/money was mentioned as a hindrance to the success of the project. For instance, one focus group participant in MP1 told us:

“I would request the department to give me money before I get the land so that I can achieve my expectations (plant maize and sell them as they are or grind them first and sell them afterwards). Because I have discovered that without money, it is not easy to manage a project of this type. We don’t have money, that’s why we are failing to produce as we expected.”

And in a comparatively more successful project (**LP1**), the same constant preoccupation with working capital is present:

“We needed cash to maintain the farm and the government was not giving us cash. In addition, when we got here, the farm assets were dilapidated. Between the time negotiations started and the actual land transfer, the previous landowner has deliberately stopped maintaining infrastructure and the government wasn’t proactive in making them maintain the infrastructure, so there were quite a lot of things for which we needed cash and the government was not forthcoming with cash.”

A particularly poignant comment was made by a member of MP2:

“You know, my heart hurts. When I go to the farm, I feel like crying. The soil is very fertile, it has everything except finances.”

In addition, even in projects where beneficiaries did not mention spontaneously the lack of finances, they all complain extensively about the lack of government support in terms of other factors of production – which ultimately could be acquired directly by themselves if they had more capital (equipment such as fencing and tractors in particular, water, electricity). And when asked directly whether their project lacked capital to invest in production, all project leaders answered “yes”.

Of course, suggesting that these projects lack working capital does not mean that with more capital they would necessarily bring about more benefits to their beneficiaries since (1) other complementary factors are not present among beneficiaries and (2) corruption is very common amongst project members (e.g., in *LP4*, *LP5*, **LP1**). And indeed, participants identified a lack of capital in *all* projects, so that the mere *existence* of an identified lack of capital does not seem to discriminate successful from unsuccessful projects. It is difficult to investigate satisfactorily the intensity of actual capital constraints, which could be a stronger determinant of success. However, it is worth noting that (1) no project applied for a loan and did not obtain it, (2) projects who obtained a loan (*LP5*, **MP2**) are both virtually bankrupt, and (3) among the seven projects where no loan was contracted to finance operations, the reasons invoked by project leaders for not having applied for a loan do not suggest credit rationing. One project leader out of the seven said they did not apply for a loan because they did not need to, and five said that they did not apply because they would not have been able to repay the loan.

### **Skills**

First, lack of farming skills is apparent in the case of **LP1** and **LP2**, where cattle were reported to have been lost to disease without the beneficiaries knowing how to treat them. In addition, a key informant reported that a piggery had to be shut down at **LP2** because of the low standards at which the pigs were being maintained and which prevented all hope of marketing them. In **LP3**, the chairperson reported that the chicken rearing activity is not being very productive, with the animals “dying in large numbers”. In **MP2**, members “were not aware that [the service providers] were putting in the wrong pipes, and [they] did not know there was something called chloride you had to put in the water to purify it”, which subsequently created

disastrous problems in their irrigation system. A focus group participant in **LP1** also observed that “most people are not capable of identifying the seeds they want to use”.

Many instances of poor management skills can be found in the focus group discussions and the interviews with project authorities and key informants. In **LP1**, for instance, when asked about the performance of other projects, two participants insisted on the bad management of other projects, and especially on the lack of provisioning for farm maintenance costs, suggesting poor management elsewhere. However, the very same people are members of **LP1**'s executive committee and thus responsible for the fact that members are not asked to contribute towards water, electricity and other maintenance costs to plough their individual plot of land, so that the collective enterprise ends up having to pay for these.

Marketing skills also seem to be lacking. In **LP3**, the mangoes produced are not treated to prevent black spots, so that they cannot be marketed as export-quality mangoes. And in successful **LP2**, cattle sales were not based on the observation of market prices before a specific training was received 6 years after the start of operations. Finally, a general lack of understanding of what is profitable seems prevalent, witness the remark of a focus group participant in **LP1** that “though we all have 2 Mogan,<sup>16</sup> some families may yield more than others (even when they plough the same area), and others may yield more but without realising that they have also spent more. There is no monitoring, people do not weigh cost against the yields”. Another illustration of this lack of weighing of costs against yields is the idea expressed by a focus group participant in **LP3** that

“If you feel that it is your farm, there is no way you are going to stop coming because of economic cost. In as much as some people may say that, we believe it was lack of commitment. It has nothing to do with money or cost”.

Almost the same remark was made in **LP1** about transport costs only being an excuse for people having stopped coming to the farm.

The picture derived from the analysis of indirect evidence on the beneficiaries' lack of relevant skills is reinforced by the perceptions of both beneficiaries and key informants. Skill shortages were mentioned spontaneously in half the projects (**LP3**, **LP5**, **LP4**, **MP2**), and in **LP1**, there was an ambiguous remark about people “who look after the soil properly” being more successful. In all interviews with project leaders except those carried out in the two labour tenants' projects, respondents

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<sup>16</sup> Mogan are the most usual unit used by black South Africans to measure land area. It comes from the Afrikaans “Morgen”, and on ha is equal to just under 1.17 Morgen/Mogan.

answered yes when asked if their project lacked farming and management skills. Interestingly, in all successful projects except the least successful within this group (**LP1**), leaders said that what they lacked most was money to invest in production, whereas leaders in all the other projects except MP1 said what they lacked most was skills, which points at the primacy of skills over capital in determining success.

Skill shortages were also mentioned by 4 out of 5 of the key informants interviewed in depth:

“People basically couldn’t have the skills, the markets, the production capital available and even in some cases the equipment to immediately continue the farm as a commercial entity” (Land rights NGO activist, Mpumalanga)

“Most of these willing-buyers know nothing about farming...that is my problem.” (DoA official, Limpopo)

“They don’t have the capacity required for the projects we’re buying for them in terms of knowledge, skills, and all those things, that’s a challenge” (DLA official, Mpumalanga)

All in all, it appears that all projects except the labour tenants’ experience some degree of skill shortage, so that it is unclear whether skills are determinant in explaining success. When looking at the two other unambiguously successful projects (**LP2**, **LP3**) in more detail, it seems that they enjoy a higher degree of adequacy of skills with their activity than in other projects such as *LP4*, MP1, MP2 and **LP1**, where a majority of project members either have no farming experience and had no agricultural training (*LP4*), or do have farming experience, but no management experience or training in line with the commercial orientation of their project (MP1, MP2 and **LP1**). It is interesting to remark that in both **LP3** and **LP2**, success has come despite the *initial* lack of some necessary know-how (farming skills in **LP3** and marketing skills in **LP2**), which were adequately compensated for by the regular support of an extension officer in **LP3** and by specific training by the Agricultural Research Council in **LP2**. This is in contrast with **LP1**, for instance, where training was received by some project members, but where the trained individuals were subsequently driven away by the project’s executive. Nevertheless, in the project where the initial level of skills was arguably highest (*LP5*, where at least two participants were qualified farmers), production was initially very satisfactory but did not allow most participants to reap any benefits due to corruption. It seems therefore possible to conclude that (1) the availability of skills suitable for the nature of project operations is a strong determinant of success, (2) some skills can be successfully acquired by adequate training and support, and (3) the availability of skills may not suffice to ensure gains for participants if corruption is allowed to take place.

### **Government support**

The one problem that all focus groups and/or project leaders mentioned spontaneously (i.e., not just when asked about it directly) was a lack of support by the government services involved in land reform. The complaints ranged from general criticism about the fact that only land was transferred to them but not the equipment, funds, or skills to use it...

“There was no assistance from the government. The grants were only meant to pay for the land itself. There was no other support, no money to buy equipment or other. They only bought us the land and left us without any education or any monitoring.” (a focus group participant in MP2)

...to more specific grievances about the absence of water and electricity (**MP3**), equipment provision (e.g., **LP3**, **MP1**, **MP4**), finances (**MP1**, **LP4**, **LP1**), livestock to start a communal enterprise (**MP3**), “monitoring” of the project’s progress (**MP2**), training (e.g., **LP5**, **LP3**, **LP4**), housing (**LP1**), more extension services (all projects except the labour tenants’ and **LP3**). It can be expected that the provision of extension services is indeed low, as the extension officer I interviewed was in charge of just under 50 projects, up to 140 kilometres away from each other (including **LP2**, **LP5**, **LP4** and **LP1**).

Despite the complaints summarised above, when interviewed individually most households agreed or strongly agreed with the statement that they had received all the support they needed from the government services involved in land redistribution. This observation holds both for successful projects (where 19 households out of 27 agreed) and for not successful projects (for seven households out of eight). Indeed, in most cases, complaints point at a lack of timeliness of government support rather than at an inappropriate volume of support.

### ***Conflict***

Another hindrance to the good functioning of the redistributed farms identified in earlier chapters is interpersonal and organisational problems. Some degree of conflict was observed in all projects except the labour tenants’. The mildest versions of conflict were found in **MP1** and **MP2**. In **MP1**, the chairperson suggested that there was some suspicion of corruption by some members of **MP1** vis-à-vis herself, and the former treasurer of this farm said that members were dissatisfied with the way land plots were allocated to participants by the chairperson. In **MP2**, focus group participants reported disagreement between project leaders at an early stage which

induced conflict about the issues to be put to ordinary members and ultimately paralysed the decision-making process. They were, however, very understanding in relation to the failings of their former leaders:

“I remember there was one time we had a meeting and our leaders disagreed upon some items for discussion. And also the second meeting they had arguments and differences. Then you see when our leaders do not agree, then we can’t make any decisions. But we do not blame them because they had no experience and were not trained to conduct meetings and resolve disputes.”

Another source of conflict was mentioned in MP2, namely conflict arising after projects members found out they were not going to be paid for their labour. In **LP2**, a slightly stronger level of conflict was present at the early stages of the project, due to a misunderstanding regarding the objectives of the land acquisition. Many formal beneficiaries thought that the farm was being acquired to provide communal grazing land, whereas the objective of the Department of Land Affairs and the project leaders was to pursue a commercially-oriented collective livestock enterprise. In addition, the interview with the project representative uncovered conflict between members who want to borrow money to invest further in the farm and those (generally older) who refuse this investment as well as the introduction of new techniques. In **LP3**, conflict arose over the distribution of farm revenue, which led to 12 out of the 20 beneficiaries initially employed on the farm to quit, with some of them stealing farm assets. In **LP1**, the focus group discussions and comments by a DLA official in charge of the project revealed a clear divide between two factions, corruption among former leaders, and widespread tension. During a monthly meeting I attended, I was given a standing ovation because, I was told, my presence had prevented the usual open arguments and had therefore allowed them to have a constructive meeting. In **LP4**, an ongoing conflict between the former leader – who stole at least the tractor and car given to the project by the DLA – and the remaining members was very clearly identified by all beneficiaries interviewed and key informants having been in contact with the project. A legal procedure is underway. In **LP5**, the one remaining active beneficiary reported that two members of the family to whom the farm had been transferred had run away with all the profits, which was confirmed by a DLA official. Fortunately, none of the projects surveyed presented extreme examples such as those reported by a focus group participant at MP2 and a land rights activist, who both mentioned cases of manslaughter.

The prevalence of conflict is identified by beneficiaries as an important issue, witness the fact that the need for cooperation and unity is presented as a condition for success in five out of nine projects. Conflict is visible in all groups except the labour tenants', irrespective of whether these projects are successful in improving the livelihoods of their beneficiaries or not. However, it seems that in most projects, groups evolve progressively towards a more coherent entity, often much smaller than the group of formal beneficiaries, but sometimes too late for even this small group or individual to restore production (as in MP2 and LP5 where this was only achieved after bankruptcy). Illustrations of this painful evolution towards a sustainable group can be found in **LP3**, where a conflict over the modality of distribution of profits led to the formation of a more homogeneous group, as confirmed by a focus group participant who told us

“when we began, things were difficult, now everybody's actually putting physical work into the project. Now things are better because many people have quit the project. Those of us who are left are prepared to work hard.”

Similarly, in **LP2**, where there were divergent land use intentions among participants, informants say they felt “relieved” when people left.

### ***Project size, SLAG, LRAD***

Deininger et al. (2000) find that the average size of projects that they consider to be viable is significantly lower than that of the non-viable projects. The present study shows that, despite the existence of coordination problems due to beneficiaries accessing land as a group, small size is by no means a guarantee of success. Only one of the not successful projects sampled (MP2) comprises more than 30 households (a small size for South African projects standards), and the main reason for the failure of this project is not related to coordination problems, conflict, or other ills associated with its large size (200 households). The most shocking case of corruption which led to project collapse was found in the smallest project (LP5, with 9 members), and the two next smallest projects (MP1 with 26 members and LP4 with 30) are not successful either. LP4 was even purposefully sampled as unsuccessful. On the other hand, the two labour tenants projects are both comparatively small (between 33 and 38 beneficiaries) and do quite well. Finally, the average initial size of the three non-labour tenant successful projects (**LP1, LP2, LP3**) is just over 200. In total, it does not seem that size is a strong determinant of success, although smaller projects are arguably less prone to conflict and coordination problems.

Since the main purpose of the shift from SLAG to LRAD was to reduce the ‘rent-a-crowd’ phenomenon, which has been seen as one of the main problems facing land reform projects in South Africa, I consider here whether LRAD projects are performing better than SLAG projects.

It does not appear that SLAG projects are systematically less successful since two out of the five successful projects are SLAG (**LP2**, **LP1**), and only one of the non labour-tenant projects is a successful LRAD project. However, household data shed doubts on the classification of **LP1** as a successful project. And indeed, net gains by individual households appear to be positively correlated with being in an LRAD project (excluding *LP5*, for which project there is no such information as only one member was left to be interviewed). Average net gains for last year are –R230 in SLAG projects and ranging from –R5,694 to R2,491, whilst average net gains were R12,330 for LRAD projects (R5,130 when excluding labour tenant projects settled by LRAD) and ranging from -R2,866 to R73,238 (or between -R496 and R16,638 when excluding the two labour tenant projects). Caution should prevail when looking at these results since (1) the projects selected are not representative of either SLAG or LRAD projects and (2) households interviewed are not representative of the projects’ populations. However, what seems to be happening when looking at net gains by project (see Table ) is that large gains, when they occur, occur in LRAD projects, whereas SLAG projects exhibit losses sometimes quite high (as in **LP1**) to moderate gains (**LP2**).

## 5. Conclusion

Econometric evidence based on a ‘second-best’ national household survey (LFS) confirms the negative impressions of commentators on the impact of the South African land reform on its beneficiaries, since it indicates that beneficiaries tend to be made more food insecure by participation compared to non-beneficiaries with similar characteristics. In this paper, I add a qualitative component to the LFS-based quantitative analysis using in-depth, small-scale primary data specifically collected to triangulate and complement the econometric analysis.

The qualitative data confirms the plausibility of the quantitative findings, insofar as it indicates that participation in the land redistribution projects sampled has brought about comparatively large net gains for labour tenants, and moderate net benefits for most beneficiaries among the minority still involved in comparatively

successful projects. But for the remaining beneficiaries, who constitute the vast majority of participants, small to moderate net losses are registered. And this conclusion is unlikely to be overly pessimistic if generalised to other land redistribution projects, which corroborates the econometric findings.

However, participation outcomes do not appear to be an essential determinant of changes in welfare variables outside labour tenant projects, so that neither typical living standards nor household vulnerability appear to be strongly affected by participation in either direction. Welfare impacts are more visible among labour tenant projects both because (1) net gains are larger as a consequence of a better correspondence between beneficiary endowments (especially skills) and land use, but also because (2) these gains translate more markedly into welfare outcomes, arguably because of the larger share, in the livelihoods of this group, of agricultural production on project land. Overall, the impact of participation on food security is discernible in terms of perceived food insecurity, but protein intake does not appear to be influenced by participation outcomes. This finding is in line with the sign and modest size of the econometric estimates of the participation coefficient. Somewhat surprisingly, changes in expenditure and wealth are even generally negatively correlated with net gains from participation. This might be indicating that households who make the most of participation also forego larger returns to their effort and money elsewhere, or on the contrary that the households with the least income opportunities outside land reform projects have a stronger incentive to make the most of participation. The small size of the present sample and the absence of data on outside options do not allow more than speculations as to the reason for the negative correlation observed.

The analysis of determinants of successful participation suggests that participation outcomes could be improved by (1) targeting 'younger' households with relevant farming experience, and a common history of land deprivation; (2) avoiding collective project structures or at least collective decision making and, when such structures are in place, introduce random audits to prevent corruption; (3) improving the information process at the application stage; (4) screening the applicants on the basis of the economic viability of the projects; (5) improving extension services delivery ; and (6) adapting land use plans to skill availability in order to limit the reliance on training (which may not be delivered on time) and reduce project dependence vis-à-vis government support. Such an evolutionist approach would be in contrast with the more transformationist take on land reform implemented so far in

South Africa, where implementers' preferences for a certain type of commercial agriculture have prevailed over the needs of the beneficiaries.

Fortunately, the analysis also suggests that land transfers could be targeted at poorer candidates at no or little efficiency cost, since capital constraints do not appear to be a major determinant of participation outcomes. In other words, my findings suggest that screening applicants on the basis of economic viability would not equate with targeting the non-poor. One caution is however necessary: the result that initial household wealth and participation outcomes are not systematically positively correlated in the present sample may be due to the predominance of collective projects in the sample (as in the country at large). If the programme was to be geared towards expanding small-scale family farming, then capital constraints may become binding, and complementary measures aiming at easing access to agricultural credit may be needed in areas where no adequate lending institutions are in place. The labour tenants sample is extremely small, but if we limit the analysis to these projects, where land is operated on a family basis, participation gains are found to be more robustly correlated with initial wealth than elsewhere,<sup>17</sup> which reinforces the suspicion that the absence of strong capital constraints may not hold in family farm projects.

Another encouraging finding is that there may be room for improvement in the implementation of land transfers without increasing costs, since timeliness rather than volumes of government support appear to be at fault.

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<sup>17</sup> The correlation between net gains and initial expenditure per capita and between net gains and initial livestock ownership is positive in both labour tenant projects, and so is the correlation between net gains and initial durables and capital wealth in MP3. But the latter correlation is negative in MP4.

## Appendix

### Value of livestock, physical capital, and durable goods:

as valued by the household (at replacement value) when such information is not missing in the household questionnaires. Otherwise, items are valued at the average value reported by respondents for similar items.

### Value of agricultural production in the past 12 months:

**Crops:** the value of crop output is calculated as the quantity of crops harvested in the past 12 months minus crops given to pay for hired labour or for rent, priced at the national average retail prices for these crops according to data from the Department of Agriculture, corrected for inflation (using Statistics South Africa Consumer Price Index data). The crops are not valued according to the information collected from households as the unit price variations from one household to the other are unreasonably wide.

**Livestock:** for animals other than cattle, livestock output is valued as the sum of the number of each type of animal sold or slaughtered minus animals bought in the past 12 months times the average unit sale price reported by the households interviewed. For cattle, the annual produce was computed as the value of cattle sold plus the value of cattle slaughtered. The value of cattle bought was not imputed due to the particular role of cattle ownership in the communities visited (e.g., store of wealth).

### Expenditure:

Weighting: adult-equivalent expenditure data from the household questionnaire data

Past expenditure data is corrected for inflation since the year of application using Statistics South Africa Consumer Price Index data. The weighting of past expenditure to obtain past expenditure per adult-equivalent is done on the basis of the current scaled size of the household, plus any number of members who have left the household since application, minus any member who have joined the household since application, and giving them an adult-equivalent weight equal to the average scale in the current beneficiary population.

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