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## Summary of the Policy Brief on Safeguarding Tenure in Smallholder Agriculture in South Africa

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### 1. Introduction

This Policy Brief was prepared on behalf of and for the National Multi-Stakeholder Platform (MSP) on Land Governance in South Africa, with the support of the Food and Agriculture Organization of the United Nations (FAO). The development of the brief was managed by the Association for Rural Advancement (AFRA) in its capacity as Co-Chair of the MSP, and as the Secretariat for LandNNEs, the Land Network National Engagement Strategy of South Africa and the Civil Society. The brief provides analysis of the complexities around smallholder agriculture in South Africa, tenure, business development, access to markets as well as agro-ecology. It is aimed at supporting multi-stakeholder dialogues with government, Civil Society Organisations and United Nations Agencies with an intention of developing national policies in line with the FAO's Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGTs, 2012).

### 2. The current situation in brief

Climate change as well as ineffective government policies and strategies, which have resulted in the lack of targeted support, are some of the factors threatening the sustainability of smallholder farms in South Africa. The term "smallholder" is often disputed, particularly when it refers to land size. An alternate characterisation of smallholder is the idea of the family farm that use of family labour and family management of the farm.

While the lowest contributors to carbon emissions are the most vulnerable, climate change induced flash floods, fires, and extended droughts have had a devastating effect on smallholder farmers, the poor in rural and urban spaces. Poor land reform implementation, incomplete policy shifts, dwindling budgets, institutional weaknesses, corruption and climate change led to recommendations for a new Land Redistribution Bill, reflecting the VGGTs, to replace Act 126 of 1993. The May 2019 Presidential Advisory Panel on Land Reform Advisory Panel report warns that climate change and land reform policies must be considered simultaneously to prevent negative outcomes for both.

The structural transformation of South Africa's commercial agricultural sector has been shaped by the patterns of consolidation, intensification and mechanisation. While these trends are typical of middle income economies, in the South African context they are influenced by non-economic factors among the predominantly white large-scale commercial farmers. Firstly, fear of loss of land to land claims through the land restitution process has led farmers to shed jobs and invest in mechanisation. Secondly, greater regulation of the sectors and farmers' unwillingness to comply with labour law, has resulted in the increase of temporary labour. Lastly, farmers are responding to the 'cost price squeeze,' which reduces the marginal rate of return per unit area by boosting their areas through input intensification as opposed to labour.

Primary agriculture is now dominated by fewer farms but the sector produces surplus food and has recorded an increase in productivity. However, the more dynamic subsectors such as wine and wool generally target export markets that fetch higher earnings while local food demand among the poorer households, is met through the imports of cheap foods such as wheat, frozen chicken pieces and rice. Since the sector produces enough food to feed the population, food insecurity in South Africa only exists at the household level as a direct result of poverty and unemployment. Hence social grants play a critical role in helping households push back poverty and improve their food security. Although government expenditure on social grants represents one of the largest subsidies to the country's agricultural sector, only a small portion of this is captured by black commercial farmers. Current government agricultural support policies and strategies do not identify or support public sector procurement from small producers and traders.

#### 4. Typology of smallholders

	<b>Subsistence oriented smallholders</b>	<b>Market oriented smallholders in loose value chains</b>	<b>Market oriented smallholders in tight value chains</b>	<b>Small-scale capitalist farmers</b>
<b>Objectives of production</b>	Household consumption	Household consumption + cash income	Cash income and some household consumption	Profit
<b>Proportion of marketed output</b>	None or insignificant	50% or more	75% or more	100%
<b>Contribution to household income</b>	Reduces expenditure on food	Variable: from small to significant	Significant	Very significant
<b>Sources of labour</b>	Family	Family + some hired	Family + significant numbers hired	Hired
<b>Mechanisation</b>	Very low	Low	Medium to high	High
<b>Capital intensity</b>	Very low	Low	Medium to high	High
<b>Access to finance</b>	Absent	Some	Significant	Very significant
<b>Numbers in SA</b>	2-2,5 million HH	200-250 000 HH	5000?	5000?

Source: Cousins and [Chikazunga](#) (2013)

**Table 1. Typology of smallholders**

Smallholders in South Africa invest in multiple, diversified livelihoods, including social grants; part-time, seasonal and wage work and small enterprises (e.g. selling airtime). The households most likely to sustain or expand their farm production are those able to combine incomes from diversified sources, including wage earners who remit a significant portion of income back to the rural home, the elderly who receive old age pensions and who can use some of

this income to employ (part-time), or to fund inputs. Farmer support in South Africa has been dominated by a neoliberal development model that promotes large-scale commercial agriculture, the integration of farmers into corporate value chains and a narrow approach to small-scale agriculture that is focused on farmer's ability to 'graduate' to larger scales of production. While some black commercial farmers have benefited from the state-led farmer support programmes, these programmes have failed to deliver on the targets set out for smallholder farmers. Smallholder commercial farmers have been able to access markets successfully and grow by supplying informal traders and participating in loose value chains with less stringent requirements than those imposed by supermarkets and formal markets.

## 5. Recommendations

The diversity of smallholders in South Africa means that a range of climate adaptation measures are likely to be adopted at local levels. Using the Cousins and Chikazunga (2013) typology, climate adaptation strategies should be designed for different farmers as follows:

**Subsistence oriented smallholders** would benefit from *learning from practice, policy and research geared at agroecology adaptations, including water conservation, organic soil fertility, locally managed seed banks, grant finance for infrastructure (particularly micro water systems) and provision of basic services, including land for settlement.*

**Market-oriented smallholders** would benefit from *learning from practice, policy and research geared at supporting agroecology and climate smart adaptations (in soil, water and energy), strategies to strengthen local markets, access to commonage and micro-water systems and accessible blended financial services.*

**Market oriented smallholders in tight value chains** need *policy that prioritises these smallholders as primary beneficiaries of land redistribution. They must be supported through a mix of blended and subsidised financial services to make no-cost conversions to climate-adapting technologies. They also need digital platforms that link producers to consumers, local markets, climate information and extension support.*

**Bigger, commercially-oriented farmers who are at risk of dropping out** of agriculture could either have their farms redistributed to emerging farmers, or be *supported with low interest finance to make conversions to climate adaptive technologies, like those described above.*

**Large-scale commercially-oriented farmers** should be *incentivised through tax rebates* to expand their investments in climate-adaptation technologies (like those described above, including active preservation of wetlands, rangelands and water sources) and to make at least 30% of their land available for redistribution to farm dwellers and communal farmers in the area.

Specific policies and legislative amendments should include:

- The new proposed Land Redistribution Bill must reflect the VGGTs – particularly the unrecorded land rights of smallholders - and address climate change and land reform simultaneously.

- The Interim Protection of Land Rights Act must be strengthened and made permanent. The HLP (2017) proposal is consistent with the September 2019 resolution (UNCCD COP 14, 2019), which notes the urgency of recognising tenure security, including of those who do not have registered land rights, for combating desertification, land degradation and drought. The amendments must take cognisance of the VGGTs, namely, that smallholders must be consulted where changes to tenure are proposed and particularly that proposals to consolidate landholdings must be subject to a cost-benefit analysis from the perspective of all the smallholders currently using the land.
- The concentration in the food system is unsustainable and compounds the vulnerability of the majority of the population to climate change. This requires cross-cutting policy changes as follows:
  - *Agricultural extension policies* must allocate at least 80% of its staff, grant and research resources to households farming for subsistence and sales of surplus to local markets;
  - *Comprehensive agricultural support policies and financial services* should be geared at providing support to enable smallholders and bigger farms to shift to climate resilient practices.
  - *Land redistribution policy* must explicitly aim to restructure the agrarian economy to include those marginalised and stop creating opportunities for political alliances and elite enrichment.
  - *Land use policy* must ensure the preservation of all agricultural land, wetlands, water sources and natural rangelands against conversion, pollution and encroachment.
  - *Consumer protection policy and legislation* must be geared at preventing monopolies and government from acting against the food security of the poor such as collusive practices around staples and basic foods.

## 6. Conclusion

The corporatised structure of South Africa's food system has perpetuated the notion of a dual agriculture systems in which smallholder development is neglected. The policies and strategies in place fail to account for the structural socio-economic factors that prevent smallholder from benefiting from government interventions. The majority of state resources should be geared at the vast majority of smallholders who produce to supplement household food consumption and to sell surpluses in local markets. Not only are they extremely vulnerable to climate change but smallholders also face cash constraints which inhibits their ability to invest in their farms. Agroecology practices that focus on organic soil fertility, water conservation, seed banks, and local producer-to-consumer markets together with amendments to IPLRA, would address climate resilience at the same time as household tenure and food security.