



Report on the First Census Survey of Land Transactions in Zimbabwe, Namibia and KwaZulu-Natal

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BROADENING ACCESS TO LAND MARKETS IN SOUTHERN AFRICA

SOUTHERN AFRICAN REGIONAL PROGRAM

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1. INTRODUCTION

It is widely recognised that land redistribution is a necessary prerequisite for political stability and economic growth in much of Southern Africa. At the same time, it is important to ensure that the efficient use of land and other agricultural resources is not compromised in the long-term. The primary goal of this BASIS research activity is to inform policy recommendations aimed at broadening access to land markets and encouraging sustainable use of farmland acquired by disadvantaged people in Zimbabwe, Namibia and South Africa. For the purpose of this study, the term 'disadvantaged' refers to people who were historically precluded from markets by formal or informal racial institutions, and to people from within this group who may still be the victims of gender segregation.

Research commenced in fiscal year 1997/98 and is expected to span a period of five years. The program is designed (a) to monitor the rate at which commercial farmland is transferring to disadvantaged people - both as a result of private market transactions and government land reform programs, and (b) to establish causal relationships between the mode of land acquisition (*eg* land financed privately by individuals versus land purchased by government for resettlement purposes) and its subsequent use. This report deals with the first stage of part (a), namely census surveys of land transactions observed in Zimbabwe during the calendar year 1996, in Namibia during the period 1990 through 1998, and in the South African province of KwaZulu-Natal during calendar year 1997. In particular, it analyzes the rate of land redistribution, comparing the quantity and quality of redistributed land - and gender composition of transactions - associated with different modes of land redistribution. The choice of different time periods for analysis in each country is explained later.

The report begins with a brief description of the primary modes of land redistribution in each of the countries studied. Section 3 describes the data and process used in each country to identify land transactions that transferred ownership from advantaged to disadvantaged people. The remaining

sections analyze the rate of land redistribution, and highlight some important characteristics of both the farms and transactions associated with different modes of redistribution.

2. PRINCIPAL MODES OF LAND REDISTRIBUTION IN THE STUDY AREAS

2.1 Zimbabwe

At the time of independence in 1980, a small minority of whites controlled 46 per cent of Zimbabwe's farmland (excluding national parks). It is estimated that 6,113 large-scale commercial farms accounted for 15.1 million hectares (Moyo, 1998:2). Of the remaining 18.1 million hectares of (lesser quality) farmland, 16.4 million hectares was occupied by more than 3.6 million black Zimbabweans under communal tenure, 1.4 million hectares was leased to emerging farmers by the government, and 0.3 million hectares was farmed by the state itself. Until 1997, the Zimbabwean land reform program was largely market-based and rehabilitative. The government purchased 3.3 million hectares from white owners who were willing to sell, and used the land to resettle 70,000 poor black families, most of whom were landless. However, some of the farms acquired by government were subdivided and leased to (approximately 300) medium-scale black farmers (Moyo, 1998:10).

Policy changed in 1997 when the Zimbabwean government first applied the Land Acquisition Act of 1992 on a massive scale (Moyo, 1998:8) and designated 1,471 of the remaining 4,500 large-scale commercial farms for compulsory purchase. Lobby groups representing the interests of commercial farmers opposed this action, and 624 of the designated farms were subsequently delisted. On the other hand, 91 of the designated farms were voluntarily offered for sale. Moyo (1998:61) concludes that there has been a shift towards a more transparent and negotiated land reform agenda in Zimbabwe.

With the focus firmly on Zimbabwe's public land reform program, land redistribution resulting from private transactions between white owners and disadvantaged entrants has attracted little interest. Moyo (1998:8-10) notes that prior to the designations in 1997, new rules facilitating the subdivision of large farms allowed for increased private transfers of smaller farms during the early 1990's - a time when official land redistribution stood still.

2.2 Namibia

Fifty per cent of Namibia's farmland is controlled by a small minority of white owners. Less than 6,300 large-scale commercial farms account for 36 million hectares. The remaining 36 million hectares is occupied by 1.7 million black Namibians under communal tenure. After independence in 1990, the Namibian government followed a two-pronged land reform strategy. On the one hand, it helped emerging farmers to finance land by granting them subsidized loans through Agribank. To date, 130 farmers have been granted loans totaling N\$52.5 million. On the other hand, the government has resettled approximately 600 families on 118 state-owned farms, 53 of which were purchased from willing sellers after 1990. Private land transactions have not been monitored. Viewed against a backdrop of the estimated 240,000 black Namibians in need of farmland, and the absence of evidence showing any significant redistribution of land, it is understandable that government is under pressure to revise its land reform policy. The proposed Communal Land Reform Act is expected to introduce legislation aimed at accelerating government land redistribution but the provisions of the Act are not yet known.

2.3 KwaZulu-Natal

At the time of South Africa's political democratization in 1994, 55 per cent of the farmland (excluding national parks) in KwaZulu-Natal was controlled by a small minority of white owners. It is estimated that 6,755 large-scale commercial farms accounted for 4.1 million hectares (Lyne and Ortmann, 1996). Of the remaining 3.3 million hectares, 2.84 million hectares was occupied by some 3 million black South Africans under communal tenure, 0.04 million hectares was privately owned by 'non-whites', and 0.42 million hectares was farmed by the state itself. Three principal modes of land redistribution have emerged in South Africa since political democratisation in 1994; the government grant program, private land purchases, and equity-sharing arrangements.

Since 1995, the main tool employed by government to redistribute land has been the settlement-land acquisition grant. In terms of this program, historically disadvantaged South Africans who are landless and poor may qualify for a cash grant of R15,000 to purchase and develop farmland. In practice,

beneficiary households usually have to pool their meager grants in order to buy land from a willing seller. The group establishes a legal entity (usually a community trust or common property association) which is formally registered as the owner of the property. In most cases, farms financed with land grants and settled by groups of households are much too small to support all of the beneficiaries as full-time farmers. The Department of Land Affairs (DLA) anticipated that emerging farmers would use the grant to leverage loan finance for additional land (DLA, 1994:10). However, most creditworthy farmers do not qualify for a land grant as the means test applied to potential beneficiaries precludes individuals with a monthly household income greater than R1,500 (US\$250). By 1996, the grant program boasted 5,118 beneficiary households on 47,202 hectares of redistributed land in KwaZulu-Natal (AFRA, 1998:16).

As in the other study areas, much less is known about private land transactions between white owners and disadvantaged entrants. Nieuwoudt and Vink (1995) argue that private transactions have been constrained by high rates of inflation in all of the study areas. High nominal interest rates aggravate the cash flow problem experienced by new entrants who finance land with a mortgage loan. In KwaZulu-Natal, private land transactions have been facilitated by the Ithala bank since 1996. Earlier, when the Illovo Sugar Company invited applications for 20 medium-scale sugarcane farms (ranging from 55 to 105 hectares in area), none of the more than 100 disadvantaged applicants could afford an equity contribution large enough to reduce the size of a conventional mortgage loan down to a level that could be serviced from farm income (Lyne and Darroch, 1997). To mitigate this problem the Company agreed to sell the farms at market-related prices and to invest 18 per cent of the purchase price with Ithala bank. This capital, plus interest accrued, funds a finite interest rate subsidy for the borrower (Simms, 1996). In effect, Illovo Sugar Company discounted the price of its land by 18 per cent, and the Ithala bank used this private subsidy to reduce the current mortgage loan rate from 16.5 per cent to ten per cent in the first year. The subsidy then declines to zero at the end of year six, in line with expected increases in nominal income associated with an annual inflation rate of roughly ten per cent. The buyer pays the full annual interest rate of 16.5 per cent for the remaining 14 years of the 20-year loan period.

To bring perspective to the magnitude of these transactions, the average market price of a medium-scale sugarcane farm is roughly R900,000 of which 18 per cent or R162,000 is invested by Ithala bank to finance a finite and diminishing interest rate subsidy on its mortgage loan. The buyer pays the full purchase price and is expected to make a down-payment of at least 10 per cent (R90,000). Ithala bank provides a mortgage loan for the balance (R810,000) and the seller receives a net amount of R738,000 (R900,000-R162,000) for the land. Clearly, the program is elitist because it benefits emerging farmers who are relatively wealthy and creditworthy. Nevertheless, it has attracted support from other estate owners and financed some 90 medium-scale farms with a combined market value of almost R80 million during 1997 and 1998. Early indications are favorable in the sense that farmers are meeting their loan obligations and maintaining high yields (Simms, 1997).

In South Africa the cash flow constraint has been compounded by another major impediment to private land transactions - the Subdivision of Agricultural Land Act, 70 of 1970. This Act imposes an 'economic' farm size that is beyond the means of most emerging farmers. Although Act 70 has been repealed, the repeal will not be effected until the Development Facilitation Act, 67 of 1995, has been amended to clarify certain zoning principles governing land use.

Land is also transferring to farming companies in which equity is shared between a commercial farmer and his disadvantaged employees (Ngqangweni and van Rooyen, 1995). At present there are some 50 equity-sharing schemes operating in South Africa (DLA, 1998:2), the vast majority of which involve capital intensive fruit and wine operations in the Western Cape province. Initially farm workers had to finance their equity in the company with loans, creating the usual cash flow problems. This situation changed in 1997 when the DLA allowed farm workers to finance equity with a land grant, and more recently (May 1999) when it launched a credit facility offering loans with deferred repayment to commercial banks that finance equity-sharing schemes. While the incidence of equity-sharing is expected to grow, such schemes had not taken hold in KwaZulu-Natal at the time this study was conducted and none were detected in the census of farmland transactions.

2.4 Farm size differences

Sections 2.1-2.3 highlight some striking differences between the farms and land available for redistribution in the study areas. In Namibia, commercial farms average 5,714 hectares in area. In Zimbabwe, the mean is 2,470 hectares, and in KwaZulu-Natal only 607 hectares. However, these marked differences in area do not imply marked differences in farm size (best measured in terms of net farm income). Rather, they emphasise the fact that the quality of land is highest in KwaZulu-Natal and lowest in Namibia where the climate is extremely arid and extensive livestock and game ranching represent the most profitable forms of land use. Although parts of Zimbabwe and KwaZulu-Natal are semiarid, significant areas are well suited to intensive cash crops like tobacco and sugarcane, and to the production of timber and dairy products.

3. DATA SOURCES

Data for the census surveys of land transactions were drawn primarily from records maintained by the Deeds Registry in each of the study areas. In South Africa, the Deeds Registry keeps an electronic record of all land transactions involving transfers of title. These deeds of transfer report the names of the new and previous owner, name of the farm and subdivisions transacted, the area of each sub-division transacted, the market price paid (unless the transfer was the result of bequest, donation or legal claim) and, where relevant, the size of any mortgage loan and the name of the lender. In South Africa, the Subdivision of Agricultural Land Act, 70 of 1970 has prohibited co-ownership of farms by individuals – the exception being property jointly owned by a husband and wife married under national law. A similar situation prevails in Namibia.

A computerised list of all the land transactions concluded in KwaZulu-Natal during the calendar year 1997 was purchased from the Deeds Registry and converted into a database file. Of the 4,737 transactions recorded in 1997, 2,626 were classified as rural. Within the rural group, transactions listed separately for each subdivision acquired by one owner (and spouse in the case of married co-owners) were consolidated. This process more than halved the total number of listed cases. It also revealed a small number of farms that had been sold for residential or industrial development, and some transactions that shifted land from one disadvantaged owner to another. The former were removed from the rural group by filtering out all cases involving ‘farms’ smaller than one hectare or with a market value greater than R20,000 per hectare – a price that clearly indicates industrial or residential use of the land. The latter transactions were eliminated unless they shifted ownership from males to females, yielding a total of 1,142 ‘farmland transfers’ which contained a subset representing net transfers to disadvantaged owners. Where land had been acquired by corporate entities (close corporations, companies and trusts) other records obtained from the Registrar of Companies and Master of the Supreme Court were used to determine whether or not the land had transferred predominantly to disadvantaged people. The farmland transactions observed in KwaZulu-Natal were then separated into two groups; the ‘disadvantaged’ group comprising 183 cases, and the ‘white’ group with 959 cases.

In Zimbabwe, deeds of transfer for the northern districts are compiled by the Deeds Registry in Harare, while those for the southern districts are recorded by the Deeds Registry in Bulawayo. Although the Zimbabwean registers provide the same type of information as that found in the South African register, they are not yet available in electronic format nor are they current. The most recent set of complete records related to the calendar year 1996. A set of 330 farmland transfers was identified after filtering out all transactions involving plots smaller than one hectare, or which transferred land from one disadvantaged person to another - unless from male to female. The Companies Register was used to determine whether land acquired by corporate entities represented the interests of predominantly white or disadvantaged people. In Zimbabwe the disadvantaged group was comprised of 70 cases and the white group of 260 cases.

In Namibia, it was presumed that relatively few farmland transactions had occurred in any single calendar year. For this reason, the initial census of land transfers was extended to cover all of the years since independence, *ie* 1990 through 1998. However, the actual number of transactions registered at the Surveyor General's Office in Windhoek vastly exceeded expectations. This, plus problems encountered when assembling the data, delayed completion of the census. In Namibia, there are two separate registers for land transfers. Information about the property, the seller and the buyer are kept in the Farm Register. Data relating to prices paid and methods used to finance land are kept in the Deeds Transfer Register. Unfortunately, the financial records were not complete, nor were they consistent with data recorded in the Farm Register. In addition, none of the data had been summarised or computerised. Researchers were therefore faced with the time-consuming task of updating records, eliminating inconsistencies and capturing a summarised version of the data in an electronic database.

At the time this report was drafted, approximately 800 of an estimated 4,500 transactions had been captured from the Namibian Farm Register. However, financial data were still missing for a number of these transactions. In the absence of a complete census of land transfers, it was not possible to compute many of the statistics reported for Zimbabwe and KwaZulu-Natal in the sections that follow. Where

relevant, sample estimates have been reported for Namibia on the assumption that cases included in the analysis are representative of the population of land transfers.

It must be noted that the Deeds Registries in South Africa, Zimbabwe and Namibia do not explicitly record the race or gender of landowners. In the absence of this information, the race and gender of individual entrants was established primarily on the basis of their names and, where relevant, the source of mortgage loans (for example, Ithala bank financed only disadvantaged buyers). While every effort was made to identify disadvantaged landowners, the authors accept that some of these new entrants may have been mis-classified, understating the true rate of land redistribution. In Namibia, where Africans often have surnames derived from German or Afrikaans, attempts will be made to check the race of new land owners against other data bases.

4. THE RATE OF LAND REDISTRIBUTION

Table 1 reports the net area of farmland acquired by, or for, disadvantaged entrants in Zimbabwe and KwaZulu-Natal. This census estimate was used to compute the rate of land redistribution for the census year in question.

Table 1: Estimated rates of land redistribution in Zimbabwe and KwaZulu-Natal

Study area	Zimbabwe (1996)	Namibia (1990-1998)	KwaZulu-Natal (1997)
Area of farmland originally available for redistribution (Ha)	15,100,000 ¹	36,395,100 ²	5,308,559 ³
Area of land transacted (Ha)	215,058	NA	372,995
Net area of farmland acquired by, or for, disadvantaged people (Ha)	31,545	NA	22,934
Rate of land redistribution (%)	0.21	NA	0.43

Notes: ¹ Farmland owned by whites at the time of independence in 1980.

² Farmland owned by whites at the time of independence in 1990.

³ Farmland owned by whites, plus unoccupied land owned by government (including game parks) at the time of political democratisation in 1994.

In Zimbabwe, 215,058 hectares of commercial farmland transferred to white and disadvantaged owners during 1996. This amounts to less than 1.5 per cent of the 15.1 million hectares that were available for redistribution at the time of independence. Transfers to the disadvantaged group accounted for 31,545 hectares, representing 14.7 per cent of the farmland transferred, or just 0.21 per cent of the original area available for redistribution.

In KwaZulu-Natal, 372,995 hectares of commercial farmland transferred to white and disadvantaged owners during 1997. This census estimate is higher than Lyne and Darroch's (1997) sample estimate of 302,243 hectares for KwaZulu-Natal in 1995, and predictably higher than the Standard bank's (1998:1) estimate of 268,000 hectares which relates only to non-afforested farmland in the province. Transfers to the disadvantaged group accounted for 22,934 hectares, representing 6.2 per cent of the farmland transferred, or 0.43 per cent of the original area available for redistribution. Although these rates are low, they are considerably higher than estimates made in previous years. Kirsten *et al* (1996) estimated that 0.05 per cent of the farmland available for redistribution in the Northern Province transferred to previously disadvantaged people in 1995. In KwaZulu-Natal, the estimate for 1995 was 0.09 per cent (Lyne and Darroch, 1997). According to the latter estimate, land redistribution in KwaZulu-Natal grew at an annual rate of 117 per cent from 1995 until the end of 1997, transferring approximately 38,400 hectares of farmland to disadvantaged owners. Of course, the area transferred says nothing about the quality of redistributed land. This issue is examined in section 5.

The estimates in Table 1 show that the land market has been far more active in KwaZulu-Natal than in Zimbabwe. More than 5.7 per cent of the commercial farmland originally available for redistribution in KwaZulu-Natal was transacted during 1997. The corresponding estimate for Zimbabwe in 1996 was only 1.5 per cent. This, and the observation that disadvantaged entrants accounted for a much greater share of the transfers in Zimbabwe (14.7 versus 6.2 per cent), suggests that whites were less than willing to enter the agricultural land market in Zimbabwe. One explanation is that whites perceive diminishing tenure security. At the same time, high nominal lending rates (reaching 32 per cent in 1996) made loan finance unattractive to potential buyers of all races, and the cap imposed by government on interest rates applied to mortgage loans made lending unattractive to banks. These issues bear directly on the problem of broadening access to the land market and warrant closer investigation.

5. THE QUALITY OF REDISTRIBUTED LAND

Table 2 presents the mean area of all farms acquired by (or for) white and disadvantaged entrants in Zimbabwe and KwaZulu-Natal, and - for those farms purchased - the mean price of farms and weighted price of land. The statistics reported for Namibia were computed from a subset of actual land transfers and are therefore sample estimates. It must also be noted that the price estimates reported for Namibia were computed from nominal values and had not been deflated to account for the effects of inflation over the census period.

Table 2: Characteristics of farmland acquired by white and disadvantaged owners in Zimbabwe, Namibia and KwaZulu-Natal

Study area	Farm characteristic	White	Disadvantaged	t-value
Zimbabwe (1996)	Mean farm area (Ha)	694 n=260	451 n=70	1.8*
	Mean farm price (Z\$) ¹	1,042,720 n=247	845,462 n=64	0.3
	Weighted land price (Z\$/Ha)	1,461 n=247	1,903 n=64	
Namibia (1990-1998)	Mean farm area (Ha)	3,582	3,988 n=69	
	Mean farm price (N\$) ²	609,687	499,607 n=68	
	Weighted land price (N\$/Ha)	193	124 n=68	
KwaZulu- Natal (1997)	Mean farm area (Ha)	365 n=959	125 n=183	3.6***

Mean farm price(R) ²	983,061 n=650	438,695 n=114	1.4
Weighted land price (R/Ha)	2,103 n=650	2,302 n=114	

Notes: *** denotes statistical significance at the 1 per cent level of probability.

** denotes statistical significance at the 10 per cent level of probability.

¹ 1US\$=Z\$10.75/US\$ at the end of 1996.

² 1 US=4.6N\$= R4.6 at the end of 1997.

In Zimbabwe, the mean area of farms transacted is significantly smaller for the disadvantaged group, yet the mean farm price is similar to that paid by white buyers. The implication is that land acquired by disadvantaged people cost more per hectare. This would usually signal land of higher quality but the price gap is fairly narrow (Z\$1,903 versus Z\$1,461) and may only reflect a tendency for per hectare prices to decline with increases in farm size (due to fixed improvements and fixed transaction costs) or, possibly, that white sellers were able to extract a premium from disadvantaged buyers. However, the most likely explanation is that, within the disadvantaged group, the Zimbabwean government paid unusually high prices for farms (Table 3), no doubt associated with the purchase of high quality land close to large urban areas.

A similar situation is evident in KwaZulu-Natal but the gap between prices paid by whites and disadvantaged people is much smaller than that observed in Zimbabwe. Interestingly, the distribution of per hectare prices paid by disadvantaged entrants in KwaZulu-Natal was bimodal, with relatively large proportions of buyers concentrated in the ranges below R2,500 per hectare and between R10,000 and R13,000 per hectare. Such large price gaps suggest clear differences in the quality of land associated with different modes of land redistribution; cash purchases dominate the lower price range and mortgage-financed purchases the upper range. In Namibia, there are no clear differences between the mean size of farms acquired by white and disadvantaged entrants, but the quality of land appears to be lower for the disadvantaged group.

6. MODES OF LAND REDISTRIBUTION

Table 3 disaggregates the land redistributed in each study area into four mutually exclusive strata, each stratum representing a distinct mode of land redistribution (government-assisted, inheritance, private cash purchases and private mortgage loans). The estimates presented in Table 3 highlight important differences in the quantity, market value and quality of land transferred by each mode of land redistribution. Again, it must be noted that the statistics reported for Namibia are sample estimates (*ie* they are computed from a subset of actual land transactions) and that the price estimates reported for Namibia do not account for the effects of inflation over the census period.

6.1 Zimbabwe

Only five of the 70 land transfers involving disadvantaged entrants in Zimbabwe were financed by the government during 1996. These government-assisted transactions redistributed 607 hectares with a total market value of Z\$10.5 million. By contrast, private transactions involving disadvantaged buyers accounted for the vast majority of the transfers (59), redistributing 27,829 hectares with a market value of Z\$43.6 million. Bequests accounted for the remaining six transactions, transferring a total of 3,109 hectares.

Farmland purchased by the Zimbabwean government was generally of much higher quality than that purchased directly by disadvantaged buyers (Z\$17,329 per hectare versus Z\$1,567 per hectare). Nevertheless, total land wealth redistributed by the government in 1996 (Z\$10.5m) amounted to less than one-quarter of the wealth redistributed by private market transactions (Z\$43.6m). Of course, this preliminary analysis does not shed light on the number of disadvantaged people benefiting from each mode of land redistribution.

Surprisingly, one-half of the private purchases were financed with cash, and the average cash purchase (Z\$744,920) was no smaller than the average loan-financed purchase (Z\$733,062). This could

well be a manifestation of the liquidity problem created on farms by conventional mortgage loans when nominal interest rates are high, or the harmful effect of a capped interest rate on the supply of mortgage finance. In Zimbabwe, mortgage-financed sales to disadvantaged people redistributed US\$2.1 million in land wealth during 1996. In KwaZulu-Natal, where nominal lending rates are lower and where innovative mortgage loans have been launched to alleviate cash flow problems, the corresponding estimate (for 1997) is US\$6.9 million. At the same time, the high incidence of cash purchases in Zimbabwe indicates the presence of a pool of disadvantaged people willing to purchase quality farms.

Table 3: Modes of land redistribution and characteristics of farmland acquired by disadvantaged owners in Zimbabwe, Namibia and KwaZulu-Natal

Study area	Farm characteristic	Government assisted	Private mortgage	Private cash	Inheritance & donations
Zimbabwe (1996)	Number of transactions	5	30	29	6
	Mean sale price of farms (Z\$)	2,103,000	733,062	744,920	
	Mean area of farms (Ha)	121	670	266	518
	Total market value of land (Z\$)	10,515,000	21,991,848	21,602,689	
	(US\$) ¹	978,140	2,045,753	2,009,552	
	Total area of land (Ha)	607	20,104	7,725	3,109
	Weighted land price (Z\$/Ha)	17,329	1,094	2,796	
Namibia (1990-1998)	# of transactions sampled	43	13	12	1
	Mean sale price of farms (N\$) ²	642,671	436,865	54,932	
	Mean area of farms (Ha)	4,800	4,590	757	25
	Weighted land price (N\$/Ha)	134	95	73	
KwaZulu-Natal (1997)	Number of transactions	21	43	50	69
	Mean sale price of farms (R)	640,662	736,790	97,508	
	Mean area of farms (Ha)	572	150	65	18
	Total market value of land (R)	13,453,900	31,681,989	4,875,444	
(US\$) ³	2,924,761	6,887,389	1,059,879		

Total area of land (Ha)	12,022	6,459	3,242	1,210
Weighted land price (R/Ha)	1,119	4,905	1,504	

Notes: ¹ Based on an official exchange rate of R4.6/US\$ at the end of 1997.

² N\$1=R1.

³ Based on an official exchange rate of Z\$10.75/US\$ at the end of 1996.

6.2 Namibia

Assuming that the sample of transactions presented in Table 3 is unbiased, it would seem that private purchases account for slightly more than one-third of all land purchases and less than one-quarter of the land wealth that has been redistributed in Namibia. In view of government's meager progress with land reform, these estimates suggest that disadvantaged Namibians are still unable to participate privately in the rural land market. Unlike Zimbabwe, farmland transactions financed with cash tend to be much smaller (N\$54,932) than those financed with mortgage loans (N\$436,865).

6.3 KwaZulu-Natal

A total of 21 transactions involved farms purchased by 11 community land trusts representing the beneficiaries of government land grants. Some trusts purchased several farms at different times during the year (1997). These government-assisted purchases redistributed 12,022 hectares of farmland with a market value of R13.5 million. This implies a weighted price of just of R1,119 per hectare. Ninety-three private purchases accounted for a slightly smaller share of the total area transferred to disadvantaged people (9,701 hectares versus 12,022 hectares) but for a much larger share (73 per cent) of the value of land redistributed (R36.6m versus R13.5m). Clearly, these transactions involved land of relatively high agricultural quality (R3,768 per hectare).

Within the set of private purchases, 43 transactions were financed with mortgage loans and 50 were cash purchases. As in Namibia, the average cash purchase was much smaller (R97,508) than the average loan-financed purchase (R736,790), and cash purchases redistributed far less wealth - and land of much lower agricultural quality - than did transactions financed with mortgage loans. Mortgage loans were provided by commercial banks, Ithala bank, non-governmental organizations (NGO's) and individual lenders. On average, the loans accounted for 87 per cent of the purchase price paid for farms in this stratum. However, for farms financed by commercial banks (n=10), the loan proportion was just 48 per cent, rising to 93 per cent in the case of farms financed by Ithala bank (n=28). This marked

difference highlights the extent to which the privately sponsored interest rate subsidy administered by Ithala bank alleviated anticipated loan repayment problems.

Sixty-nine transactions resulting from bequests and donations accounted for the remaining 1,210 hectares of land redistributed in KwaZulu-Natal during 1997. In general, these transactions involved small areas of farmland (18 hectares on average). An important feature of these transactions is the gender composition of ownership discussed in the following section.

7. GENDER ANALYSIS

Particular attention was given to the gender of disadvantaged entrants when the deeds of transfer were analyzed. The gender breakdown presented in Tables 4 and 5 excludes transactions involving farmland acquired by corporate entities (*eg* community trusts) and by the government for groups of disadvantaged people. Questions relating to the size of these groups and their gender composition will be addressed in the second part of this research activity. For Zimbabwe, the statistics presented in Tables 4 and 5 relate to the number of registered owners, and not to the number of farmland transactions. Unlike South Africa and Namibia, Zimbabwe permits co-ownership between any number of individuals and legal entities.

Table 4: Distribution of disadvantaged owners by gender and mode of land redistribution in Zimbabwe and KwaZulu-Natal

Study area	Owner characteristic	Government assisted	Private mortgage	Private cash	Inheritance & donations	Overall
Zimbabwe (1996)	Number of owners/co-owners	n=5	n= 33	n=49	n=7	n=94
	Male owners or male co-owners (%)	-	36	29	0	28
	Female owners or women with male co-owners (%)	-	24	47	100	40
	Government or corporate owners (%)	100	40	24	0	32
KwaZulu-Natal (1997)	Number of transactions	n=21	n=43	n=50	n=69	n=183
	Male owners (%)	-	53	26	19	27
	Female owners or married co-owners (%)	-	31	60	81	54
	Government or corporate owners (%)	100	16	14	0	19

Table 4 shows that women are well represented in the overall number of transactions involving disadvantaged entrants. This can be attributed largely to inheritance transactions which favor women, and to cash purchases where a relatively large number of transactions were registered with both husband and wife as co-owners. However, women are under-represented in transactions financed with mortgage

loans (despite the presence of married co-owners), raising questions about lenders' perceptions of their legal status and their ability to service loans.

In Zimbabwe, the mean and total area of farmland acquired by men (Table 5) is similar to that acquired by women. Again, this can be attributed largely to inheritance transactions which accounted for almost two-thirds of the land acquired by women and their co-owners. When bequests are ignored, the total market value of land gained by women is slightly lower than that gained by men (Z\$9.7m versus Z\$11.7m) even though the quality of land purchased by men and women as co-owners was far superior to that purchased by men as sole owners.

Table 5: Gender specific characteristics of farms acquired by disadvantaged people in Zimbabwe and KwaZulu-Natal

Study area	Gender/Farm characteristic	Mean area (Ha)	Total area (Ha)	Total market value	Weighted land price
Zimbabwe (1996)	Male owners or male co-owners	131 n=27	3,808 n=27	Z\$11.7m n=27	Z\$3,073/Ha n=27
	Female owners or women with male co-owners	113 n=39	4,400 n=39	Z\$9.7m n=32	Z\$6,258/Ha n=32
	Government or corporate owners	832 n=28	23,338 n=28	Z\$33.0m n=28	Z\$1,525/Ha n=28
KwaZulu-Natal (1997)	Male owners	78 n=50	3,905 n=50	R16.9m n=37	R4,588/Ha n=37
	Female owners or married co-owners	42 n=99	4,129 n=99	R12.6m n=43	R3,984/Ha n=43
	Government or corporate owners	438 n=34	14,900 n=34	R20.6m n=34	R1,383/Ha n=34

In KwaZulu-Natal, farms acquired by women (as owners or married co-owners) averaged 42 hectares in area, whereas those acquired by men averaged 78 hectares. Nevertheless, the total area of

land gained by disadvantaged men and women is similar because most inheritance transactions favored women. When bequests are omitted, the total market value of land gained by women (mainly as married co-owners) falls well short of that gained by men (R12.6m versus R16.9m). Apparently the largest investments are made by men registered as sole owners. Future analysis of the corporate owners in each study area will provide a clearer picture of gender trends in land redistribution.

8. CONCLUSIONS

Zimbabwe, Namibia and KwaZulu-Natal share a similar legacy of a white settler farming sector for a relatively small number of commercial producers and an African communal agricultural society for a large majority of the population. At the time of independence (or political democratization in 1994 for South Africa), white commercial farmers numbered between six and seven thousand in each of these three locations with this sector representing from 46 per cent of total farmland (in Zimbabwe) to 50 per cent (in Namibia) and 55 per cent (in KwaZulu-Natal). While these cross-country aggregate figures for commercial farming are roughly similar in terms of numbers of owners and per cent of farmland, there was a marked difference in the average area of farms in this sector. Namibia and Zimbabwe registered high average sized holdings (5,314 and 2,470 hectares respectively) while owners in KwaZulu-Natal had a relatively small average holding of only 606 hectares. These differences underscore diverse land quality across the study areas. Commercial farmland in Namibia and Zimbabwe receives much less rainfall. Hence extensive livestock, game and dryland cropping activities are common. KwaZulu-Natal, on the other hand, enjoys much higher and more regular rainfall in the coastal area and midlands. Intensive farming enterprises built on medium-sized sugarcane and dairy farms, among others, are possible.

After independence, the respective governments initiated land redistribution by purchasing white commercial farmland on a willing buyer, willing seller basis. The Zimbabwean government has currently purchased 3.3 million hectares, *ie* over 20 per cent of the commercial farmland owned by whites in 1980. This land has been redistributed to 70,000 poor black families in resettlement schemes following largely communal farming practices, with only 300 medium-scale farms having been established through public sector land redistribution initiatives.

In Namibia, government purchase of commercial farmland since 1990 has been very slow. By 1998, only 600 families had been resettled on 118 state-owned farms, with an additional small number receiving subsidized loans to finance land. In KwaZulu-Natal, 5118 households were resettled on 47,202

hectares through settlement-land acquisition grants awarded during 1995 and 1996. In all of these examples, redistribution of commercial farmland through government-assisted initiatives has been slow. At the same time most of these transfers have been directed to resettlement schemes characterized by communal tenure arrangements in order to reach a large number of beneficiaries quickly and at modest cost.

Meanwhile little was known about private land transfers to the historically disadvantaged population. To capture a more complete documentation of land transfers to the disadvantaged in these three study areas, it was necessary to investigate all modes of land transfer - not only government-assisted transfers, but also private cash purchases, mortgage loans, and inheritances. The census of transfer deeds reported in this research highlights the fact that a considerable amount of land has been acquired recently by historically disadvantaged people through private land transfers relative to government-assisted transfers. The total market value of private land transfers during 1996 in Zimbabwe was four times the value of government-assisted transfers, and the land area 4.5 times greater. In KwaZulu-Natal, the market value of private transfers during 1997 was almost three times the value of government-assisted transfers, and accounted for almost the same area of land attributed to government-assisted transfers. At the same time, land markets KwaZulu-Natal are very active. By the late 1990s annual land sales represented nearly six per cent of all available land in comparison to Zimbabwe with only 1.5 per cent. However, private sales to the disadvantaged are still small representing 0.40 per cent of the original commercial farmland in KwaZulu-Natal during 1997 and only 0.20 per cent for Zimbabwe during 1996, 15 years after independence. Although the percentages going to the disadvantaged are still very small, the potential for private land transfers to contribute to land redistribution for the disadvantaged is clear.

The land market in Zimbabwe is relatively inactive and private transactions are characterised by an unusually large number of cash purchases. This could be a result of liquidity problems created by conventional mortgage loans when nominal interest rates are high or the harmful effect of a capped

interest rate on the supply of mortgage finance in the banking sector. In Zimbabwe, mortgage-financed sales to disadvantaged people redistributed US\$2.1 million in land wealth during 1996. In KwaZulu-Natal, where nominal lending rates are much lower and where innovative mortgage loans have been developed to alleviate cash flow problems, the corresponding estimate (for 1997) is US\$6.9 million. These issues of deregulated financial markets and innovative financial products bear directly on the problem of broadening access to the land market and warrant closer investigation.

The deeds of transfer also reflected differences in land quality and gender configurations for the different modes of land redistribution. The weighted land price information (cost per hectare) on land transactions indicated that white buyers paid more than disadvantaged owners in Namibia but the opposite occurred in Zimbabwe and KwaZulu-Natal. Since land price is generally accepted as a reliable indicator of land quality, the higher price in the latter two settings would suggest disadvantaged owners purchased higher quality land than whites. As discussed in the report, this interesting finding could be due to the tendency for the price per hectare to fall as farm size increases and white buyers had uniformly higher mean farm sizes. Or conversely, if land markets were not competitive, the disadvantaged might have had to pay a premium reflecting this possibility.

Additional disaggregated information from the census results, however, helps to explain these aggregate results. In the end, a bimodal distribution of land transactions creates this aggregate result for both countries. The weighted land price for the small number of government purchases in 1996 for Zimbabwe was 6 to 10 times higher than that transacted privately by disadvantaged people. This likely reflects the government purchase of relatively expensive farmland near large urban centers. On the other hand, in KwaZulu-Natal, disadvantaged people paid a low price for land financed with cash and a relatively high price for better quality land financed with mortgage loans.

Women are well represented among registered owners accounting for 54 per cent of total land transactions in KwaZulu-Natal and 40 per cent in Zimbabwe. This is due to the high incidence of women

in inheritance bequests in both countries. They are also well represented among cash purchases where a large number of transactions are associated with husband and wives as co-owners. On the other hand, women are underrepresented in land transactions financed with mortgage bonds.

The gender configuration of disadvantaged owners shows that in Zimbabwe there is a broad similarity in the average area of farms between men and women. In KwaZulu-Natal, the average farm size for women is only half the size for men, but women acquired slightly more land in total due largely to the female bias of inheritance transactions. When bequests are omitted the total market value of land purchases for men as the sole owner is 40 per cent higher than that held by women as sole owner or co-owner. Thus the largest investments in land are made by men.

In summary, government-assisted land transfers have attempted to redress the unequal legacy of commercial farming in Zimbabwe, Namibia and KwaZulu-Natal. However, these transfers have not been as important as the various modes of private transactions in redistributing land wealth to the historically disadvantaged. Even the quality of land purchased privately by disadvantaged people appears to have been higher than that associated with white-to-white transactions in more recent years. Women are well represented in private transactions, except those financed with mortgage loans. However, this elitist path in South Africa could become more equitable once the outmoded Subdivision Act is scrapped, allowing the disadvantaged to purchase smaller, more affordable farms. In the end, private land transactions contribute substantially to secure asset ownership for the historically disadvantaged in Southern Africa. Government-assisted land redistribution programs should therefore aim to strengthen both the demand for, and supply of, private mortgage finance through innovative contract designs.

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