

TRANSACTIONS IN CROPLAND  
HELD UNDER CUSTOMARY TENURE  
A Report of a Study on Lowland Lesotho  
February 1987

by

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## PREFACE

This report presents the findings of a study of transactions in cropland in lowland Lesotho held under customary tenure. The study was funded by the USAID Land Conservation and Range Development Project, as part of a program of assistance to the Land Policy Review Commission and the Ministry of Agriculture on land tenure and related issues.

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## EXECUTIVE SUMMARY

This report presents the findings of a study of transactions in cropland taking place within the customary land tenure system, apart from the provisions of the Land Act 1979. Types of transactions considered are customary sharecropping, renting and leasing, and sale of customary (Form C) allocations. The study was carried out in February, 1987.

The general terms and conditions of sharecropping agreements have changed very little over the years. Land is provided by the land holder, traction for ploughing by the share partner, labour tasks are shared, and the crop is divided equally. An interesting feature of current arrangements is that hired tractors are used more frequently than oxen in providing traction for ploughing and planting. In a sample of sharecroppers, only 40 percent of persons sharing in land owned any oxen.

In the sample survey of sharecroppers, heads of households sharing land out were on average older than the general population of household heads. About two-thirds of those sharing land out were widows. Persons sharing land in were all male household heads. Most had worked in the mines, often for many years. Most owned no land of their own.

Sharecropping appears to be increasing in the lowlands. Land shortage requires an increasing number of younger households and households headed by returning mineworkers to share in land as a principal strategy for gaining access to land. This group finds partners principally among older, female land holders who are unable to command farming resources in addition to land, such as traction and implements. Sharecropping appears to be less frequent in areas where T.O.U. is active. There land holders with cash can secure contract farming services including ploughing, discing, planting, seeds, fertilizer, and pesticides.

Renting, leasing, and reallocation of customary Form C rights through sales are used by a growing sector of commercial farmers to secure land suitable for commercial crop production. The report presents case studies of the strategies used by four commercial farmers to secure land.

The land strategies used by commercial farmers are characterized by a high degree of experimentation. Oral and written agreements, involving cash and in-kind payments, for different periods of time, have been utilized by commercial farmers in renting land. Based on accumulated experience, commercial farmers prefer that rental agreements be in writing,

usually for a minimum of five years. Some farmers have developed their own standard written agreements, which are often witnessed by village chiefs. Forms of payment vary considerably, often depending on the particular needs of the land holder. In addition to payment with cash, renters have remunerated land holders with wage employment on their farming operations, construction services, payment of school fees, and payment of grain.

Most commercial farmers consider year to year sharecropping the least desirable form of land transaction. Farmers cannot be assured they will realize fair returns from very heavy initial investments in fertilizer when the land holder has the option to pull out of the arrangement anytime after the first year. Ambiguity over management control and rights to the harvest also disincline commercial farmers to enter into sharecropping agreements.

For farming projects which require development of permanent infrastructure, such as dairy facilities or irrigation works, commercial farmers require clear title to land. A Form C customary allocation is considered sufficiently secure title to protect all levels of investment. Some farmers have secured Form C land rights through a process of reallocation. Here, a private agreement for transfer of rights is made with a current land holder. The two parties then approach the village chief and request that the rights of the current holder be extinguished, and that the 'buyer' be granted Form C rights to the land. As a strategy for securing good land for commercial farming, purchase of Form C rights is still a fairly uncommon practice. It is likely to become more common as the commercial farming sector grows. Currently more common are purchases of Form C rights in villages near Maseru for development of housing sites, often involving conversion of land from agricultural to residential use.

Due to the effects of increasing land shortage and the growth of a commercial farming sector, the customary land tenure system will come under increasing stress. By virtue of the principle of universal access to land by all eligible Basotho, the land tenure system is expected to provide a measure of economic security to a great number of households. In a generally insecure economic environment, this principle has a great deal of relevance to many Basotho. On the other hand commercial farmers and others, including returning mineworkers without land, are attempting to secure land for more intensive forms of production that can generate higher levels of agricultural production, employment, and income. Both objectives, economic security for a great number of households and higher agricultural productivity, are desirable and necessary policy objectives. Presently these objectives are in conflict and ways need to be found to better accommodate both.

Renting and leasing arrangements accommodate both objectives in so far as they allow more productive farmers access to land while assuring a continuing stream of income to the land holders. Renting and leasing arrangements should be encouraged. Land Act 1979 procedures for sub-leasing land are too administratively expensive and do not have much practical value in the eyes of many land holders and renters. The terms and conditions of renting and leasing agreements should be left to be negotiated by parties to agreements. There appears to be no need for State supervision of renting and leasing agreements, except for helping to settle disputes.

Sales of customary Form C land rights do require State or public supervision. The public has an interest in seeing that the views of sellers' families are taken into account, that purchased land will not be used for speculative purposes, and that land purchases do not lead to undue land concentration.

Two alternative models for regulating transactions in cropland are presented. One model would rely on current Land Act 1979 procedures, requiring conversion of the customary Form C allocation to a lease. Conversion would have to be approved by the Commissioner of Lands. The next step, sale of the lease, would have to be approved by the Minister of Interior. This model would be perceived by parties to transactions as onerous and expensive, and would result in continued extra-legal transactions in land.

A second model is presented, which would provide for transactions in Form C rights, supervised by the village Land Allocation Committees. The L.A.C. would conduct an inquiry into proposed transactions, investigating the views of the sellers' families, and potential implications of the sale to speculation and land concentration. Reasons for not approving transactions would have to be stated in writing. The parties to transactions would be able to renegotiate agreements to the satisfaction of the L.A.C., or could appeal the L.A.C.'s decision to the Principal Chief or the Commissioner of Lands.

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I. Introduction

. This report presents the findings of a study of agricultural land transactions in lowland areas of Lesotho. The study was carried out in February, 1987. The purpose of this brief research exercise was to provide the newly established Land Act Review Commission and the Ministry of Agriculture with some current information on the nature and extent of transactions in cropland occurring within the customary land tenure system.

There is a large amount of anecdotal evidence suggesting that the customary land tenure system is accommodating new types of transactions typically not associated with customary tenure rules or practices. These transactions take the form of renting, leasing and even selling customary allocations of land. Examples include the following:

1. Rental agreements between entrepreneurial farmers and land holders short of labour, management skills, traction, farm implements and other inputs. The parties will agree on a rent and often on a multiple year rental period.

2. Agreements between government or donor-funded agricultural projects and a group of farmers, in which farmers pool their land into a single management unit, which is farmed under project supervision. Land holders may be paid a wage on the basis of their labour contribution and profits may be distributed among land holders on the basis of labour contribution or size of holding.

3. Although not sanctioned by customary law, there are reports of land being 'sold' outside of the provisions of the Land Act 1979 (which permits sales of registered agricultural leases, subject to the approval of the Minister of Interior). Typically, these 'sales' involve a buyer and a seller agreeing on a price for the holding. The two parties to the transaction would then advise the village chief that the land should be reallocated to the buyer.

In addition to these fairly new types of transactions, traditional sharecropping arrangements continue to have importance in the lowlands. Here, a land holder short on inputs such as draft power agrees to farm his or her land by shares with another party who is able to provide draft power, supplementary labour, and other inputs.

There is a general absence of reliable information on important aspects of the transactions listed above. The study was undertaken because it was felt that the work of the Land Act Review Commission could benefit by a more complete understanding of the nature and extent of land transactions involving customary allocations, made apart from the Land Act. Tenure arrangements may be evolving that accommodate a wide array of intensive, commercial production practices. Alternatively, certain aspects of new practices may be creating long-term problems which could be addressed by corrective action now.

It became evident early in the research program that sharecropping remains a practice principally associated with production of subsistence field crops. The parties to sharecropping agreements are almost always producing a crop for home consumption. On the other hand, renting and leasing and land sales are for the most part associated with an emerging group of commercial farmers, who because they lack sufficient land for their particular purposes secure what land they need through these more formal arrangements. The report then treats subsistence sharecropping and commercial renting, leasing, and sales separately, as transactions associated with two very different types of farming practice.

Particular emphasis has been given to describing the terms and conditions of the various types of transactions. The forms of agreements governing each type of transaction are also described, including whether agreements are typically written or oral, and witnessed or registered. The common causes of disputes are also described, as are conventions by which disputes are settled.

Special attention has been given to describing the social and economic circumstances that give rise to land transactions. It is apparent that transactions of all types - sharecropping, renting and leasing, and sales - are increasing in the lowlands. This is due to a combination of factors, but principally to growing land shortage. With very little unused or unclaimed land available for allocation through traditional mechanisms, persons who want farming land are developing new strategies for securing land.

In a limited sense, the emergence of these new strategies can be taken as a sign that the customary land tenure system is adjusting to contemporary needs and demands. But some of the new practices, particularly sales of customary (Form C) rights, fall outside of customary rules and practice. Provisions of the Land Act 1979 which could be used to regulate sales of customary allocations will not be easily implemented, for a variety of reasons but most especially because of limitations in administrative capacity. Thus, the report concludes with some practical recommendations for bringing sale of customary land

rights under public supervision and control.

## II. Sharecropping

Sharecropping (lihalefote or seahlolo) is a familiar farming practice in Lesotho. Typically, it joins in a single farming enterprise a land holding farmer without access to draft power with a second party that does not own land, but can provide ploughing services. Labour tasks are shared, and the resulting crop is divided equally among the two parties. Sharecropping is not a relationship governed by customary law, and rules establishing the rights and obligations of parties to sharecropping agreements are not codified in the Laws of Lerotholi. However, sharecropping has been widely practiced in Lesotho for many years. Its terms and conditions had become sufficiently standardized for Duncan to describe accepted sharecropping arrangements in his 1960 study Sotho Laws and Customs.

### Half-share Ploughing

1. This is a contract between land-occupiers who have no cattle and owners of ploughing oxen. The contract may take any form, although the usual agreement is as follows: occupier to provide the land, plougher to provide the oxen; each to share the purchase of the seed in equal shares; each to share equally the expenses of bird-scaring, hoeing, and reaping; and, each to get half the crop.

2. If one side undertakes to relieve the other of part of the cost of labour, then an adjustment in the final share of the crop may be made. A usual adjustment of this sort is that if one side does all the reaping and hoeing, the other side will give up one bag of the final harvest, however small the harvest may be, for each of the operations.

3. Half-shares ploughing does not need chief's permission (pp. 94-95).

This section provides a brief report on the state of current sharecropping practices, based on a survey undertaken in two lowland areas during the first two weeks of February, 1987. A total of forty farmers participating in sharecropping agreements were interviewed in two areas; Moletsane in Berea District, and Maposeng in Mohale's Hoek District. Thirty of the farmers interviewed shared out their land; ten shared land in. In addition, nineteen village chiefs were interviewed for information on current sharecropping practices and trends. Thirteen are chiefs of villages in the Bela Bela area of Berea District; six are chiefs from the Maposeng area.

The following information was collected on sharecroppers and sharecropping. (1) The characteristics of households entering into sharecropping arrangements. The types of farming practices employed, and crops produced. (2) The terms and conditions of sharecropping agreements. How input and labour contributions are divided; how the harvest is divided. The extent to which agreements are written or oral; the nature and frequency of disputes; and, how disputes are settled. (3) Trends in the frequency of sharecropping. What factors explain variations in the frequency of sharecropping from place to place?

#### The characteristics of sharecroppers

Among respondents to the sharecropping survey, most of those households sharing out their land were headed by women, while those sharing land in were all headed by men. Nineteen of the thirty household heads sharing land out, or 63,3 percent, were women. (All of the women were widows). The average age of household heads sharing out was 63 years, and the average age of those sharing in was 50.

Seven of the ten male heads who shared land in had formerly worked in the mines in South Africa. All eleven of the male heads who shared land out were former mineworkers. Data were not systematically collected on current sources of household cash income, but responses to informal questioning suggest that households sharing land out are able to secure only very low levels of cash income from either farm or non-farm sources. Among those who share land out who could offer estimates of cash income, the average income reported was M292 per annum. This compares with an average national household income of M . These figures lend support to the view that those who share land out lack not only draft oxen to plough, but access to cash to hire services, including ploughing services, that would permit them to farm their land independently. Only three persons sharing land in were able to provide estimates of annual cash income; the average income was M766.

Among all households surveyed, only one household head was reported absent for work. Since absenteeism of household heads is associated almost strictly with wage employment away from home, this further suggests that sharecropping households lack significant sources of cash income.

An important input to farming is labour. Respondents sharing land out reported having, on average, 2,76 persons above fourteen years of age resident in the household during the growing season. On average, there were slightly more women than men resident; 1,53 women versus 1,23 men. Households sharing land in reported having an average of 3,7 persons resident during the

growing season, or about 30 percent more labour power, roughly defined, theoretically available to work in agriculture. In contrast to households sharing land out, households sharing land in had on average slightly more resident men than women; 2,0 men versus 1,7 women.

Those who share land out reported owning 1,8 fields on average. Forty percent owned only one field; 43,3 percent owned two; 13,3 percent owned three; and 3,4 percent (one case) owned four fields. In contrast, only two of ten sharing land in owned any cropland, and each owned only one field.

Most sharecroppers produced traditional field crops. Twenty-two of the forty respondents, or over one-half, were producing more than one crop, usually maize and sorghum. Thirty four were producing maize, twenty were producing sorghum, and five beans.

In summary, households sharing land out tend to be headed by older females, while those who share land in are headed by somewhat younger males. Male heads sharing land in are often former mineworkers, who own no land of their own. The amount of cash income available to persons sharing land out appears to be very low, suggesting that sharecropping provides a low cost strategy for cropping their land.

#### Terms and conditions of sharecropping agreements

Sharecroppers and chiefs were asked questions on current terms and conditions of sharecropping arrangements.

About 89 percent of sharecroppers said that their agreements were oral; only 11 percent said they were written. These ratios correspond to the perceptions of village chiefs, who stated that the great majority of sharecropping agreements in their villages were oral. One chief, however, reported that in his village sharecropping agreements were more or less evenly divided between oral and written agreements.

Twenty five, or 62,5 percent of sharecroppers, reported that their agreements were not witnessed. Nine, or 22,5 percent, said they were witnessed; in six cases by family members; in two cases by neighbors; and, in one case by the village chief. (There were six non-responses to this question). Chiefs said that witnessing was unusual, but was sometimes done among family members. Very few chiefs reported ever being asked to witness sharecropping agreements.

All agreements were for one year, though many respondents stated they had been sharecropping with the same partner for several years. Most agreements had been made two to four months in advance of the ploughing season.

## Division of inputs

As has been noted, the conventional terms of sharecropping agreements matched land holders without ploughing oxen with oxen holders without land. Respondents were asked to describe how traction services for ploughing, planting, and cultivating were divided between themselves and their sharecropping partners. Responses are summarized in Table 1 below.

Table 1  
Party providing traction for  
ploughing, planting, and cultivating

	Ploughing		Planting	Cultivation
	Oxen	Tractor		
Share out	3	4	7	8
Share in	16	22	18	7
Provided jointly	1	2	4	8
Average No. oxen used	4,4	---	2,9	2,0

Note: In five cases, both oxen and tractors were used in ploughing operations.

An interesting feature of the data presented in Table 1 is that tractors are utilized more frequently for ploughing than are oxen. All tractors were hired. Four of the ten respondents sharing land in reported owning oxen. Two of these owned two, while the remaining two owned four. (Data on livestock ownership of partners of respondents sharing out were not collected).

Oxen were used exclusively for traction in ploughing, though in eleven cases seed were broadcast. In planting operations, those who share land in provided oxen most frequently, though in one-quarter of the cases where oxen were used the land holder alone provided oxen.

Table 2 presents data on the distribution of labour contributions to ploughing, planting, cultivating, and harvesting operations.

Table 2  
Labour contributions of sharecropping  
parties to agricultural operations

Labour provided by:	Operation			
	Ploughing	Planting	Cultivating	Harvesting
Share out only	6	8	6	1
Share in only	15	15	6	1
Labour provided jointly	19	17	28	38

As can be seen in Table 2, the two parties share labour tasks for ploughing and planting in nearly one-half of the cases, but in over one-third of the cases the party sharing land in is exclusively responsible for ploughing and planting. Work tasks are more likely to be treated as joint responsibilities in the case of cultivating and harvesting.

Table 3 presents data on the division of equipment and input contributions in sharecropping agreements.

Table 3  
Division of input and  
equipment contributions

Input provide by:	Plough*	Planter	Seed	Fertilizer	Pesticides
Share out only	3	6	15	3	1
Share in only	16	16	14	10	11
Provided jointly	--	3	11	8	6
Not used	--	15	--	19	22

\*Oxen plough only; tractor ploughs not included.

As would be expected, those sharing land in, who are normally responsible for providing traction for ploughing and planting, also provide ploughs and planters. There appears to be no

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obvious convention governing which party provides seed, with actual practice fairly evenly divided among the three possible alternatives. Those who share land out rarely provide fertilizer or pesticide on their own, underscoring the extent to which sharecropping land holders tend to be short on cash for farming. In about half the cases, neither party provided fertilizer or pesticides.

All but two sharecroppers interviewed said that they divided the harvest equally. When asked why the crop was divided in equal shares, most people said this was appropriate in light of equal labour contributions. Proportion of labour contributions seems to be the single most important factor in determining how the crop is divided.

There were two cases in which the crop was divided 60/40 in favor of the respondents, both of whom shared land in. In one case the parties had equally shared labour tasks in ploughing and cultivating, but the respondent provided 100 percent of the labour for planting and 80 percent of the labour for harvesting. In the second case, the parties shared ploughing and harvesting tasks equally, while the party sharing land in provided all of the labour for planting and cultivating.

Persons sharing land out were asked why they sharecropped instead of farming on their own. As would be expected, many people mentioned the shortage of some critical input such as oxen or farming implements. Most commonly mentioned, however, was shortage of cash, which would presumably be used to hire ploughing and other services, and shortage of labour.

#### Disputes

Most chiefs questioned believed that disputes between sharecropping parties were relatively rare. However, among the sharecropping sample, about one-quarter of those sharing out said that disputes had led to discontinuance of sharecropping agreements in the past. Most disputes revolved around conflicts over the proper division of the harvest in relation to labour contribution.

#### Trends in Sharecropping

Most chiefs and sharecroppers believed that sharecropping was becoming more frequent in their areas. The chief of Moletsane ha Makaba in Berea District estimated that about one-half of farmers in his village were engaged in a sharecropping arrangement of one kind or another. The chief of Majaeng, also in Berea District, estimated that forty percent of households in his village sharecropped. The chief at Makhosi in Mohale's Hoek District estimated that fifty percent of households sharecropped. Eleven of nineteen chiefs interviewed said sharecropping was increasing

in their villages, six said that it was decreasing, and three said that it was unchanged.

Reasons typically given by chiefs for the increase in the frequency of sharecropping included; less land for reallocation to new households, more widows with little money to farm on their own, declining livestock ownership and fewer available oxen for ploughing, increasing farming costs, and population growth generally.

Six chiefs interviewed, or about one-third of the total, said that sharecropping was declining in their villages. Three attributed this to the local presence of the TOU, the implementation arm of the Food Self-Sufficiency Program (FSSP). The TOU assists farmers in raising credit to hire contract farming services, including tractors for ploughing, discing, and planting. Also provided in the farming package are seeds, fertilizers, and pesticides, which are distributed by Coop Lesotho through local farmer associations. TOU assisted crop production covered about 40,000 acres in 1986/87. For those farmers in a position to raise cash to purchase services or who qualify for credit, TOU can provide an appealing alternative to sharecropping. Three other chiefs said that sharecropping was declining in their villages. One said this was because children were sending money home to help with farming expenses; two said that people were buying their own farming equipment.

On the subject of renting, seven of nineteen chiefs reported that they knew of land being rented in their villages, though it was generally an uncommon practice. Nine chiefs said they were not aware of any rental agreements in their villages. Another three were not sure.

Sharecroppers themselves felt that sharecropping was becoming more frequent; over two-thirds of those sharing land out said that it was becoming more frequent in their villages. About one-half of this group attributed increased sharecropping to lack of money to engage in farming independently. Other causes mentioned included increased landlessness, declining oxen ownership, and the fact that many without land had money to pay for farming expenses through sharecropping agreements.

There are good demographic and economic reasons why sharecropping would be expected to be on the rise. Landlessness is increasing in Lesotho, due principally to rapid population growth on a constant agricultural land base. Preliminary figures from the 1986 Census estimate that 25,4 percent of rural households own no land. This represents an increase from 12,7 percent in 1970, and 20,7 percent in 1980. During the period 1970 to 1986 the number of rural households in Lesotho grew from 212228 to 277586, an increase of 30,8 percent. The percentage of lowland households without land in 1986 is estimated to be 28,5

percent.

According to preliminary 1986 Census figures, the percentage of rural households owning both land and livestock is 46,7 percent for Lesotho as a whole, and just 41,2 percent for the lowlands. (A household owning only one smallstock unit would have been included in this category. The percentage of households owning sufficient oxen to plough would be considerably less).

An important aspect of the farm economy which contributes to sharecropping is that a large proportion of persons holding land lack other assets, particularly oxen, implements, and cash, necessary to farm independently. According to the 1986 Census, about 30,3 percent of households have fields but no livestock. Tshabalala and Holland (1986) using data collected in 1981 in three Farming Systems Research proto-type villages found that 37,5 percent of all fields were managed by households with only one ox or less, and two or less farming implements. About 29,9 percent of all households fell within this category of resource ownership. Only 6,1 percent of households managing just 11,6 percent of all fields controlled sufficient farming assets (defined as owning at least two fields, two oxen, and three farming implements) to farm more or less independently. Another 15,9 percent of households controlling 23,3 percent of all fields had at least two fields, two oxen, but two or less implements.

About 65,7 percent of all land shared out and 61,3 percent of all fallow land was held by that group of households with at least two fields, but one oxen or less and less than two implements. Fifty-five percent of the households within this group were headed by women, while 80 percent of households in the group owning the full complement of farming assets are headed by males. Tshabalala and Holland show that the group with land but short on other assets shares out extensively with groups without land but with various levels of other assets, and also with resource rich groups owning the full complement of farming assets. In their study areas 19,2 percent of all fields were sharecropped, 65,2 percent were cropped by the owner, and 15,6 percent were fallow.

Tshabalala and Holland, in commenting upon the implications of a pattern of land distribution in which otherwise 'rich' farmers own a relatively small proportion of the land, make the following observation.

"In a social formation where the rich control most of the land a large production increase can be expected from a biologically oriented agricultural technology improvement program. In a social formation like Lesotho, however, the production response will be small because the likely adopters control only a small proportion of the land" (p. 24)

## Summary

On the basis of the results of the sharecropping survey and other data it appears that sharecropping is increasing in many parts of lowland Lesotho. This is due to two principal factors: increasing landlessness among rural households and the fact that many land holding households lack other assets, including draft power, implements, and sufficient labour and cash, to farm their holdings independently. It is likely that TOU has localized impacts on levels of sharecropping. Many landholding households with cash to pay for TOU contract services and other inputs would probably chose TOU over a sharecropping alternative.

### III. Renting, Leasing, and Sales Through Reallocation: New Forms of Land Transaction

It has been observed that in recent years new or previously uncommon forms of land transactions have become increasingly frequent in rural areas. Renting and leasing of land, previously limited to urban areas, is increasingly practiced in farming areas near Maseru and other urban centers. Sales of Form C customary allocations through a process of reallocation from seller to buyer have also been reported. In some villages near Maseru, these latter transactions have frequently been used to sell rights to portions of croplands to persons working in Maseru, who develop the sites for residential purposes.

Renting and leasing and sales of cropland are principally associated with the rise in recent years of a small commercial farming sector, mainly operating in the region around Maseru. Commercial farmers are involved in a wide range of agricultural enterprises, including production of field crops, production of horticultural crops under irrigation, dairying, and poultry production. Many find that they require more land, or land of more suitable quality, or land in a more appropriate location, than is possible to secure through customary allocation procedures. Year to year sharecropping arrangements do not assure sufficient long-term returns to investments, and often entail management problems which commercial farmers find unacceptable. As a result, commercial farmers have experimented with a variety of renting and leasing arrangements. Some have secured land through reallocation of Form C rights.

This section describes the terms and conditions of land transactions engaged in by commercial farmers. Strategies employed by commercial farmers in identifying suitable land, and in securing agreement to rent, lease, or purchase land rights are also described.

It has not been possible to estimate the number of holdings or the amount of cropland that is being farmed under renting, leasing and sale agreements. The commercial farming sector in Lesotho is still relatively small. The kinds of transactions described in this section are still relatively uncommon. But there is good reason to believe that they will be taking place with increasing frequency in the future. All evidence suggests that the commercial farming sector is growing. Commensurate with that growth will be increasing demand for suitable land.

The study of commercial farming transactions was based upon a case study approach, through which very detailed information on land transactions was gathered from a relatively small number of informants. Given the still small number of commercial farmers operating in the lowlands, a random sampling procedure for selecting farmers to interview would not have been practicable.

Seven commercial farmers were interviewed at length for information on land transactions, for their views on the relationship between commercial farming and land tenure change, as well as their assessments of the usefulness of the Land Act 1979 in accomodating transactions in agricultural land. Case studies of four of the farmers are presented here. The case studies are followed by presentation of composite opinions on several general issues, utilizing information provided by all seven respondents.

#### Case Study 1: Farmer A

Farmer A is a former civil servant. Since 1980 he has entered into a variety of agreements with land holders to use their land for commercial production. Typical arrangements are summarized below.

##### 1. Annual leasing agreements

Here a land holder agrees to rent out his land on an annual basis. Normally this type of agreement is not written, nor is it witnessed. The arrangement may be renewed annually, on mutual agreement. The farmer cited three different forms of payment.

a. The land holder is paid with grain, calculated on the basis of the average annual production the land holder acheived when farming alone. The land holder receives the agreed amount, regardless of the performance of the crop. The farmer cited an example of an agreement in which the land holder agreed to rent out his land in return for seven bags of maize a year, his previous average annual production. Farmer A grossed 35 bags of maize in the first year, and 75 bags in the second year. After the second year, the land holder wanted his land back. Farmer A's perception is that the land holder wanted it back because his own investments in fertilizer and lime brought the land back to higher levels of productivity. The ensuing dispute was resolved by an agreement that Farmer A could farm the land a third year, but the arrangement would not be renewed for a fourth year. This and similar experiences has soured Farmer A on annual agreements, and he now views lon-term lease agreements (discussed below) clearly preferable.

b. Payment of an agreed cash rent, in advance of the farming year. Farmer A has one agreement of this type.

c. Providing ploughing and other inputs such as seed and fertilizer on some of the land holders fields in exchange for the right to crop remaining fields.

##### 2. Written lease agreements for multiple years

Multiple year written agreements ensure Farmer A that his

investments in building up soil fertility will yield returns. The agreement is written in clear simple terms and is reproduced in triplicate. The parties to the agreement approach the village chief who witnesses the agreement, and puts his official stamp to each copy. The chief retains a copy, with the other copies going to the parties to the agreement.

Terms of multiple year written agreements vary. Length of the agreement is usually three to five years. Depending upon the preferences of the land holder, rent is paid for the entire lease period in advance, or annually. In-kind payments are sometimes agreed, in which cattle may be supplied, or the land holders' other fields are ploughed and planted.

[A land holder who had rented out his land for an agreed three year period was interviewed in Sefikeng in Berea District. The rent for the entire period was M300, paid in advance. In this case, the land holder needed the cash income to pay school fees.]

### 3. Sharecropping

A third form of rental transaction employed by Farmer A is sharecropping. His sharecropping agreements differ from traditional arrangements. Here Farmer A does all of the farming operations, from ploughing through harvesting, and provides all of the labour. The crop is divided 50/50, after Farmer A deducts expenses.

Of the three types of rental arrangements described above, Farmer A clearly prefers the multiple year rental agreement. With the assurance of three to five years of control over the land, the farmer can make longer term plans for the land as part of his overall farming operations. Soil fertility can be improved, and crop performance under differing levels of inputs can be monitored and adjusted.

Least preferable from the point of view of Farmer A are sharecropping agreements. He has experienced problems with premature harvesting by the sharecropping land holder. Sufficient ambiguity remains over division of the crop and the timing of the harvest for this to be a problem. Somewhat more acceptable are annual rental agreements, though they are subject to the year to year uncertainties noted above. It is Farmer A's perception that land holders' preferences are ranked in reverse order to his own; that is, sharecropping is most preferred, followed by annual leasing, with multiple year leasing least preferred.

Farmer A identifies prospective land holdings to farm by contacting a friend or acquaintance in a village, and asking for a list of persons who are known to have left land fallow for

several years, persons who do not have the means to farm, such as widows, and people who appear to have lost interest in farming, or who have become discouraged because of drought. He then queries persons on the list for their interest in entering into an agreement.

In Farmer A's view, no lease agreement is as desirable from a management and production point of view as having clear title to the land being farmed. In his view ownership is essential where large infrastructural investments are undertaken, such as for irrigation works and dairy. In the absence of formal land markets, Farmer A and other commercial farmers have attempted to amalgamate holdings of viable economic scale on land suitable for more intensive forms of production through a process of reallocation. Briefly, reallocation is a process by which a land holder and a prospective land buyer privately agree on a price for the land in question. The two parties to the agreement then approach the village chief and the Land Allocation Committee and advise them that they have mutually agreed that ownership rights of the 'seller' should be extinguished and that the land should be reallocated to the 'buyer'. The new allottee would be issued a Form C as proof of ownership.

Farmer A has been able to amalgamate two small holdings into a single unit through a reallocation process. He will be concentrating his farming energies on developing the site for vegetable production. All in all, he sees this as preferable to farming dispersed small units necessitated by a strategy based upon renting. According to Farmer A, "The [renting] system is flexible enough to give you what you want [but] when it comes to your farming operations you can be spread too thinly".

Another approach to building up a farming operation of economic scale lies in convincing neighboring farmers to agree to a land pooling arrangement in which irrigation works can be developed jointly. In Farmer A's view this strategy usually does not work because farmers rarely share the same farming goals.

#### Case Study 2: Farmer B

Farmer B is a well known local entrepreneur, with diversified interests in farming, vegetable marketing, and retail sales. His farming activities are concentrated in the area of his home village, in Maseru District.

Farmer B has approximately one hundred separate agreements with farmers for renting cropland. In aggregate the agreements encompass about 500 acres of land. All agreements are in writing, and are witnessed and stamped by the village chief. Farmer B uses a pro forma typed and duplicated agreement, on which terms and agreements specific to each agreement are noted. One copy of the agreement is held by the land holder; a second is

held by Farmer B. Farmer B employes a clerk full-time to maintain these and other farming records.

The majority of the agreements are for five years. A variety of lease terms are used, usually depending upon the particular circumstances and wishes of the land holder. Rental is often provided in the form of a service, or assistance with a non-farming project of interest to the land holder. Some typical arrangements are summarized below.

1. Payment of school fees. Here Farmer A agrees to pay school fees for one of the land holder's children, from Form A through to Matriculation.

2. Provision of funeral services. Funerals in Lesotho can be very expensive, and often families will not have the ready cash to cover purchase of an ox, coffin, food, and so forth. (According to Farmer B, total funeral costs can reach M1500 to M2000). Land holders will approach Farmer B, and offer to rent out a portion of their land in return for assistance in meeting funeral costs. Normally such agreements are for two to three years, and not five years as is the case with most other agreements.

3. Providing ploughing and other farming inputs to part of a land holder's total holding, in exchange for the right to farm the remainder of the holding.

4. Sharecropping. This is an arrangement similar to that practiced by Farmer A. All farming operations are undertaken by Farmer B. The crop is divided along the following lines: one-third is set aside to cover Farmer B's expenses, one-third goes to the land holder, and one-third goes to Farmer B as profit. Sharecropping agreements are written, and are usually made for a five year period. The land holder is guaranteed a minimum number of bags of grain, regardless of the crop performance. This number is based upon one-third of the expected total yield in a good rainfall year. In the event of total crop failure the land holder may be paid the cash equivalent at current prices of the agreed guaranteed share.

5. Construction of housing. Farmer B owns a construction company and will agree to build a small house for a land holder in exchange for a multiple year lease agreement.

6. Cash payment. The most straight-forward agreement, Farmer B will pay an agreed rent either for the duration of the agreement in advance or in annual increments.

7. Farmer B has entered into a few life-time agreements, usually with widows who are without family and lack the most minimal resources for farming. Here Farmer B provides all basic

income requirements, including food and clothing, for life. In return the land holder designates Farmer B as his or her heir. Upon the death of the land holder, the holding will pass to Farmer B.

In addition to the rental terms described above all land holders participating in agreements with Farmer B are entitled to have a job working on one of his farming operations, though not necessarily on their own holding. Only a few land holders, however, take advantage of the opportunity to earn wage income in addition to the agreed rental. Farmer B employs about 120 people in his farming and produce marketing operations. The majority of his employees are women originating from his own village area.

The land farmed under lease agreements is principally planted with field crops. Farmer B owns an irrigated holding where he produces vegetables and other cash crops, including cabbage, carrots, potatoes, beet root, and lettuce. All vegetables are marketed through his own marketing center in Maseru. His irrigated operations have been expanded by bringing in neighbours' land under five year lease agreements.

Farmer B feels he has the financial and other resources to put up to 1000 acres of land into production, but the management costs and difficulties of farming small dispersed holdings are too high. He is also reluctant to farm land outside of his local village area, for fear of increased supervisory costs and losses due to crop damage and theft.

Farmer B has not secured land through reallocation of Form C rights.

### Case Study 3: Farmer C

Farmer C is a retired civil servant living near Matsieng. His principal source of income comes from providing contract hiring services, mainly to participants in the Food Self-Sufficiency Program (FSSP) implemented by TOU. He also sharecrops with about fifteen land holders, on a total of about thirty acres of land.

Farmer C provides ploughing, planting, and discing by tractor and does all harvesting with a combine harvester. He provides all seed, fertilizer, and pesticides. The land holder is responsible for weeding and applying pesticides. The harvest is divided along the lines followed by Farmer B; one-third for costs, one-third for the land holder, and one-third for profit to Farmer C.

All agreements are oral and are made on a year to year basis. Farmer C has several long-standing arrangements with farmers; one dates back to 1974. According to Farmer C disputes, though rare,

revolve around the failure of land holders to meet their obligations in weeding and applying pesticides. In such cases the farmer usually claims an additional share of the harvest as compensation for lost production. Disputes are always settled between the two parties and never involve the chief or other third party.

All agreements were instigated by the land holders. Because of his own limited finances, Farmer C turns away most people who approach him offering new agreements. It is Farmer C's view that access to land is less a constraint to farming than access to suitable finance.

Farmer C feels that farming a single large holding would be more economical than farming several dispersed small holdings. Changed field and ownership patterns would require major changes in the land tenure system which would have to evolve very slowly and come from the people themselves.

#### Case Study 4: Farmer D

Farmer D owns a dairy farm on the Berea Plateau, near Maseru. Because dairy production requires investment in expensive infrastructural development, Farmer D required secure title to a piece of suitable land. Chiefs and Land Allocation Committees are reluctant to allocate virgin land to non-residents, but sometimes look more favorably upon reallocation of existing rights between two agreed parties. But in the view of Farmer C, chiefs and LACs in villages near Maseru lately have become resistant to approving reallocations through sales to non-village residents. Several past applications for reallocation were granted following promises that the land would be used to develop intensive agriculture and employ local villagers. In some cases these developments did not materialize. Farmer D spent nearly three years - from 1983 to 1986 - negotiating with the chief and the LAC for a piece of land. He built a two room house for the previous allottee in return for transfer of land rights.

Farmer D feels that more land would be made available for purchase if it were not for lack of legal precedent. He observed that, "In practice people are putting a monetary value on land but in law we are saying we don't accept it". Many people are reluctant to buy and sell land because there is no simple legal mechanism for doing so. If sales were recognized in law, buyers and sellers could advertise and professional assessments could be made of the true market value of land. Now, according to Farmer C, a piece of rocky ground will fetch the same price as a piece of similar-sized good land.

Finally, Farmer C argued that publicly supervised land transactions would allow effective limits to be placed on the amount of land a single individual would be able to accumulate.

## Views of Commercial Farmers Toward the Land Tenure System

Obviously the commercial farmers interviewed in the course of the research program are not typical of most other farmers in Lesotho, who are orientated to subsistence and not commercial crop production. With a few exceptions, commercial farmers believe that they can put into production much more land than they cultivate now. They see the absence of land markets and the difficulties associated with the process of reallocation as major obstacles to the development of viable commercial agriculture in Lesotho.

Most argue that commercial farmers could make a major contribution to increased agricultural production, national food self-sufficiency, and to employment generation if the land tenure system permitted freer transactions in land. One farmer characterized the growing group of commercial farmers as "pioneers", driven by the "spirit of self-sufficiency". The farmer asked, "If they are self-sufficient across the border why can't we do it here?".

Most commercial farmers argue that cropland in Lesotho is not utilized to its potential. In the view of one farmer only 10 percent of people holding land "farm it effectively or productively". All farmers offered examples of how they were able to increase yields on rented or sharecropped lands several times over that achieved by land holders using traditional farming practices.

At the same time commercial farmers accept that Basotho land holders continue to be attached to their land even though it is not farmed productively and yields low levels of income. Though most rural income comes from non-agricultural sources (such as mineworkers' remittances) land holding and agriculture offer a modest form of economic security not provided by other sectors of the economy. One commercial farmer characterized the situation as follows.

"The tendency is for people here to cling to the land. They are not ready to forfeit it all together. It is a sort of security. People mostly rely on working in the mines, and one starts thinking about the time he will be coming home, and having nothing to live on. He will just get a few bags of grain [from his land] but it's much better than getting nothing. [There are] no pensions, nothing. That is the problem"

Commercial farmers recognize the social security role of the customary land tenure system and as a result expect that far-reaching reforms in support of land markets would meet stiff

political resistance. Farmers used an idiom of social obligation when describing the character of their relationships with land holders. One aspiring commercial farmer who has yet to secure land hopes to offer widows "some kind of a pension" to be paid monthly in return for use of the land. Another farmer argued that under a properly functioning leasehold system in which rents from long-term leases were accruing to the Government revenues could be used to make life better for the poor.

All commercial farmers felt that higher aggregate levels of social welfare, in terms of increased agricultural production, employment and incomes would be realized if land was cultivated on a commercial basis. One farmer argued that "equity should not be expressed in terms of land ownership but in terms of the benefits of new jobs accruing to those who don't own [any] land". This particular farmer provides a life-time job to the former owner of the land that he secured through a reallocation process.

One farmer argued that national objectives in the area of soil conservation are better served where land is consolidated into larger holdings. This facilitates maintenance of conservation works such as diversions and grass waterways. According to the farmer, these tend not to be maintained where conservation works cross-cut several small holdings, because of the variable interests of small farmers in soil conservation.

#### Views Toward the Land Act and Recommendations for Change

Of the various tenure alternatives, commercial farmers prefer to have clear title to the land that they farm. All considered a Form C allocation to be an adequate form of tenure to warrant investment in permanent farm infrastructure for dairy and irrigation, and to ensure long-term returns from woodlots and fruit orchards. The lease right provisions of the Land Act are appealing in so far as the lease is mortgagable, and can be used to generate working capital.

Despite the advantage of mortgagability, there is a general perception that procedures for securing a lease under the Act are too expensive and time consuming to justify conversion of Form Cs to leasehold. Only one farmer interviewed had applied for leases under the Land Act. Due to unstated administrative delays stretching, he claimed, over five or six years the farmer lost interest in the process.

Commercial farmers are generally satisfied that rental agreements can be handled apart from the Land Act. There is a clear trend toward written agreements, but there is a general perception that the language utilized in any legal documents emanating from the Land Act would intimidate small farmers. Commercial farmers are satisfied that written agreements drafted

in simple language are much preferable. Witnessing by village chiefs appears to provide sufficient assurance to both parties.

It should be noted that in most cases five year lease terms appear to be optimal from the points of view of both parties, and especially from the perspective of land holders. Many land holders feel that a longer-term commitment would seriously compromise the options of absent family members in returning to farming from mining or other jobs. The minimum ten year term stipulated in the current draft agricultural regulations would find little favor among land holders.

#### IV. Conclusions: Lesotho's Land Tenure Dilemma

A basic tenet of Lesotho's land tenure system is that all Basotho households through application by married adult men are entitled to land for their subsistence purposes. Population growth has meant that many rural households are landless; about 25 percent in 1986, according to the preliminary census estimates. But the principle of land as an entitlement of every family is still held in high esteem by most Basotho.

Despite the continued importance people attach to the notion of universal rights to cropland, and the expectations many landless Basotho have of eventually owning land, agriculture is no longer the principal source of income, or even of food, for many land holding households. For most rural households in Lesotho, off-farm employment, particularly in the mines in South Africa, provides the main income for meeting family food, clothing and other consumption and household investment requirements. This reliance upon non-agricultural sources of income is made more acute by the declining viability of many farming enterprises, due to decreasing average farm size and to the cumulative effects of soil erosion. Because many land holding households are principally reliant on off-farm sources of income, farming is often left to the less productive household members, or is engaged in only half-heartedly. These factors combine to contribute to generally low levels of agricultural productivity in Lesotho.

Although land has declining value as a source of current income for households where the head or other adult members are working and sending home remittance income, it continues to have value as a form of capital that can be used to produce even a modest crop when the household head is away. But more importantly many families expect agriculture to become increasingly important after the head returns from the mine, or after other sources of remittance income come to an end. The economic system within which most Basotho live does not provide pensions or other forms of economic security that would incline land holders to surrender their holdings to others who might be able to farm them more productively. Widows especially, who have lost the income

earning capacities of their husbands and may or may not be able to rely upon their sons or daughters for support, will see in land the only productive asset over which they retain control. Lacking other farming assets such as traction, implements, and cash, they will often use land as their contribution to sharecropping arrangements.

In broad economic terms land in Lesotho is less a source of primary economic subsistence than it is a source of supplementary income, and an income of last resort for households that cannot secure more conventional types of income from sources outside of agriculture.

Against this economic and land tenure background, an emerging group of commercial farmers who can farm land at fairly high levels of productivity have difficulties securing land. In part this is because formal land markets do not exist. The Land Act 1979 provides that lease rights to agricultural land can be bought and sold, subject in each instance to approval by the Minister of Interior. But regulations for doing so have not been promulgated and many commercial farmers see the process of converting a customary allocation to a lease and securing the necessary approvals as too costly and onerous to be worth the trouble. But a more significant constraint to the ability of commercial farmers to secure land is the continuing importance of land as a source of economic security to current land holders in a generally insecure economic environment.

The principal policy challenge is one of finding ways to assure current land holders that their expectations of income and security from land continue to be protected and ideally enhanced, while finding mechanisms by which productive commercial farmers can employ more land to produce food, and help the agricultural sector contribute higher levels of income and employment to the national economy. The remainder of this report considers the extent to which renting and leasing and sale transactions can be used to in support of this policy standard.

#### Renting and Leasing

Renting and leasing agreements provide a means by which land holders can continue to realize income from their land, while putting the management of land in the hands of those who can farm it more productively. Renting and leasing arrangements in no way challenge the basic tenets of the customary land tenure system.

The current trend toward longer term written agreements is probably beneficial to land holders and renters alike. Land holders can come to rely upon a year to year income from their land while renters can be assured of greater continuity in planning farm investments and farming operations. There appears to be no obvious need for state regulation of rental agreements.

The two parties are best left to negotiate themselves the terms and conditions of rental agreements. Chiefs can be of assistance in witnessing agreements, and in settling disputes. Any active state role in for instance establishing minimum lease periods, minimum rents, and other terms and conditions might lead to stipulation of conditions that one or both parties to many prospective agreements would find objectionable. Administrative costs and delays associated with assuring the state that certain conditions had been met could impede the progress of generally beneficial transactions. In this regard, provisions in the Land Act which would accommodate sub-leasing of land upon prior conversion of allocations to leases will find little appeal among land holders and renters alike.

### Sales of Land Rights

The Land Act 1979 sanctions in principle sale of land rights, through sale of leases that have been properly converted from customary allocations. Encouragement of land sales was probably not the principal reason advanced in favor of lease right conversion. At the time the Land Act was being framed, some argued that the conversion of allocations to lease rights would provide existing allottees with sufficient added security of tenure to encourage more intensive investment on their own holdings. Today it is generally agreed that clear customary rights provide sufficient security of tenure to warrant high levels of investment without fear of arbitrary loss. Although transactions in leases are now established practice in urban areas, the principle of sales of agricultural land in rural areas has probably not gained wide acceptance. Understandable concerns remain about the implications of sales to increased landlessness and to unfair accumulation, especially for speculative purposes.

At the same time it is clear that emergence of a limited market in agricultural land rights (while protecting the interests of sellers and the public at large) can be a significant aid to the development of commercial agriculture in Lesotho. Amalgamation of holdings into units of greater economic scale would be facilitated. Commercial farmers would be willing to make expensive infrastructural investments where they have clear title. Currently land rights are being sold at an increasing rate, without any public control or supervision.

Sale of land rights should be permitted but should be supervised by a public authority to ensure that the following considerations are taken into account.

1. The views of the sellers' families are solicited and taken into account.

2. Purchasers of land rights do not use the land for speculative purposes, but for more intensive agriculture.

3. As a result of transactions land does not become unduly concentrated in the hands of a few individuals.

Another generally desirable condition is that the requirements above be met within a process for the transfer of rights which is not so costly as to frustrate legal transactions, with the negative result that sales take place apart from public control or supervision.

Two alternative approaches for supervised land sales are considered below.

Alternative 1: Utilize the provisions of the Land Act 1979 to convert customary allocations to leases, which can be sold subject to Land Act procedures.

This is the 'status quo' approach, in that it would follow the existing provisions of the Land Act 1979, although the Act has not been deliberately applied to agricultural land. In brief, utilizing current law would require that the following procedures be followed.

1. The current land holder would be required to convert his or her customary allocation to a lease. In terms of Section 29 of the Land Act, this would be done on application to the Commissioner of Lands, who would require the applicant to: (a) demonstrate he is eligible to hold land in Lesotho (b) submit a professionally surveyed plan of the land in question (c) produce proof that he has rightful title to the land, e.g. a Form C or other acceptable documentation or testimony.

2. Once a lease is issued the lease holder can apply to the Minister of Interior for permission to sell his interests in the lease to another party. Section 36 of the Land Act provides that permission cannot be unreasonably denied, but acceptable grounds for denial would be a finding by the Minister that undue speculation in land may result from the transaction. The Minister could also stipulate in writing certain restrictions on the lease to guard against speculation.

Current Land Act regulations do not provide that sellers' families be consulted prior to the sale. Nor are there any regulations that set limits to the size of a single lease holding, or the number of total lease holdings an individual can hold.

The draft Agricultural Land Act regulations (1985) would invoke additional steps for converting an allocation to an agricultural lease. The permission of the village Land Allocation Committee would have to be secured, and the District Agricultural Officer would have to review and approve an agricultural development plan

for the site. The regulations would set a limit of 20 hectares to the size of any single holding within a Selected Agricultural Area.

The procedures described above would be particularly taxing on the administrative capacity of the office of the Commissioner of Lands and the Ministry of Interior. The application process would be expensive to both buyer and seller, and would be long and protracted. Survey capacity is very limited and at present is almost non-existent in rural areas. Existing laws or regulations do not provide for the views of the sellers' families be taken into account.

Alternative 2: Transactions in customary 'Form C' allocations, administered at the village level.

An alternative approach would be one in which transactions in 'Form C' rights are sanctioned by law, but regulated by certain rules and procedures. Transactions would be administered by the Chief and the village Land Allocation Committee. In rough outline, transactions in Form C rights might take place along the following lines.

1. The prospective buyer and seller of rights to the Form C allocation would negotiate a mutually satisfactory price.

2. The buyer and seller would approach the Chief and submit a written application for transferal of Form C rights from the current holder to the buyer.

3. The Chief, acting on behalf of the Land Allocation Committee, would appoint an individual of standing in the village (for instance the village chairman or executive officer) to undertake an investigation that would look into the following:

- (a) First it must be established that the current holder of Form C rights has legitimate claim over the land in question. Any disputes over rightful ownership would have to be resolved before the transaction is finalized.

- (b) Views of legitimate adult heirs toward the land transaction in question should be solicited. Any objections should be noted, and included in the investigator's advisory report to the Land Allocation Committee. The LAC may use its discretion in how it takes views of heirs into account in its decision. A preliminary conclusion that the transaction may compromise the economic welfare of heirs may lead the LAC to suggest that the terms of the transaction be renegotiated to better account for the needs of heirs.

- (c) The investigation should determine the prospective buyer's plans for developing the land. Of primary concern is a

determination that the land will not be used for speculative purposes. The LAC may wish to prescribe reasonable conditions for site development.

(d) The investigator should determine the number and extent of holdings owned by the prospective buyer in the village, and elsewhere if possible. This finding would be considered against possible future limits on individual ownership that may be set nationally or by local communities.

(e) The investigator would present his findings to the LAC which would approve or reject the application for a Form C transaction on the basis of the evidence presented. Reasons for rejecting applications should be made in writing, and changes the parties could make in the proposed terms of the transaction to make it more acceptable to the LAC should be noted. The parties to the transaction should have the right to appeal a denial by the LAC to the Principal Chief, and/or the Commissioner of Lands.

The approach outlined above would bring sales of Form C land rights, which are taking place with increasing frequency now, under public supervision and regulation. Transactions would be controlled at the local level, and would not be subject to the delays and high costs associated with review and approval of transactions by central government agencies.

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