Shoots of realism emerging for land reform

By Theo Boshoff

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It may be a bit of a cliché, but if there is a silver lining to be found in the post-Covid economic situation it is the following; policymakers and the industry must put aside ideological differences and adopt a more practical approach to land reform, agricultural development and other economic policies.

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South Africa simply cannot afford to throw money behind experimental projects that may end up becoming white elephants.

To government's immense credit, the last six months have seen some real strides towards practical solutions for land reform and farmer development that seeks to make the best of what we have at our disposal as a collective. The combination of blended finance, a comprehensive approach to producer support and the Minister's recent pronouncements on the release of state land together hold great potential towards growing the agricultural sector.

South Africa's struggle to achieve an equitable dispensation for land ownership is well documented and much has been written about the pros and cons of various land reform models. One aspect which has consistently been overlooked, however, is that the state owns significant tracts of unused land.

To be clear, the state will always be the largest landowner as public land is required for infrastructure works, conservation, defence and numerous other purposes. But despite these legitimate requirements, the state was still able to identify almost

700,000 hectares of land that can be made available for beneficiaries to farm without encroaching on the legitimate needs of the state. This is indeed low-hanging fruit (pun intended) and is a welcome development.

Land may be the biggest hurdle for new entrants but finance is also required for various factors that go into production. Land reform beneficiaries have largely been starved of capital as the state grants can only reach a few beneficiaries and can result in unwanted dependencies on state funding.

On the other hand, insecure tenure rights awarded to beneficiaries mean that they cannot use the land as collateral and hence credit legislation prevents commercial financiers from providing commercial loans. Blended finance seeks to address both challenges by 'blending' commercial finance with a state grant to provide a hybrid for of finance at subsidised rates.

Industry and government have used the lockdown months productively to thrash out the details and government is currently consulting with broader stakeholder groupings on the proposal. Essentially, the scheme seeks to give effect to chapter six of the National Development Plan by sharing the risk between lenders, the government and the beneficiaries themselves to provide affordable finance to accelerate land reform and the commercialisation of new entrants to the agricultural sector.

Finally, the Comprehensive Producer Development Support Policy seeks to leverage all available expertise by creating partnerships between government extension services, agribusinesses and commodity organisations to provide new entrants with a comprehensive support system. This can include training and skills development, mentorship, extension services, etc.

Admittedly both government and the private sector have been offering these services for a long time. What the policy seeks to change is merely to coordinate efforts and ensure that all farmers registered in a single farmer register has access to support from one source or another.

It may be early days and the various programmes and policies will invariably run into challenges and need tweaking to address problems, but the building blocks seem sound. These three initiatives hold great potential to be the practical, results-driven programme which land reform and farmer development is crying out for – watch this space!

Source: Agbiz

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